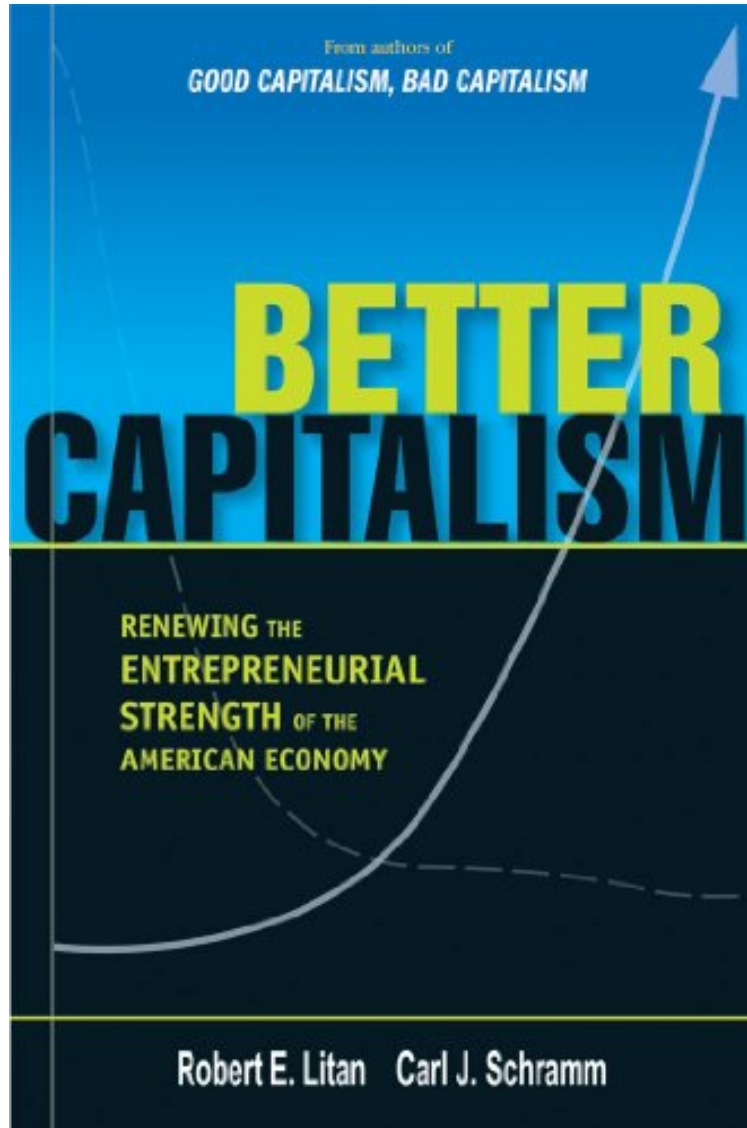


Better Capitalism

Robert E. Litan, Carl J. Schramm
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Robert E. Litan, Carl J. Schramm : Better Capitalism before purchasing it in order to gauge whether or not it would be worth my time, and all praised Better Capitalism:

11 of 11 people found the following review helpful. Great on Immigrants and Growth By Ira E. Stoll This book is worth buying just for this single spectacular sentence about how immigrant entrepreneurs build the American economy: "Readers will surely recognize the names of these outstanding immigrants and the companies they founded and helped launch, but we'll bet not many realize that these individuals were all born in other countries: Alexander Graham Bell (ATT), Levi Strauss (Levi Strauss Co.), Andrew Carnegie (U.S. Steel), Herbert Dow (Dow Chemical Company), E.I.

du Pont (DuPont), Charles Pfizer (Pfizer), David Buick (Buick Motors, later purchased by General Motors), Adolph Coors (Coors Beer), Henry Heinz (H.J. Heinz Company), James Kraft (Kraft Foods), William Proctor and James Gamble (Proctor Gamble), Eberhard Anheuser and Adolphus Busch (Anheuser-Busch), Samuel Goldwyn and Louis Meyer (MGM), Marcus Goldman (cofounder of Goldman Sachs), and even Ettore Boiardi (Chef Boyardi)."In the next paragraph, the authors add Sergey Brin (Google), Andrew Grove (Intel), Jerry Yang (Yahoo!), and Pierre Omidyar (eBay).The list of names is part of the argument the authors give for one of their suggestions for fostering economic growth, one which happens also to be my one of my own personal favorites: increasing immigration. The authors see immigrants paying payroll taxes as part of the solution to the entitlement-related budget problems that could hurt America's future growth. They endorse the "staple a green card to the diploma" plan for science, math, technology and engineering graduates.The gist of the book is that America can increase its GDP growth rate by an additional percentage point each year if it creates 60 new startups a year that reach \$1 billion in annual revenues. That would be a four-fold increase from the current birth rate of about 15 such firms.The authors offer a number of quite specific suggestions for how to achieve that growth. Some of them, like the overall openness to increased immigration, seemed sensible: Reform the research and development tax credit so that startup firms can carry it forward until their business is profitable and can absorb the credit. Break the monopoly that university technology transfer offices have on licensing inventions and discoveries by faculty members, making the commercialization of academic research more competitive and productive. Unleash "infrastructure entrepreneurs" by authorizing more privately built and owned toll roads and bridges. Reduce "excessively burdensome" state and local regulations and licensing requirements for occupations such as child-care and hair-cutting. Trim government entitlement spending. Turn schools into "entrepreneurial engines" by teaching students at every level how to start and run businesses.Other suggestions will meet more resistance, especially from readers who judge ideas not only by whether they maximize growth but on how they affect individual choice or freedom. In this category would go the authors' urging of "openness by Republicans to additional tax revenue," including what they describe as "a tiny increase" in the unemployment tax, and a "variable tax on both domestically produced and imported oil" set at a level that would establish a price floor "perhaps in the \$60-\$70 barrel range." The authors also call for a federal mandate "that all new cars operating on liquid fuels be 'flex vehicles' capable of running on multiple fuels such as alcohol, ethanol, and methanol."The authors don't offer much in the book, which is heavy on policy detail but somewhat light on personal anecdotes, to explain how their own personal histories led them to become evangelists for entrepreneurship. But that's the power of the list of names and companies of all those immigrant entrepreneurs. The tale behind each of the companies and their founders may not be well known. But at least in a general sense, Americans can recognize the pattern of immigrants who arrive here with little but brains and ambition, and who leave us all better off as a result of their creativity and hard work. We need more of them.

1 of 1 people found the following review helpful. A must-read for any politician and member of the public who wants to know how to get the economy moving again

By DLThis book offers an excellent insight into the working of the economy and how it can and cannot be grown. One of many insightful quotes in the book, this one out of the chapter: Entrepreneurship and the Opportunity Society, is that "government should do its best to guarantee opportunities, not results".

Better Capitalism evaluates the past and the present from the early days of American settlement, over the great depression to modern times. It evaluates rationally how the American economy has changed from a managerial capitalism, dominated by vast corporations feeding off pent-up ideas from WW2, to the entrepreneurial capitalism of the 1960s to 2000s which created companies like Intel, Microsoft and Google, along with thousands of very well paid jobs. The book is mostly focused on the US economy, but it often cites examples from other countries as well to drive a point home.

Better Capitalism presents data on the return on investment of government funded research to make a convincing case for reform in the way RD is funded in the US. The chapter on immigrant entrepreneurs is especially informative, and given the current hot-button political issue of immigration, is very timely. Somewhat worrying is the data on the recent poor performance of the US economy and although the authors are, as economists tend to be, careful, it does become quite clear that they worry about the damaging influence of the high corporate tax rates in the US, the temporary nature of the US tax code, its complexity, and a wider host of government regulations as well as ill-fated attempts by government bureaucrats to pick winners and losers (when this is already so hard to do for VC folks who have their own money in the game)!

Throughout the book the authors offer, for any problem they identify, a host of solutions, from the politically easier to implement, usually less effective, to the more radical, more effective, yet politically harder to implement solutions. Overall a very good, very timely book that should be on the reading list of any politician in this country (and other countries), from the highest federal to very local office, and of people who want to get a clear, concise, yet sufficiently detailed view into how an economy really works and how to set policies that get it back on a path of long-term growth.

On the last point, the authors make an excellent, simple yet thought provoking point that it makes a vast difference whether an economy grows at 2% or at 3% per year, as over two or three decades the outcome in achieved living standards (due to compounding of yearly growth) is vastly different between the two scenarios!

0 of 0 people found the following review helpful. CAPITALISM BAD? GOOD ? BETTER? HOW?... IDEAS!

By GABRIEL LEALThough the book has an American overview it also provides a global vision or ideas for other economies. History and entrepreneurial activities and promotion

consolidates the ideas for the future. I believe and recommend to read this book good together with : " GOOD CAPITALISM BAD CAPITALISM".

In the wake of the Great Recession and America's listless recovery from it, economists, policymakers, and media pundits have argued at length about what has gone wrong with the American capitalist system. Even so, few constructive remedies have emerged. This welcome book cuts through the chatter and offers a detailed, nonideological, and practical blueprint to restore the vigor of the American economy. *Better Capitalism* extends and significantly expands on the insights of the authors' widely praised previous book, *Good Capitalism, Bad Capitalism*, co-written with William Baumol. In *Better Capitalism*, Robert E. Litan and Carl J. Schramm focus on the importance of entrepreneurship to overall economic growth. They explain how changes in seemingly unrelated policy arenas—immigration, education, finance, and federal support of university research—can accelerate America's recovery from recession and spur the nation's rate of growth in output while raising living standards. The authors also outline an innovative energy strategy and discuss the potential benefits of government belt-tightening steps. Sounding an optimistic note when gloomy predictions are the norm, Litan and Schramm show that, with wise and informed policymaking, the American entrepreneurial engine can rally and the true potential of the U.S. economy can be unlocked.

“Entrepreneurship is a key virtue of the U.S. economy, which has the potential to lift us out of our current economic malaise. This book provides a thoughtful recipe for encouraging this critical activity.”—Josh Lerner, Harvard Business School and author of *Boulevard of Broken Dreams* (Josh Lerner) “To get out of its economic quagmire, America must end the debate over stimulants. It needs to renovate the economic system. In this book, Robert Litan and Carl Schramm make the case that the best way forward is to pave the way to faster formation and greater support of early-stage high-growth companies.”—Edmund S. Phelps, Director, Center on Capitalism and Society, Columbia University and the Winner of the 2006 Nobel Prize in Economics (Edmund Phelps) “Enabling entrepreneurs to flourish can both grow the economy and make the world a better place. I hope *Better Capitalism* inspires a new generation to stretch the reach of market forces and create new businesses that drive economic growth while also helping solve the problems of the world's poorest.”—Bill Gates