



PROJECT *on* DEMOCRACY
and CAPITALISM

2022-2023
PROGRESS
REPORT

PROJECT ON DEMOCRACY AND CAPITALISM

Miller Center of Public Affairs

University of Virginia

A NOTE FROM THE DIRECTOR

To our stakeholders:

The Project on Democracy and Capitalism's first full year took place alongside turmoil in free societies and free markets across the globe. Authoritarian regimes tried to expand their domains by manipulation and force, while economic warfare, inflation, and financial crisis brought the world to the brink of recession. At home, political polarization, rising inequality, and the decline of faith in institutions marred faith in American democratic capitalism. Put simply, world events have conspired to elevate the importance of—and interest in—our work.

In early March, we gathered over 30 scholars from 10 academic disciplines from institutions including Harvard, Yale, Princeton, Stanford, Northwestern, Duke, UVA, and more, to answer the question “Can Democracy and Capitalism be Reconciled?” This question permeates our cultural zeitgeist and neither the liberal left nor conservative right seems to have an answer.

As I closed the conference, I tried to summarize the previous three days' proceedings. “Yes,” I said, “democracy and capitalism can and have been reconciled—if imperfectly—in America for nearly 250 years. The question is not *can* democracy and capitalism co-exist, but *will* they.” It is up to us to define the terms on which Democracy and Capitalism remain partners in the years ahead.

As we examined the relationship between democracy and capitalism at home and around the world, the Project notched a series of important accomplishments. We have created spaces for students to learn about democracy and capitalism, and crafted the resources that are already being used in that process. We also discussed these issues in public forums. During these events, our scholarly community engaged with members of the public on issues ranging from the war in Ukraine to the inflation crisis in the global economy to business's role in creating “the good society.” We also took major strides in developing public policies that will reduce the frictions between democracy and capitalism, and bolster the places where they reinforce each other. We brought new members into the team, raised over \$2 million, and laid the groundwork for a dramatic expansion of our programs and scholarship.

In sum, the Project on Democracy and Capitalism took off like a rocket ship this year and we are not looking back. We cannot wait for what is coming in 2023-2024 and look forward to partnering with you to ensure the future is as bright as the year we just finished.

Thank you so much for your support!



Scott C. Miller

THE YEAR IN NUMBERS

\$2.5 MILLION

dollars raised

9 *public events
hosted*

20+ *case studies
prepared*

50 *scholars in* **14** *disciplines convened*

21 *new pieces of
research produced*

200+ *students
engaged*

MOTIVATION

The Project on Democracy and Capitalism examines the interface between democracy and capitalism by facilitating scholarly and public dialogue, empowering research and policy development, creating new curriculum and teaching tools, and providing a venue for the exchange of ideas.

Several trends motivate the Project:

- **Declining public trust in democracy and capitalism.** In a 2018 survey, less than half of Americans age 18-29 view capitalism positively, and only 47% of Democratic-leaning voters did so.[1] Half of the population is unhappy with government. Senator Hawley (Republican of Missouri) questions whether capitalism produces good human beings.
- **Polarization and decline in public discourse.** The rise of populism, nationalism, and ethnocentrism globally, reflects a corresponding distrust of elites and established leaders. Social media contributes to “echo chambers” that amplify, rather than resolve, policy disputes. Polarization has led to policy gridlock on chronic problems such as declining U.S. innovation and productivity, climate change, declining social mobility, economic inequality and racial injustice.
- **A sea-change in attitudes.** Surveys and election results give evidence of fundamental realignment of public sentiment and party affiliation. The Republican Party under the leadership of Donald Trump has shifted sharply away from the internationalist and low-tax ideology and toward a nationalist, protectionist, and blue-collar perspective. The Democratic Party struggles to maintain a coalition of mainstream liberal, working-class, and progressive members. Progressives themselves struggle over the priority of economics or identity. Both critics and friends of democratic capitalism perceive that this is a pivotal moment in which attitudes, policies, and parties will realign for the generation to come. However, the direction of the realignment is uncertain.
- **Deficient understanding of democracy and capitalism.** As the Cold War fades into history, the ideological binaries that separated West from East have faded with it. The vast majority of America’s two largest generational groups, Millennials and Gen-Zs, do not remember a world in which democracy and capitalism were not the dominant economic and political paradigms. Democracy and capitalism have become “the water we swim in or air that we breathe,” and have thus received minimal emphasis in schools, socio-cultural organizations, or public forums. The result has been declining understanding of what democracy and capitalism are, how they function, and what is needed for them to thrive.

[1] Frank Newport, “Democrats More Positive about Socialism than Capitalism,” Gallup, August 13, 2018, downloaded from <https://news.gallup.com/poll/240725/democrats-positive-socialism-capitalism.aspx> on September 10, 2020.

MISSION

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THREE PILLARS

Scholarship. Creating a community of scholars that studies the intersection of capitalist and democratic institutions, while producing research that examines these topics in detail.

Pedagogy. Producing pedagogical materials and course designs.

Policy. Generating tangible solutions to problems identified in scholarship and presenting those solutions to decision-makers.



Robert Bruner
Academic Director
University Professor
Dean Emeritus, Darden School
Senior Fellow, Miller Center



Michael Lenox
Academic Director
Professor of Business Administration
Senior Associate Dean & Chief
Strategy Officer, Darden School



Sidney Milkis
Academic Director
White Burkett Miller Professor of
Governance and Foreign Affairs



Margaret Foster Riley
Academic Director
Professor of Law
Miller Center Dorothy
Danforth Compton Professor

DEMOCRACY & CAPITALISM TEAM



Scott Miller
Project Director
Lecturer and Research
Associate, Darden School



Chrissy Linsinbigler
Project Facilitator



Thomas Roberts
Research and Content
Specialist

DEMCAP ANALYTICS GOES LIVE

Both democracy and capitalism are under stress today. The myriad issues affecting these institutions are exacerbated by serious misunderstandings regarding their nature and the ways in which they overlap. Educators have expressed a pressing need for reliable, accessible, and classroom-ready resources and tools that enable instructors to lead students in exploration of the systems. DemCap Analytics is designed to fill this gap.

Exploring the Relationship of Democracy and Capitalism Around the World

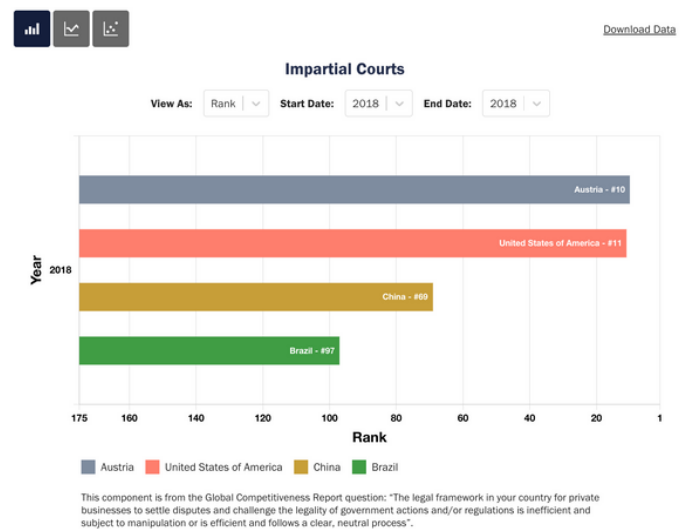
Data Analysis



DemCap Analytics (DCA) is an interactive web-based platform and suite of educational resources designed to engage users in data-driven analysis of issues at the intersection of democracy and capitalism. Integrated with a suite of classroom-ready case studies and custom encyclopedia, DCA is designed to provide accessible and accurate information related to free markets and free society.

DCA features an interactive data visualization interface providing access to 300+ datasets from 30+ sources, all related to specific issues at the nexus of democracy and capitalism. DCA also includes a series of case studies designed for classroom use, on topics from “What is Capitalism?” and “What is Democracy?” to “How does market concentration affect societal well-being?” and “Does Free Trade make Nations Wealthier?” DCA also includes event-based studies, such as “The COVID-19 Pandemic of 2020-2022: Democracy, Inequality, and Capitalism.” These case studies draw from data directly accessible in the DCA interface, providing instructors across the world the tools to teach democracy and capitalism. In addition to the data platform and case studies, DCA’s encyclopedia provides written and video content to define and explain important context for concepts related to democracy and capitalism.

The site has been under development since the fall 2021 and is now live and ready for public use. In addition to promoting the use of DemCap Analytics, the Project will also be working towards future versions of the platform over the next two years, incorporating enhanced data analysis tools, more prepared case studies, and elevated audio/video content.



A LEADERSHIP TRANSITION

It is with mixed emotions that we announce the retirement of founding academic co-director Robert Bruner. Bob will step back from the Project at the end of the spring 2023 semester. In addition to his tenure as Dean of the Darden School of Business and service as a UVA University Professor, Bruner played a critical role in founding the Project on Democracy and Capitalism alongside Project co-directors Sidney Milkis and Margaret Riley.

As we bid Bob Bruner a fond farewell, we are pleased to announce that Michael Lenox, Tayloe Murphy Professor of Business Administration, Senior Associate Dean, and Chief Strategy Officer at the Darden School of Business, will join the Project as academic co-director at the end of the spring semester. Prior to joining Darden in 2008, Professor Lenox was a professor at Duke University's Fuqua School of Business. He received his Ph.D. in Technology Management and Policy from the Massachusetts Institute of Technology in 1999 and the degrees of Bachelor and Master of Science in Systems Engineering from the University of Virginia. Mike studies the role of innovation and entrepreneurship in economic growth and firm competitive success. In particular, he explores the business strategy and public policy drivers of the direction of innovative activity. Professor Lenox also has a long-standing interest in the interface between business strategy and public policy as it relates to the natural environment.



PUBLIC POLICY INITIATIVE:

DECOUPLING AND DELIBERALIZATION & THE BATTLE OVER DATA SUPREMACY

In 2022, the Project initiated the DemCap Policy Initiative, composed of two teams of scholars focused on timely issues at the intersection of democracy and capitalism. Both teams will begin their work in the Spring of 2023. Findings from these research teams will be published in white papers and presented at a policy colloquium after two years of in-depth study and analysis. The two projects launching this Spring are:



The Age of Deglobalization:

Led by Miller Center Randolph P. Compton Professor David Leblang, this team will build an understanding of the causes behind deglobalization and propose solutions for managing and successfully emerging from the current crisis of liberalism.



Trafficking Data: Information Dominance & the Race for Techno-Supremacy:

Led by Miller Center Senior Fellow Aynne Kokas, this team will study the race between China and the United States for supremacy in the data collection that fuels artificial intelligence, quantum computing, and chip technology. This team will study the implications of the impending “decoupling” of economic and political relations in East Asia and examine how the schism will shape economic and technological development, as well as the potential socio-political consequences of diminishing financial, political, and national exchange.

DEMOCRACY AND CAPITALISM SCHOLARS CONFERENCE



Funded by the William & Flora Hewlett Foundation, this conference convened 20+ scholars representing nine disciplines of study in the UVA Rotunda in March 2023. In partnership with PBS NewsHour, the conference opened with a public, livestreamed plenary session entitled “Can Democracy and Capitalism Co-Exist?: America’s Founding Question,” moderated by Judy Woodruff and featuring the New York Times’ Jamelle Bouie and Project faculty Sidney Milkis and Scott C. Miller. The event drew a packed audience in the Rotunda, and the livestream attracted a virtual audience of over 30,000.



Following the opening plenary, six scholarly panels addressed the nature of democratic capitalism, frictions between the two, environmental degradation, governance and consolidation, inequality and opportunity, and polarization. The conference will be followed by an edited volume authored by the attending scholars and edited by Project faculty Sidney Milkis and Scott Miller, to be published by a major academic press.

PRESENTERS & PAPERS



Danielle Allen
Harvard University
The Fourth Subsidiary Ideal: Empowering Economies



Kara Dimitruk
Swarthmore College
Parliament, Revolution and Party: Evidence from Committee Assignments (with Dan Bogart)



Didi Kuo
Stanford University
Political Parties and Democratic Capitalism



Barry Rabe
University of Michigan
Can Democratic Capitalism Protect the Climate?



Charles Boix
Princeton University
The Varying Fortunes of Democratic Capitalism



William Galston
Brookings Institution
A Shifting Landscape: Capitalism, Democracy, and the New Right



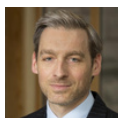
Naomi Lamoreaux & John Wallis
Yale University & University of Maryland
Democracy, Capitalism, and Equality: The Importance of State Mandates for General Laws



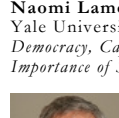
Deondra Rose
Duke University
Capitalism, Higher Education, and American Democracy



Trevor Brown & Suzanne Mettler
Cornell University
How the Transformation of the American Political Economy Spurred a Rural-Urban Political Divide



Jacob Hacker
Yale University
From Leader to Laggard? American Democratic Capitalism in the Knowledge Economy (with Paul Pierson)



Joel Mokyr
Northwestern University
Diversity, Pluralism and Tolerance: The Roots of Economic Progress?



Alex Tabarrok
George Mason University
Two Peas in a Pod: Democracy and Capitalism (with Vincent Gelosio)



Robert Bruner
University of Virginia
Financial Crises as Friction Between Democracy and Capitalism: The Case of the Panic of 1907



Shi-Ling Hsu
Florida State University
College of Law
Revisiting Environmental Taxation



Laura Phillips-Sawyer
University of Georgia
Antitrust Political Economy: The Law & Economics of Market Power



Hannah Tucker
Copenhagen Business School
Freedom’s Frictions: Entrepreneurial Imaginaries in the Making of American Capitalism and Democracy (with Dan Wadhvani)

A STUDENT DEBATE

"ON BALANCE, CAPITALISM IS BENEFICIAL TO A DEMOCRACY"

During the fall 2022 semester, the Project collaborated with the Karsh Institute of Democracy and the student-led Washington Literary Society and Debating Union and Jefferson Literary and Debating Society to plan a formal debate for a student audience, with the resolution “on balance, capitalism is beneficial for a democracy.” After an initial delay, the event took place in early 2023.



Hosted in Nau Hall on UVA central grounds, over 100 students attended the debate. Four student debaters, two from each society, participated in the formal debate. Mary Kate Cary, Practitioner Senior Fellow at the Miller Center and former White House speechwriter moderated the debate, while UVA faculty Laurent Dubois (Karsh Institute of Democracy), Vidya Mani (Darden School of Business) and Project director Scott Miller (Miller Center, Darden School of Business) served as judges. Upon deliberation, judges sided with the affirmative, asserting that based on the arguments made that on balance, capitalism is beneficial for democracy.

The Project plans to continue this collaboration and hopes to bring students from the Washington and Jefferson societies to the Miller Center for future events.

PUBLICATIONS

BOOKS & CHAPTERS

- Bruner, Robert F.** & Sean D. Carr. 2023. *The Panic of 1907: Heralding a New Era of Finance, Capitalism, and Democracy*, 2nd Edition. Wiley Press, Hoboken.
- Lenox, Michael.** 2023. *Strategy in the Digital Age: Mastering Digital Transformation*. Stanford University Press, Palo Alto. Forthcoming.
- Lenox, Michael** & Becky Duff. 2021. *The Decarbonization Imperative: Transforming the Global Economy by 2050*. Stanford University Press, Palo Alto.
- Lenox, Michael** & Michael Toffel. 2022. “Diffusing Environmental Management Practices within the Firm: The Role of Information Provision.” *Sustainability*. 14(10): 5911.
- Milkis, Sidney M.** & Nicholas F. Jacobs. 2022. *What Happened to the Vital Center? Presidentialism, Popular Vote, and the Fracturing of America*. Oxford University Press, New York.
- Miller, Scott C.** “An Almost Total Stagnation of Business”: The Depression of the 1780s,” in *Cambridge History of the American Revolution*, Vol. 3, ed. Marjoleine Kars, Andy Schocket, and Michael McDonnell (Cambridge: Cambridge University Press). Forthcoming.

ARTICLES

- Bruner, Robert F.** “Teaching about Democracy and Capitalism: High Engagement and “Doing Economics,” Working Paper, *Journal of Economic Education*, March 2023.
- Bruner, Robert F., Michael Lenox, Scott C. Miller,** & June West, “Management Educators Should Study and Teach History,” Working Paper, Darden School of Business, December 2022.
- Jacobs, Nicholas F. and **Milkis, Sidney M.** “Get Out of the Way: Joe Biden, the U.S. Congress, and Executive-Centered Partisanship During the President’s First Year in Office,” *The Forum* 19, no. 4 (2021): 709-744.
- Jacobs, Nicholas F., King, Desmond, and **Milkis, Sidney M.** “State Building in Crisis Governance: Donald Trump and COVID-19,” *Political Science Quarterly*, no. 137 (2022): 225-261.
- Miller, Scott C.** “Transatlantic Monetary Shocks and the Depression of the 1780s,” Working Paper, Darden School of Business, December 2022.

CASE STUDIES

- Bruner, Robert F.** “The Covid-19 Pandemic of 2020-2022,” MC-DCA-0006 (Charlottesville: Miller Center of Public Affairs, 2022).
- Miller, Scott C.** and Katherine Walsh. “Polycrisis in Sri Lanka, 2022,” UVA-F-0001 (Charlottesville: Darden Business Publishing, 2022).
- Miller, Scott C.** “Startup Nations: How do Institutions Foster Innovation?” MC-DCA-0003 (Charlottesville: Miller Center of Public Affairs, 2022).
- Miller, Scott C.** “Free Markets and Unfree People: Do Capitalist Economies Necessitate Liberal Society?” MC-DCA-0004 (Charlottesville: Miller Center of Public Affairs, 2022).
- Miller, Scott C.** “Taxes and Capitalism: Do Thriving Capitalist Economies Require Low Tax Rates?” MC-DCA-0005 (Charlottesville: Miller Center of Public Affairs, 2022).
- Miller, Scott C. and Robert F. Bruner.** “What is Capitalism?” MC-DCA-0001 (Charlottesville: Miller Center of Public Affairs, 2022).
- Miller, Scott C. and Robert F. Bruner.** “What is Democracy?” MC-DCA-0002 (Charlottesville: Miller Center of Public Affairs, 2022).

PUBLIC EVENTS

THE BIDEN ECONOMY, WAR IN UKRAINE, AND HOW THE WORLD BECAME RICH



THE STATE OF THE BIDEN ECONOMY: INFRASTRUCTURE, INFLATION, AND GROWTH IN 2022

An expert panel of scholars, journalists, and officials assess Biden's economic and social agenda, including the Build Back Better Act, infrastructure as stimulus, the future of U.S. inflation, and much more.

GLOBAL CAPITALISM AND HOW THE WORLD BECAME RICH

A panel examines the role of capitalist institutions in the global wealth boom, their effect on democratic systems, and the sustainability of democratic capitalism.

BANKING SYSTEM IN CRISIS: THE FED AND POPULAR GOVERNANCE

Drawing on lessons from history and modern monetary policy, a panel of experts considers the emergence of the Federal Reserve and its role in fighting the societal tumult that flows from financial instability.

THE ECONOMIC IMPACT OF RUSSIA'S WAR IN UKRAINE

In partnership with the UVA Alumni Association, a panel of experts examines the impact of Russia's war in Ukraine.

THE POWER LAW: VENTURE CAPITAL AND THE MAKING OF THE NEW FUTURE

Sebastian Mallaby and UVA Darden's Les Alexander discuss Mallaby's new book and current state of venture capital.

THE RISKS THAT RUSSIA'S WAR IN UKRAINE WILL TRIGGER A GLOBAL FINANCIAL CRISIS

Miller Center experts and guests examine the economic impact and global financial ramifications of Russia's war in Ukraine.

THE PRICE OF AGGRESSION: RUSSIA'S WAR IN UKRAINE & THE GLOBAL ECONOMY

The 2022 Battle Symposium on American Diplomacy addresses Russia's invasion of Ukraine and the resulting shifts in the global geopolitical landscape.

THE WORLD CRISIS AND INTERNATIONAL LAW

UVA and Miller Center experts discuss Paul Stephan's latest book, *The World Crisis and International Law: The Knowledge Economy and the Battle for the Future*.

A CONVERSATION ON DEMOCRACY & CAPITALISM WITH JAMIE DIMON

In partnership with the McIntire School and Karsh Institute of Democracy, JP Morgan Chase CEO Jamie Dimon and McIntire Dean Nicole Thorne Jenkins discuss the relationship between democracy and capitalism.

CAN FREE MARKETS MAKE FREE PEOPLE?

Leaders and strategists examine where capitalism and democracy clash and how we can bring these two pillars of liberal society into alignment.

SCHOLARSHIP & COMMUNITY

WORKSHOPS

The democracy and capitalism workshop brought together thought leaders and experts to discuss current developments and synthesize perspectives with a multidisciplinary group of faculty and staff. Spring and fall 2022 participants include Rebecca Henderson (HBS), Jacob Hacker (Yale), and Michelle Holder (Washington Center for Equitable Growth).

WORKING GROUPS

In fall 2022, the Project convened a small group of scholars from varied fields, focused issues at the intersection of technology, cryptocurrency, democracy, and capitalism. Each academic year, the Project aims to convene these small groups on a variety of topics, focused on developing new ideas and creating innovative content for a public audience.

MILLER CENTER UKRAINE WAR ROOM

Project leadership has participated in the Miller Center's Ukraine War Room project, a group which meets weekly to discuss and produce scholarly content on the ongoing Russian invasion of Ukraine. In conjunction with the War Room group, Project experts have produced public facing content, including blog posts:

- [American economic power over Russia](#)
- [We must prepare for the systemic collapse of the Russian economy](#)
- [Can Putin's economy survive western sanctions?](#)



FUNDRAISING

The Project has received support from generous individuals who deeply understand the value of continued research of issues at the intersection of democracy and capitalism. We are deeply grateful to the following individuals and organizations for their support:

- UVA Darden School of Business
- The George and Judy Marcus Democracy Praxis Fund
- Peter & Colleen Grant
- Verizon
- Virginia National Bank
- Hatsy & Scott Vallar

In addition, we owe a deep debt of gratitude to **Richard A. Mayo**, whose gift of \$1.5 million has allowed the Project to lay the groundwork for a robust portfolio of research, teaching, and policy initiatives through the 2024/2025 academic year.



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and **CAPITALISM**