

Addressing the Silence about Capitalism in U.S Business Schools

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Abstract

In the United States capitalism is not widely understood nor discussed. The word is familiar to most people and often carries complex and deeply felt associations, both positive and negative. But like many powerful concepts, “capitalism” is heavily veiled, a black box, centrally located in everyday life and national norms and practices but not readily named or openly referred to. Juxtaposed with their immersion *in* it, most people are unable to explain its fundamental elements. Beyond very cursory explanations, its principles and circuits are not taught - including in business schools. I outline an approach developed in business school classrooms for breaking this silence and helping students better understand their economic context.

Introduction: What We Don’t Say

In many countries economic systems are debated at dinner tables, in bars and on street corners. Except for appearances in political debates and certain academic circles, the word ‘capitalism’ is rarely heard in United States. Many people talk about ‘the economy’ and people with investments talk about ‘the market’ or ‘Wall Street’, but not “capitalism”. If asked, most people will say they’ve heard the word. But few, if pressed, can give even a basic explanation of what it means.

- “I don’t know” (50%)
- Some reference to money or business (25%)
- Some reference to a system (25%)

Responses (approximate percentages) of high school and community college students who participated in project to question, “*What does the word ‘capitalism’ mean to you?*”

The vacuum is not indicative of broader ignorance or lack of education. It extends into the upper echelons of privilege and schooling. In a class of graduating seniors at an elite college, many of whom were being recruited for prestigious management training programs at investment firms, many did not understand the basic idea of Wall Street as a capital market (author’s

experience). For many students, the silence about capitalism partly reflects the way they have been taught economics. They learned to be intimidated by representations that rely almost exclusively on numbers, equations and graphs.¹

European writers began to use ‘capitalism’ to designate an economic system in the 19th century. In the United States the word was first used by radical critics, acquiring revolutionary connotations that persisted into the mid-20th century. Today, ‘capitalism’ tends to be most used at opposite ends of a political spectrum². An Amazon search for books about capitalism produces a bifurcated list: *I Love Capitalism!* by a co-founder of Home Depot (Langone, 2018) and Milton Friedman’s *Capitalism and Freedom* (2002) on the right and *Can American Capitalism Survive? Why Greed Is Not Good, Opportunity Is Not Equal, and Fairness Won't Make Us Poor* (Pearlstein, 2018) on the left. Notably, books focused on providing an explanation of the mechanics of capitalism – how it works - are rare.

Searle has described how social and institutional concepts are codified through social practices enacted and perpetuated without being named. So, for example, “The word ‘money’ marks one node in a whole network of practices, the practices of owning, buying, selling, earning, paying for services, paying off debts, etc. As long as the object is regarded as having that role in the practices, we not actually need the word ‘money’...The word ‘money’ functions as a placeholder for the linguistic articulation of all these practices” (1995:52). For most people in the United States ‘capitalism’ is not specifically descriptive of an economic system, a “way of organizing the human labor needed in every society to produce the goods and services that support life” (Bowles, Edwards, Roosevelt & Larudee, 2017:50). Instead, it functions as a verbal placeholder for a set of powerful and comprehensive norms, for behaviors, values (such as the focus on aggregate output of production versus “...the distribution of the product so produced – who gets it – (which) is decidedly secondary” (Galbraith, 1958:190) and allegiances (either in support of or against).³ “People see it”, one young economist told me, “as a kind of religion”.

Within the larger social silence, business schools are particularly notably sites of the silence about capitalism. In the United States, capitalism is typically assumed to be the context of management (see, for example, Donaldson 1990). Assumed but/and therefore not discussed. A symbolic but meaningful indicator is the absence of the word in the indices of 90% of management textbooks (unscientific review by author). Another indicator: ‘Capitalism’ appears only 12 times in titles of articles in *The Academy of Management Review* - all book reviews (online search of Jstor database, July 2020).

What is the Purpose of the Silence?

¹ In the U.S., a growing number of educators are experimenting with innovative alternatives (see, for example, Haltinner & Hormel, 2018)

² The volatility and contradictions of the use of ‘capitalism’ in the United States are cleverly and briefly summarized in Mineau (2014).

³ Bowles, Edwards, Roosevelt & Larudee’s definition of political economy usefully integrates ‘economic system’ with values and ‘competition’, ‘command’, and ‘time’ dimensions. The focus here on the explicitly ‘economic’ element of capitalism is meant to highlight what I see as a particularly fundamental vacuum. Their effective textbook provides a unique explication.

The extensive and persistent silence about capitalism in the United States is arguably not accidental. It is a key element of the official national language which serves the critical structural purpose of vacating debate. As Brown has described the way messages shape ideology, culture and consciousness: “The ‘structure of a message’ is its capacity to render a subject matter definite and apparently complete, and/or its capacity to secure the relationship between two aspects of content – sense and authority...” (1986:109). The structure of the (silent) message of capitalism is intimately linked to the unification of national identity, the market and the economy and which are legitimated and perpetuated through the educational system (Bourdieu, 1999).

Across secondary and college curriculum, the few references to capitalism typically occur in economics classes, where material is presented in such a way as to obscure social relations. The emphasis is on often-intimidating quantitative representations (all most business students seem to remember about economics class is a blur of equations and graphs). Markets, businesses, management – all the elements of capitalism people encounter on a daily basis – are reduced to inaccessible abstractions, “laws” that operate with the authority of physics. The weaknesses of economics education are particularly profound in poorer schools and communities where resources are stretched thinnest and schools attempt to address many needs.

The structure of power may not be determined by the economic order, but it is “a clue” (Mills, 1959:275). Democratic participation requires schooling that fosters abilities to question and reimagine social life. Weak and inaccessible education about economics and the silence around capitalism fortifies conditions for exploitation, aggravates inequality, closes opportunity and highlights “the Jeffersonian question, about the purpose of schooling in a democracy” (Rose: 2004:186). The ramifications are intensifying. The capitalism that dominated between 1945 and 1975 included a certain level of government constraints and labor union strength and allowed benefits to be *relatively* widely dispersed. The *supercapitalism* of recent decades has “overwhelmed” democracy and fed cynicism and political disengagement (Reich, 2008).

Breaking the Silence

The teaching tool described here is an effort to balance education about the “functional facts” (Searle, 1995) of capitalism (its common elements and relationships, sometimes referred to here as its *mechanics*) with the *particularities* of individual and social experience. The effort to attend to both the general *and* the particular, reflects rejection of the dominant view of an abstracted and universal economics (described above) as inaccurate. It also reflects lack of confidence in the education that does not focus on lived experience.

This perspective challenges the perception of the inevitability of capitalism as economic system. Capitalism is only the current moment of “ways of organizing material life and social reproduction (that have) existed for a very short time, barely a fraction of humanity’s existence on earth” (Meikseins Wood, 2017:3). Nor is capitalism a totality; instead, it is “overdetermined” by the *specifics* of distinct lives, places and times (Althusser (2006), Gibson-Graham (1996), Resnick & Wolff (1987), Wolff & Resnick (1987)). Capitalism not inevitable and there is no one capitalism.

The approach also draws on theories and practices of popular education (Freire, 1985) that emphasize the importance of connecting concepts with lived experience. “The elucidation of immediate experience is the sole justification for any thought; and the starting point for thought is the analytic observation of components of this experience” (Whitehead, 1941:6). The goal is to encourage confidence in understanding of capitalism’s mechanics but also focused questioning: “what is MY capitalism like?”. To that end the effort is to:

- *defuse the anxiety* students often feel around economics by using a very simplified model;
- *introduce indeterminacy* by defining economics as “how we produce and distribute what we need”, and capitalism as one kind of economy;
- *foster agency* by showcasing their experience and honoring their insights.

Using the Capitalism Framework

I developed the capitalism framework over years of teaching business ethics courses, but it can provide a valuable conceptual “scaffolding” in almost any business course.⁴ Using the framework in a classroom involves building the model up by progressively introducing and discussing each of its elements. The sequence of concepts starts with democracy, as the overarching political authority in the United States.⁵ The need to consider the political system in a discussion of the economy often requires some elaboration, including articulating the distinction between democracy (as authority) and government, as administrative tool.

Discussion of the specifically economic circuits starts with business at the center. The idea of business as a site for the production of value is generally familiar to students. Working on the left (“input”) side of the framework involves reviewing the characteristics and functions of capital and labor. A significant amount of time is usually necessary – even for advanced undergraduates – to ensure students distinguish between capital and money (a common confusion). The role of labor in producing value and how it is qualitatively different than capital can be a very rich discussion. Similarly, the idea that government contributes to the production of value in businesses is often challenging for students used to seeing government as a burden. Interesting discussions ensue when the class begins to discuss how public functions (like education and a legal system) and public infrastructure (like roads) enable businesses to function. The elements on the right (output) side of the framework (profit, pay, and taxes) are both very familiar and somewhat mysterious to students. Each element calls for in-depth discussion: what are the historical antecedents, moral justifications and current issues of each? It’s very possible to build bridges between students’ experience (of earning a paycheck, paying taxes) and a range of texts, concepts and news reports.

⁴ In addition to undergraduate business ethics courses, I have successfully used the framework with high school students.

⁵ Like capitalism, democracy is often vaguely understood by students and requires some instruction, often including contrasting it with other forms of government.

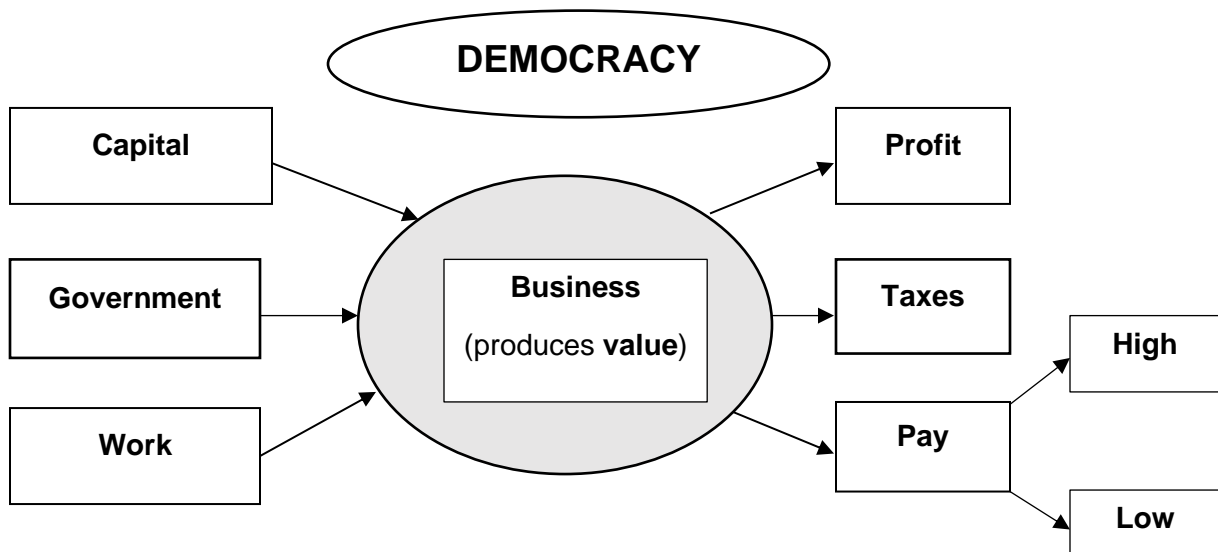
A Framework for Talking about Capitalism

A very simplified set of tools - one diagram and two equations – can promote understanding and confidence about the mechanics of capitalism. In their focus on “functional facts” they echo as much *Businessweek* as *Capital*. The simplicity and ideological indeterminacy of the framework makes them readily comprehensible and allows students to develop their own narratives of capitalism.

Capitalism Framework

Nuts and bolts:

- *Economies* are ways we produce and distribute goods and services.
- Economies are closely related to *political* systems (how we organize rights and authority), i.e. democracy.
- Capitalism is a way of organizing economic *and* political systems.
- In U.S. capitalism business and democratic institutions *interact*.



WORK is how most of us LIVE: **PAY = \$ to BUY** what we need to survive...

SO, how much money we make as pay matters; Why is some pay high and some pay low?

CAPITAL is *money that makes money (profit)*; Where does capital come from?

PROFIT = Revenue (\$ coming in) minus Costs (\$ going out)

How do businesses make more profit?

When businesses “do well”, who does well?

GOVERNMENT contributes to making value – how?

Where do the government’s *authority* (for regulating and taxing) and *responsibility* (for providing services) come from?

Once students are familiar with the full framework, it provides a clear way to illustrate connections between diverse elements and dynamics of business operations as well as the relationship between business and the larger society. In that way I refer to the framework in almost every class, using new topics to add layers and complexity. It can be particularly useful for discussion of current events, for example, showing how debates about lowering taxes involve assumptions about stimulating investment and job growth.

Conclusions

“Oh! So THAT’S how it works!”

Undergraduate business student, on seeing capitalism framework for first time

A fundamental goal of business education is to prepare students to be effective professionals and informed members of society. This requires their being able to think about how capitalism works. Unfortunately, the silence about capitalism in the U.S. – in society and in our business schools - means that students are often unable to think coherently about some of this critical aspect of the context in which business occurs. The capitalism framework provides a simple and clear tool for promoting basic understanding. Weaving the framework into discussion of standard business curricula (human resources, strategy, etc.) and using it to connect business topics to issues of the day and students’ lived experience, helps to build students’ self-confidence and skills. In my experience, students feel empowered by and appreciate this approach. I urge other business educators to consider using the framework in their courses and encourage them to find their own ways to break the silence about capitalism.

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