

Policy Point – Counterpoint:

Whither Capitalism: The Historical Foundations and Fallacies of an Idea, Theory, Framework, Ideology, and Worldview

By the mid-2010s, the term capitalism seems to have crept back into our shared cultural vocabulary—from games (e.g. Venture Capitalist) to movies (e.g. The Big Short), the word, and often the connotative baggage it carries with it, seem to be experiencing a resurgence of popular interest. Looking back through the historical record, the term seems to have enjoyed a regular number of resurgences, as well as a corresponding number of abatements; the cycles of which do appear to be sensitive not to actual economic cycles, but rather to our collective understanding. In some ways, it could be argued that usage of this term serves as a barometer of economic culture, a reflection, or refraction, of our changing relationship to the tides of economic development and the significance we believe they hold over our lives.

What does the word *capitalism* actually mean? According to conventional wisdom (and many websites), capitalism is an economic system, one that relies on a free market, and private ownership/enterprise.¹ It is frequently contrasted to socialism, which is characterized as state control of the market and public ownership. Both of these depictions are based on a set of assumptions, many of them fallacies, regarding the historical and philosophical foundations of each.² If we are rediscovering capitalism, then perhaps it is also time to rediscover its roots and peel back these layers of accumulated meaning, not unlike removing decades of questionable choices in wallpaper from our walls.

One fallacy that frequently appears is the claim that Adam Smith is the father of modern capitalism.³ Whether or not his ideas form the basis for much of modern economic theory (or not—his contributions are not undisputed,)⁴ he most certainly did not use the term *capitalism*.

The first recorded use of the term in English did not occur until 1833, and the usage was disparaging (i.e. “the same tyranny of capitalism.”)⁵ The word had been coined earlier in both French and German, but with the very narrow sense of “possession of capital.” Similarly, the term ‘capitalist’ (in English and several other languages) predates Adam Smith’s lifetime, but only in the sense of a person who possesses capital. Karl Marx picked up and expanded upon both usages in the nineteenth century.

Another fallacy might be to say that it is an economic system.⁶ Peak inside any economic textbook and you will see a definition similar to this one: an economic system is “ a system of production, resource allocation, exchange, and distribution of goods and services,” in a defined geographical space. This is frequently followed by a delineation of the types of economic systems, ranging from traditional to command/planned, and often focusing on the variations within a market system. The economic system of the modern United States is a mixed, with a tendency towards a market system. In such systems, the market serves as the primary means by which goods and services are allocated. Because of this clarity of purpose, many economists and economic historians use the term market system, rather than capitalism, as the unit of analysis.⁷ Works describing the transition of the former Soviet-controlled states also frequently refer to the shift as one from a planned or socialist economy to a market economy, without mention of the word capitalism.⁸ That being said, the research that is being done in this area is relatively esoteric, confined to the work of academic economists, and not always accessible to a popular audience.

If capitalism is not just an economic system, then what is it? Many of those who are considered the forefathers of capitalism would not claim to be part of the pantheon of what Thomas Carlyle called the “dismal science.” Adam Smith fancied himself to be a moral

philosopher. John Maynard Keynes took only one class in economics,⁹ and Max Weber and Karl Marx are frequently claimed by social scientists, with particular interest from historians, political scientists and sociologists.¹⁰ In many ways, one could consider capitalism to be a broader conceptual umbrella than ‘economic system,’ one that embraces multiple facets of how economics touches on our lives, including its social, political, and cultural implications. Under the dark cloud of the Great Depression, German economist Werner Sombart published a frequently-cited definition of capitalism that characterized it as a social theory or framework that is based on a market system, but also inclusive of a specific ‘spirit’ or culture (à la Weber), a particular ‘form’ or political structure (e.g. private ownership, laissez-faire), a progressive relationship with technology, and the cultivation of a certain type of individual, the entrepreneur (the latter ideas are often strongly associated with the recently-rediscovered Austrian economist Joseph Schumpeter).¹¹

If capitalism is just a theoretical framework, however, why does the term seem to evoke stronger emotions than other economic terms, even those that are contested? Much of Sombart’s work built on the foundation laid by Weber,¹² but the evocation of such an integrative definition of capitalism was also redolent of another of his German predecessors, Karl Marx. Marx characterized capitalism as an all-inclusive mode of production, a set of inter-related features—society, politics, and culture—that stemmed from the same materialist base and which constituted a discrete period of history. For Marx (and his followers), we do not live in age of capitalism, but rather in a capitalist age in which even the air we breathe is saturated with capitalism. In his depiction, capitalism is the all-encompassing and all-consuming foundation of modern life. It is precisely because we are consumed by or saturated in capitalism, though, that we cannot see its flaws clearly, or so Marx argued, and this limits our ability to consider possible

alternatives. Eventually, he predicted that capitalism would be torn asunder by the very forces that allowed it to rise to greatness, and a new historical age, that of socialism, would emerge. To put another way, to Karl Marx's capitalism had elements of an ideology, or a set of comprehensive and compelling ideas that would serve as a blueprint for change.¹³

Not everyone shares Marx's view that a socialist future is one worthy of aspiration. For many, the failures of the Soviet-led economies in the late twentieth century tip the weight of historical evidence against the viability of such systems.¹⁴ For others, it is the failure of the workers of the world to unite and violently shake off their chains that suggests Marx should perhaps have stayed away from prognostication in his writing. That would depend, however, on which Marx you read. For most people, the short pamphlet *The Communist Manifesto* serves as their only direct exposure to Marx. This inflammatory work is not incompatible with the deeper foundations of Marxist theory, but it is intended to serve a particular political purpose, that of the Communist League who commissioned it. One does get rather a different perspective in Marx's later, but less accessible works, including his magnum opus, *Das Kapital*, in which the violence of revolution is surpassed by the inevitability of social and economic collapse.¹⁵ We are not the only ones guilty of perhaps not reading our Marx closely, as Lenin's vision of vanguard socialism violates several central tenets of Marx's historical theory, especially the necessity of giving capitalism sufficient time and space to develop our global productive capabilities.¹⁶ Marx believed that the age of capitalism would come to an end, but, as they say in the old wine commercials, he did not think it should do so before its time.¹⁷

Whether in early or later writings, Marx exhorted his readers to combat apathy, to wake up to the reality of the world they lived in, and to exercise "ruthless criticism" of all parts of their capitalist world.¹⁸ For this reason, the term *capitalism* is often associated with a critical view of

the modern age or economy. Frequent messages from the 2011 Occupy Wall Street movement included “capitalism isn’t working,” “capitalism is the problem,” and “capitalism is the crisis.”¹⁹ The 2016 discovery of the Panama papers was branded an “indictment of modern capitalism.”²⁰ As part of his campaign, 2016 Democratic candidate Bernie Sanders publically averred that he is not a capitalist, presumably because he believed the sentiment would resonate with some voters. In popular culture, the morally reprehensible antihero of the 2013 movie *The Wolf of Wall Street* states, “money is the oxygen of capitalism and I wanna breathe more than any other human being alive.” In a new twist, several video games/apps allow the player to take on the role of the ‘bad’ guy—a capitalist (see *Cutthroat Capitalist*, *Sweatshop*, and, arguably, *Grand Theft Auto*).

It may also be tempting to take this assumption one step further. If we use the term capitalism more often when taking a critical eye to economic life, then perhaps we also use it more often in periods of economic downturn, when criticism of economic policies and calls for change are more likely to be prevalent. The 2008-2009 economic downturn of the American economy was severe, and it could be tempting to say that contemporary references to the term can be seen as a response to that. However, the popular culture of the growth-oriented period of the 1980s also frequently evoked the term *capitalism*, especially in a sub-genre of movies that glorified the excitement of the market. In *Trading Places* (1983), for example, the lead character refers to New York, in an admiring way, as “the last bastion of pure capitalism left on earth.”²¹ Neither does the connection between economic downturn and sharper critique seem to hold water. Milton Friedman, the economist turned public intellectual, presented his defense of capitalism on talk shows such as Phil Donahue’s during the doldrums of stagflation during the 1970s.²² Mark Zuckerberg, Larry Page, and Tony Stark are admired by the same generation who occupied Wall Street.

Historically, the term *capitalism* has been given a vast array of qualifiers that indicate its sensitivity to context. Marx did not use the term *scientific capitalism* (he did use the qualifier for his brand of socialism), but in 1910, one of his followers, Rudolf Hilferding coined the term *finance capitalism* to indicate how late-stage capitalism would evolve to include an increasingly significant, even predatory, role for universal banks.²³ In the 1960s, activists used the term *black capitalism* to empower the economic success of African Americans.²⁴ In the 1980s, President Reagan strategist Edward Lattwack came up with *turbo capitalism* to refer to a system characterized by deregulation.²⁵ In response, British politician David Cameron coined *popular capitalism* to indicate a market system characterized by a more intentional distribution of economic benefits. More recently, Michael Novak has expounded on the term *democratic capitalism* which contrasts the U.S. system with those of European countries under *state capitalism*.²⁶ In the popular press, modern critics of capitalism have referred to its current state variously as *casino* (i.e. high-risk), *crony*, and *zombie* capitalism.²⁷ A comprehensive list would fill pages and the appropriate designation for the capitalism of our future is up for debate and is, indeed, debated here in this point-counterpoint piece.

So, what conclusions can we draw from the historical record about the word *capitalism*? That the term is ambiguous—making its applications maddeningly broad, imprecise, and resistant to the rational control of scholars. It may be ambiguous, but it is not ambivalent, as its aspiration to capture the spirit of an economic system or even an age, evokes equally passionate responses from both those who would like it to recede, recover, reinvigorate, or reassert itself. That passion means that the term is frequently contested and contentious, and is often a barometer for the social, economic, and political divisions of the time. For these reasons, it is also slippery and changeable, allowing for our understanding to both shape and be shaped by the

historical context from which it sprang and from which our perspectives of it originate. The historical record tells us that the term *capitalism* is one that characterizes periods of transition, that perhaps we embrace its ambiguity and slipperiness precisely in those periods where we are seeking to profoundly reinvent ourselves and our relationship to the increasingly complex economic life of the world.

Point: Controlled Capitalism: How Predictable Policies Lead to a Stagnant Economy

It is a sad matter of fact that the capitalism of today is devolving into a shadow of its former self. That is not to say capitalism is necessarily dying, as some aspect of it exists in the economy of every country in the world. Even North Korea, the most avowedly anti-Western country in the world, cannot help but play some part in the global capitalist system.²⁸ However, it is undoubtedly becoming predictable, even boring. This essay argues that the root cause of what dulls down economies is government policies, such as those inspired by John Maynard Keynes and that the long-term implications of a capitalism that is both bored and boring may lead to its demise.

Boring capitalism is when a government values social safety (worker's compensation, unemployment, Social Security, etc.) over innovation, and the economy is controlled by the government in some substantial fashion as opposed to being allowed to operate organically. Most of Europe, especially Scandinavia, are boring capitalist states²⁹ and the United States has been slowly transforming into one since the Great Depression.³⁰ This removal of uncertainty is especially pertinent in regards to Austrian economist Joseph Schumpeter who, in his idea of "creative destruction," states that capitalism is driven by a constant cycle of destruction and rebirth of economic structures, where one structure is destroyed and another takes its place.³¹

Think for example the way the automobile industry has made covered wagons obsolete. In order for cars to supersede their predecessor the covered wagon had to be completely eliminated from the market. Following Schumpeter's logic, state controlled capitalist economies cannot achieve true progress while they are insulated from the destructive aspect of the cycle, for this dampens the process of rebirth and makes a state "boring."

Schumpeter and Keynes are diametrically opposed in their foundational views of the nature of economics. Schumpeter did not believe morals had a place in economic decisions; Keynes, on the other hand, rejected the notion that morality and ethics can be completely divorced from an economic system.³² This division of belief then lends itself towards elaborating on how an economy should function. As Keynes also takes into account social, political, and moral aspects there are more controls implemented as opposed to Schumpeter's defense of laissez-faire, and Schumpeter warned that the seductive nature of Keynesian policies could have unintended consequences.

Schumpeter recognized that capitalism is messy. It is, after all, driven by human nature which in and of itself is unpredictable and spontaneous. To try and predict how people as a whole will act economically, even with the best theories and models available, is still prone to failure.³³ Would anyone have ever imagined that a literal rock would have been a best-selling toy at one point in time? Even the Great Depression caught economists by surprise.³⁴ The roaring boom of the 1920s and the subsequent bust of the following decade illustrate quite well the wild, and for some dangerous, fluctuations brought about by the creative destruction process. Keynes wanted to give governments the tools to tame these raging fluctuations, leading about more predictable, and palatable economic growth.

President Obama's administration has taken a strong Keynesian stance, and to show for it the annual GDP growth for the United States since 2008 has never above more than 3 percent, which is worrisome since that makes President Obama the only president to achieve such a distinction.³⁵ The United States government in 2008 chose to spend hundreds of millions of taxpayer dollars³⁶ bailing out failing corporations such as General Motors, Fannie May and Freddie Mack, and just about every banking institution in the nation.³⁷ By doing so the cycles that capitalism must go through to advance are cut off at the legs. Even the 2016 Economic Report of the President, which is an overly optimistic report intended to quell public fears, notes the lack of innovation and labor productivity in the U.S. economy; no doubt a direct consequence of policies and regulations attempting to restrain creative destruction.^{38,39}

So if capitalism is unpredictable, messy, and much like human nature, sometimes destructive, then why should the government not be there to soften some of the harder blows and try to reduce the consequences of negative externalities? As history shows, trying to save every person or business from going broke does not work, and can produce unwanted and unintended consequences, such as riskier moves by corporations or a continuation of poverty through welfare spending.⁴⁰ There exists a rationale that because the government works with experts who can better chart business cycles and measure GDP as well as other economic indicators more precisely the economy is in safe hands.⁴¹ While others were lulled into the apparent security of such an approach, Schumpeter questioned this reliance on experts, suggesting that the academic's desire to rationalize provided a strong tendency towards isomorphism over innovation. Then, imagine everyone's surprise when, in 2008, the U.S. housing bubble collapsed. Subsequent analysis suggest that the Keynesian economic policies so favored by the government did little more than keep the economy's head above water during this turbulent time.⁴² In fact the

unemployment rate is just about the only major improvement the economy has seen since the early 1940s, with median salary wages increasing by an embarrassingly small amount, home ownership in decline, and household debt increasing.⁴³

The long-term prognosis of capitalism and creativity is analogous to the fate of the television show *The Simpsons*. Currently in its twenty-seventh season, *The Simpsons* is one of the longest running shows in history, yet it has changed a great deal during its run. Sure, it looks the same and all the familiar characters are there, but the substance, wit, and creativity of the original seasons has evaporated. There is a phrase that longtime fans of the show use to refer specifically to the Simpson's current form and it is "zombie Simpsons."⁴⁴ The summary of what that phrase actually means is as follows:

As of this writing, if you flip on FOX at 8pm on Sundays, you will see a program that bills itself as *The Simpsons*. It is not the same *The Simpsons*. That show, the landmark piece of American culture that debuted on 17 December 1989, went off the air more than a decade ago. The replacement is a hopelessly mediocre imitation that bears only a superficial resemblance to the original. It is the unwanted sequel, the stale spinoff, the creative dry hole that is kept pumping in the endless search for more money. It is 'zombie Simpsons'.⁴⁵

That statement bears a close resemblance to how one might describe the relationship between capitalism of the early twenty-first century and that of the near future. Even more, this analogy of "zombie Simpsons" could be used to purport that capitalism is just beginning to descend from boring into something far worse. The historical progression of capitalism looks something like this: First there is the capitalism of Adam Smith. The government's inability to interfere in economics leads to a seemingly-chaotic system in which the average person has the potential to win big or lose it all depending on their decisions. Inexorably and unperceptively, the second stage emerges as the government becomes involved, ranging from a moderate-to-high

degree of control, and economic growth begins to slow. Choked with regulation and bureaucracy, the winnings start becoming smaller and losses are only softened slightly.

The third and final stage can be referred to as “zombie” capitalism, not to be confused with Chris Harman’s use of the terminology in his book *Zombie Capitalism: Global Crisis and the Relevance of Marx*. Harman specifically refers to “zombie banks,” “financial institutions that were in the ‘undead state’ and incapable of fulfilling any positive function, but representing a threat to everything else,” along with defining capitalism as a zombie system in the sense that it is “seemingly dead when it comes to achieving human goals and responding to human feelings, but capable of sudden spurts of activity that cause chaos all around.”⁴⁶ Harman parallels this eroding economic system to a zombie whose only purpose is to meander around until some unfortunate prey wanders by, at which point the ghoul springs to “life” and only becomes active so far as it is facilitating its own survival. Zombie capitalism differentiates itself from Harman’s definition in that it is still on the horizon, for a fully matured case of zombie capitalism would be much more obvious in its manifestation. This rendition of zombie capitalism is very broad in its scope, and whereas Harman sees the system itself as rotten (especially due to the banking system) in this instance it is needless government involvement that is the patient zero. It is a slow takeover of the system that gestates internally, turning the host undead so gradually that treatment may be impossible to prescribe.

Zombie capitalism, much like zombie Simpsons is to *The Simpsons*, is capitalism in name only. The original depth and creativity is missing, and nothing is being accomplished; the dead end created by bad economic policy instituted by the government. The closest real life example of zombie capitalism would be 1970s stagflation in the U.S. when prices rose, economic growth declined, and unemployment was high. Stagflation was brought about, in no small part,

by “a fall in the feasible rate of growth of real wages,” “rising relative import prices,” and “the fall in the rate of productivity growth.”⁴⁷ According to the Bureau of Labor Statistics, the real earnings for all U.S. employees in April 2016 decreased by 0.1 percent from April of the previous year, with very small increases occurring intermittently within that timeframe.⁴⁸ Could such a terrible trend in real earnings signify a potential beginning of another stagflation period? It should be noted that this previous engagement with stagflation led to a large-scale retreat from Keynesian economic policies, albeit a temporary one.

In Schumpeter’s book *Capitalism, Socialism, and Democracy*, he questions whether or not capitalism can survive and plainly states, “No. I don’t think it can.”⁴⁹ This is where Schumpeter gets it wrong. Capitalism is going through a time where it is vilified and misunderstood by so many who reap its benefits alongside with it being slowly twisted by government policy to resemble socialism-lite. The policy makers and the general populace are so enamored by the familiarity of Keynesian economic policies it has become like a television show that has ran way past its expiration date. Capitalism can still be saved, and as Schumpeter’s idea of creative destruction declares, the current system must be destroyed for a new, better system to arise. That means the era of obtrusive government controlled economics has to be abdicated. It is now time to start getting creative.

Counterpoint: Compassionate Capitalism: Seeking a Conscience in Business and Government

Capitalism is not just an economic system, but a culture and spirit, which encompasses entirely the lives of persons living in a market economy.⁵⁰ This spirit, as Max Weber discussed many years ago, began as an altruistic bid for a plot in God’s kingdom.⁵¹ Although in Weber’s depiction, this magnanimous practice of holy prudence began as a purposeful way of life, it

devolved into a hollowed replica of what it once was—not because of boring government restrictions on creative potential, or its refusal to allow businesses and the economy to operate “organically,” but because of gross inequalities which span the market, the government, and society.⁵² In this system which is meant to be the most innovative in history, a person will not often find themselves bored—in the same way that a person who treads water in order to avoid drowning does not find herself bored. This is the reason the word capitalism is plucked from vocabulary lists much more often than is the word market economy, because *capitalism* represents something far more full-bodied than the market ever could—it represents careless individualism, prodigious wastefulness, mushrooming inequalities, and a voiceless and powerless growing class of working poor. The word is back in Western dialect because as the pain grows, the people need a label on which to place it, and the word has surely morphed into the perfect label. The current state of greedy, mindlessly wasteful capitalism in the United States and beyond can be dubbed *gluttonous capitalism*. The version of capitalism, which could pull billions out of poverty world-wide, continues to produce massive profits, and simultaneously create a sustainable future would be christened *compassionate capitalism*.

For those who have experienced poverty, whether absolute or relative, ascending the ladder of society is more than just a matter of making a series of linear decisions that lead to prosperity—in fact, statistics show the United States economy is continually driving more people *into* poverty, rather than encouraging them to climb the social ladder.⁵³ Certain extremely determined and motivated people can be faced with obstacles—teenage pregnancies, healthcare bankruptcy, addiction, mental illness, etc.—and still overcome.⁵⁴ That being said, if on top of those obstacles lay perceptions of powerlessness, hopelessness, or loneliness, it is almost guaranteed the person will not ascend; rather, they will seek to blunt the harshness of their lives

by seeking control or escapism elsewhere, often in an unhealthy manner.⁵⁵ Unfortunately, it seems that gluttonous capitalism is a breeding ground for those negative feelings.⁵⁶

Adam Smith praised the competitive nature of capitalism as an essential engine of growth and argued that its competitive nature serves to place blame on those who do not compete well enough or succeed, but he did not foresee how the growth of the system would limit individual agency.⁵⁷ For example, over the past decade roughly 640,000 Americans declared bankruptcy annually due to unforeseen medical expenses.⁵⁸ It is not because they did not have jobs or education, it is not because they even lacked health insurance, and it is certainly not because they did not try hard enough. Rather, because of copays, deductibles, and so very many loopholes in coverage—such as the difference in Medicare plans A and B—even the employee who has saved all of her working life can find herself in the midst of a late-in-life bankruptcy due to an unjust system.⁵⁹ That is what makes the current state of capitalism infuriating. A distinct disconnect has developed between the consumers, the products, and the businesses such as insurance and pharmaceutical companies which are working solely to serve corporate interests.⁶⁰ While this is not a new phenomenon, the situation is quickly becoming increasingly dire for an enormous amount of people.⁶¹ Through an examination of national statistics and anecdotal evidence, this essay breaks apart some of the misconceptions about consumers, as well as the system which consumes them. Looking at this system honestly and critically is imperative so the United States and the rest of the Western world can break free from its current status as a society of hollowed out, compassionless people.

Many believe that people in the United States live better than any civilization in history—people live longer, the Bill of Rights is revered, and more people than ever before have opportunities for higher education.⁶² The poor are hardly distinguishable from the moderately

wealthy as far as smartphone technology goes.⁶³ With the rise of online thrift stores even their clothes are the same.⁶⁴ One dollar will buy a person a hamburger, five a prepared meal. Superficially, it can be difficult to differentiate between someone who comes from a trailer park and someone who comes from a middle-class family. Until, that is, one scrutinizes the details. Poor parents supporting children are a prime example. As many low income parents are forced to work odd hours,⁶⁵ they often must resort to feeding their children quicker, less healthy food;⁶⁶ it is no coincidence that obesity among the poor is astronomically higher than it is for the wealthy.⁶⁷ They are oftentimes not able to provide the same extracurricular activities—whether due to time constraints, lack of resources, or because the child is forced to work to assist with bills; there are many different situations for many different people.⁶⁸ The wealthier the family from which a person comes, the more likely she is to begin and complete her college education and move on to acquiring savings, stocks, property, and other assets.⁶⁹ When a person is born poor, there is a 70 percent chance she will never make it to the middle class.⁷⁰ The reality for millions is not one of opportunity but of survival—no matter how entrepreneurial their minds. In a system which bases itself off of the notion that *any who try hard can succeed*, this is clearly a fallacy. Gluttonous capitalism does not allow for most of those at the bottom to make their way to the top—that idea goes against the very nature of the machine. This is not a boring game, this life for a vast span of the American population who are fighting for a decent life—and the odds are stacked against them. These ideas are as old as money itself, but when even the least selfish, rare philanthropic folks such as Mark Zuckerberg and Priscilla Chan can voluntarily give away 99 percent of their business shares (worth \$45 billion today)⁷¹ in order to improve humanity, and still have more than enough money for the rest of their lives, but insured middle-income people

have to choose between medical expenses and a ride in an ambulance, an X-ray, or a simple checkup, there is a problem.⁷²

The National Center for Health Statistics has also shown that it is not just the poor who are left feeling powerless by this new age of manic consumerist capitalism. From 1988 through 2008 the rate of antidepressant usage in the United States increased by 400 percent.⁷³ Regardless of socioeconomic status, around one in ten Americans is prescribed an antidepressant,⁷⁴ even though rates of mental illnesses have generally been steady over the past few decades.⁷⁵ For doctors, it is much more profitable and much less time consuming to prescribe an antidepressant to a “sad” person than it is to listen to that person’s story and help them find a non-medicated foundational solution, or at least a solution which involves talk therapy in addition to a medication—unequivocally the most successful treatment one can have.⁷⁶ It would seem that offering compassionate capitalism in business and even in the medical field is more profitable than slapping crippling costs onto every individual.⁷⁷

During the fast-paced technological boom of the past thirty years, in addition to increasing rates of prescription antidepressants, there are rocketing levels of addiction and drug abuse, specifically opioids.⁷⁸ Moreover, there have also been gross leaps in mass incarceration—a profitable industry which has seen a 500 percent increase over the past forty years.⁷⁹ The purchasing power of a paycheck is also declining, which proves problematic for those who live paycheck to paycheck.⁸⁰ Unless they have enough wealth to not be bothered by these issues, people from most socioeconomic backgrounds are feeling hopeless, but simultaneously so powerless and voiceless they are stripped of their desire to stand for change.

Look to the market to solve the issue is a theme which has been argued time and time again by Friedmanites, Neo-Smithians, and supporters of the Austrian School. While this is not

an inherently illogical theory, with the way large business has been conducted in recent years it is indeed illogical to assume that an invisible hand will naturally shape the economy for the best, and simultaneously create an environment of innovation. Nestlé, for example, is one of the world's largest food companies and one of the most profitable companies in the Fortune 500.⁸¹ Nestlé's code of ethics begins: "Since its founding, Nestlé's business practices have been governed by integrity, honesty, fair dealing and full compliance with all applicable laws."⁸² As promising as the Code of Ethics is, the company is currently entangled in a Supreme Court case, which it unsuccessfully attempted to have thrown out, regarding child slave trafficking and torture.⁸³ Here the pattern repeats: as long as profits are not touched, and as long as citizens in the United States do not feel connected to the slaves, morals are not accounted for in business. As long as the consumers do not have to deal with their own families being tortured this is no big deal. However, consumers *do* need to work longer hours for a lower wage in order to increase output for the same system which provides them cheap, slave-produced chocolate bars—and they do not seem to realize it. Just as slaves in Mali contribute to the \$91 billion Nestlé rakes in annually,⁸⁴ healthcare workers in the United States must work long hours for much less than they deserve,⁸⁵ oftentimes without decent health insurance⁸⁶—the very product to which they have devoted their lives.

Fear is control, and free market practitioners have it down to a science. It does not have to be this way. This is not an argument against businesses seeking profits, but merely that the profit should be distributed reasonably. There are some companies such as Ben & Jerry's Homemade Holdings, Inc. which practice under the fair trade ideology. Ben & Jerry's is the third leading ice cream producer in the United States. Last year the company brought in around \$460 million—compared to the \$251 million Edy's, which happens to be owned by Nestlé, captured.⁸⁷

In 2000, Ben and Jerry sold their company to Unilever for \$326 million, but insisted they maintain high voting power within the company.⁸⁸ This rare negotiation included their right to sue Unilever at Unilever's expense should the conglomerate fail to meet their socially conscious agreements.⁸⁹ Sixteen years later, the company is one of the loudest voices for restoration of voting rights—to the extent that they were arrested for civil disobedience in 2016;⁹⁰ they use completely fair trade ingredients, and they are working to reduce their carbon footprint. Ben and Jerry are still millionaires to the tune of \$150 million each⁹¹—similarly to the philanthropic case of Mark Zuckerberg—but have managed to retain their integrity. Theirs is not the least expensive option for ice cream, but because the company pays all of their employees a living wage it balances the microcosm of the company which could be mimicked by other businesses. As a number of success stories such as these emerge, it would appear that ethical consumerism and social entrepreneurship have the potential to be tools to transform worldwide capitalism from gluttonous to compassionate. While capitalism may have started from naturally competitive seeds, the only way for it to continue growing and to thrive in a way that is not destructive to all involved is through compassion—otherwise there will eventually be nothing left for which to compete.

Powerlessness, hopelessness, and loneliness are three killers of opportunity, creativity, and progress in the United States and the world at large—not governmental policies put in place as a safety net for the most vulnerable. The soulless, gluttonous capitalist system must be rewired before hollowed out, empty consumerism destroys the planet altogether; before people become real life automatons; before the damaged spirit of capitalism becomes a worldwide dictatorship of corporations over consumers, unbeknownst to its participants. There is enough money for everyone to have healthcare, and for businesses to still make outrageous profits. There is enough

money to educate everyone who desires an education, or desires food for that matter. There is enough money in the world to shift the system, but to make the transition will take trial and error as with any other venture. The mistake would be to not try at all to redefine, once again, the word *capitalism*.

ENDNOTES

¹A list of several examples: <https://en.wikipedia.org/wiki/Capitalism>; <http://www.merriam-webster.com/dictionary/capitalism>; <http://www.investopedia.com/terms/c/capitalism.asp>; <http://www.businessdictionary.com/definition/capitalism.html>; each accessed on June 5, 2016.

²Albert O. Hirschman, *The passions and the interests: Political arguments for capitalism before its triumph*, Princeton University Press, 1997.

³For an example, see <http://decodedpast.com/adam-smith-1723-1790-father-modern-capitalism/15048>. The Greeks discussed the concept of division of labor *Capitalism, Socialism, and Democracy*, and William Petty had already brought the concept to the attention of the modern world in the late seventeenth century (Political Arithmetick, 1690).

⁴M. Skousen, *The making of modern economics: the lives and ideas of the great thinkers*, Routledge, 1996; Vivienne Brown & "'Mere inventions of the imagination': a survey of recent literature on Adam Smith." *Economics and philosophy* 13, no. 02 (1997): 281-312.

⁵"capitalism, n.2". OED Online. March 2016. Oxford University Press.

⁶Robert Boyer, "Capitalism strikes back: Why and what consequences for social sciences?" *Revue de la régulation. Capitalisme, institutions, pouvoirs* 1 (2007).

⁷Peter Temin, "A market economy in the early Roman Empire" *Journal of Roman studies* 91 (2001): 169-81.

⁸Marie Lavigne, *The economics of transition: from socialist economy to market economy*. Macmillan, 1995.

⁹M.N. Rothbard, *Keynes the Man*, Ludwig von Mises Institute, 2010.

¹⁰Henri Lefebvre, *The sociology of Marx*, Columbia University Press, 1982.

¹¹Werner Sombart, "Capitalism." *Encyclopedia of the Social Sciences*, New York: MacMillan, 1930; Gert-Jan Hospers, "Joseph Schumpeter and his legacy in innovation studies," *Knowledge, Technology & Policy* 18, no. 3 (2005): 20-37; Richard R. Nelson, "Why Schumpeter has had so little influence on today's main line economics, and why this may be changing," *Journal of Evolutionary Economics* 22, no. 5 (2012): 901-16.

¹²Talcott Parsons, "Capitalism: In Recent German Literature: Sombart and Weber." *The Journal of Political Economy* (1928): 641-61.

¹³Louis Dumont, *From Mandeville to Marx. The genesis and triumph of economic ideology*, Chicago: University of Chicago Press, 1977.

¹⁴Zbigniew Brzeziński, *The grand failure: The birth and death of communism in the twentieth century* Scribner, 1989; Joseph E. Stiglitz, *Whither socialism?*. MIT press, 1996 & Francis Fukuyama, *The end of history and the last man*, Simon and Schuster, 2006.

¹⁵Karl Marx, "The possibility of non-violent revolution," *The Marx-Engels Reader* (1872): 522-4.

¹⁶David W. Lovell, *From Marx to Lenin: An evaluation of Marx's responsibility for Soviet authoritarianism*, Cambridge University Press, 1984; Paresh Chattopadhyay, "The Economic Content of Socialism Marx vs. Lenin," *Review of Radical Political Economics* 24, no. 3-4 (1992): 90-110.

¹⁷David Harvey, *Seventeen contradictions and the end of capitalism*, Oxford University Press, 2014.

¹⁸Karl Marx, "Letters from the Deutsch-Französische Jahrbücher: Marx to Ruge Kreuznach, September 1843" (2014).

¹⁹Todd Gitlin, *Occupy nation: The roots, the spirit, and the promise of Occupy Wall Street*, Harper Collins, 2012; David Graeber, "Occupy Wall Street rediscovers the radical imagination" *The Guardian* 25 (2011) & Blair Taylor, "From alterglobalization to Occupy Wall Street: Neoanarchism and the new spirit of the left." *City* 17, no. 6 (2013): 729-47.

²⁰As quoted in <http://time.com/4280864/panama-papers-capitalism/>.

²¹Trading Places. Perf. Eddie Murphy, Dan Ackroyd, Ralph Bellamy, Jamie Lee Curtis. DVD. Paramount (1983).

²²Phil Donahue, "Interviewing the Great Minds of America, Volume II: Phil Donahue Interviews Ayn Rand and Milton Friedman" *Burbank, California: No Free Lunch Distributors*. Original interview date 29 (1980); Milton Friedman, "Interview with Phil Donahue, 1979."

²³Rudolf Hilferding and Thomas Burton Bottomore, *Finance capital: A study in the latest phase of capitalist development*, Routledge, 1990.

²⁴J. Boggs, "The myth and irrationality of Black capitalism" *The Review of Black Political Economy*, 1n, 1 (1970): 27-35.

²⁵E. Luttwak, *Turbo capitalism*, New York: HarperCollins Publishers, 1990.

²⁶Edward W. Youngkins, *Capitalism and commerce: Conceptual foundations of free enterprise*, Lexington Books, 2002 & Michael Novak, *The spirit of democratic capitalism*, Rowman & Littlefield, 1991.

²⁷John Quiggin, *Zombie economics: how dead ideas still walk among us*, Princeton University Press, 2012; Susan Strange, *Casino capitalism*, Manchester University Press, 1997 & Stephen Haber, *Crony capitalism and economic growth in Latin America: theory and evidence*, Hoover Institution Press, 2013.

²⁸Emma Glanfield, "Make Statues Not War! How North Korea's Biggest Export Is Giant Sculptures of African Despots." *Daily Mail*. February 18, 2016.

²⁹Mary Hilson, "The Nordic Model of Welfare." In *The Nordic Model: Scandinavia since 1945*, 87-116. London: Reaktion Books, 2008.

³⁰Fiona Venn, *The New Deal*, Edinburgh: Edinburgh University Press, 1998.

³¹Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy*, New York: Harper, 1950.

³²Jame Stainforth Earley, "Schumpeter and Keynes, dissimilar twin revolutionists" *History of Economics Review* 21 (1994): 21.

³³David H. Freedman, "Why Economic Models Are Always Wrong" *Scientific American*. October 26, 2011.

³⁴Henry Blodget, "They Didn't See The Great Depression Coming Then, Either" *Business Insider*. October 25, 2008.

³⁵<http://data.worldbank.org/country/united-states>. Accessed June 27, 2016. & Louis Woodhall, "Barack Obama's Sad Record on Economic Growth" *Real Clear Markets*. February 1, 2016.

- ³⁶Mike Collins, "The Big Bank Bailout" *Forbes*. July 14, 2015.
- ³⁷"Bailout Recipients" *ProPublica*. June 14, 2016.
- ³⁸United States. Council of Economic Advisers. President of the United States. *2016 Economic Report of the President*.; "Unmanned Aircraft Systems." Federal Aviation Administration. March 17, 2015.
- ³⁹F.E. Kydland & E. C. Prescott, "The econometrics of the general equilibrium approach to business cycles" *The Scandinavian Journal of Economics*, (1991) 161-78.
- ⁴⁰Ran Duchin, and Denis Sosyura, "Safer Ratios, Riskier Portfolios: Banks' Response to Government Aid" *Journal of Financial Economics*, 28th ser., 113, no. 1 (February 19, 2014). doi:10.2139/ssrn.2164072.
- ⁴¹Howard Baetjer Jr., "Does Welfare Diminish Poverty?" *The Freeman*, April 1984, 219-24. Foundation for Economic Education.
- ⁴²Jonathan Yip, "The Bank Bailout in Perspective" *Harvard Political Review*. October 24, 2011.
- ⁴³Claire Zillman, "Obama's Economy in 7 Charts: The Good, The Bad, and The Ugly" *Fortune*. January 12, 2016.
- ⁴⁴Charlie Schaldenbard, "Zombie Simpsons: How the Best Show Ever Became the Broadcasting Undead" Dead Homer Society.
- ⁴⁵Schaldenbard, "Zombie Simpsons", "Chaper 1: what is zombie simpsons?"
- ⁴⁶Chris Harman, *Zombie Capitalism: Global Crisis and the Relevance of Marx*, Chicago, IL.: Haymarket Books, 2010.
- ⁴⁷D. Grubb, R. Jackman, and R. Layard, "Causes of the Current Stagflation" *The Review of Economic Studies* 49, no. 5 (1982). doi:10.2307/2297186.
- ⁴⁸Bureau of Labor Statistics. U.S. Department of Labor. "Real Earnings- April 2016." News release, May 2016. Bureau of Labor Statistics.
- ⁴⁹Schumpeter, 61.
- ⁵⁰Richard H. Robbins, *Global Problems and the Culture of Capitalism*, Boston: *Pearson Allyn and Bacon*, 2005.
- ⁵¹Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, 1905.
- ⁵²David M. Kotz, "The Financial and Economic Crisis of 2008: A Systemic Crisis of Neoliberal Capitalism," *University of Massachusetts Amherst*, December, 2008. Accessed June 29, 2016. http://people.umass.edu/dmkotz/Fin_Cr_and_NL_08_12.pdf.
- ⁵³"America's Shrinking Middle Class: A Close Look at Changes Within Metropolitan Areas," *Pew Research Center*, May 11, 2016. Accessed June 29, 2016. <http://www.pewsocialtrends.org/2016/05/11/americas-shrinking-middle-class-a-close-look-at-changes-within-metropolitan-areas/>.
- ⁵⁴"Promoting Empowerment of People in Achieving Poverty Eradication, Social Integration and Full Employment Integration and Full Employment and Decent Work for All," *United Nations*. 2013. Accessed June 21, 2016.
- ⁵⁵Gabor Maté, "In the Realm of Hungry Ghosts," *North Atlantic Books*, 2008. 39-46.
- ⁵⁶Henry A. Giroux, "Reclaiming the Radical Imagination: Challenging Casino Capitalism's Punishing Factories." *Truthout*. January 13, 2014. Accessed June 16, 2016. <http://www.truth-out.org/opinion/item/21113-disimagination-machines-and-punishing-factories-in-the-age-of-casino-capitalism>.

- ⁵⁷ Barbara Ehrenreich, "Time to Wake Up: Stop Blaming Poverty on the Poor," *The Shriver Report*. January 13, 2014. Accessed June 16, 2016. <http://shriverreport.org/time-to-wake-up-stop-blaming-poverty-on-the-poor-barbara-ehrenreich/>.
- ⁵⁸ David Himmelstein, Deborah Thorne, Elizabeth Warren, and Steffie Woolhandler. "Medical Bankruptcy in the United States, 2007: Results of a National Study" *The American Journal of Medicine* 122, no. 8 (2009): 741-46. doi:10.1016/j.amjmed.2009.04.012.
- ⁵⁹ Mark Miller, "Health Costs Fuel Rise in Bankruptcy among Elderly." *Reuters*. November 08, 2010. Accessed June 16, 2016. <http://www.reuters.com/article/us-dp-elderly-bankrupt-idUSTRE6A73M920101108>.
- ⁶⁰ Eric Pianin, "Drug Company Profits Soar as Taxpayers Foot the Bill," *The Fiscal Times* July 30, 2015. Accessed June 20, 2016.
- ⁶¹ Pharmaceutical Manufacturing" *Opensecrets* RSS. Accessed June 16, 2016. <http://www.opensecrets.org/industries/indus.php?ind=H4300>.
- ⁶² "Fast Facts," *National Center for Education Statistics*, 2015. Accessed June 17, 2016. <http://nces.ed.gov/fastfacts/display.asp?id=98>
- ⁶³ Aaron Smith, "Chapter One: A Portrait of Smartphone Ownership." Pew Research Center Internet Science Tech RSS. April 01, 2015. Accessed June 17, 2016. <http://www.pewinternet.org/2015/04/01/chapter-one-a-portrait-of-smartphone-ownership/> & Rosie Spinks, "Smartphones Are a Lifeline for Homeless People" *The Guardian*, October 01, 2015. Accessed June 17, 2016. <http://www.theguardian.com/sustainable-business/2015/oct/01/smartphones-are-lifeline-for-homeless-people>.
- ⁶⁴ A list of several examples: <https://www.thredup.com>; <https://www.poshmark.com>; each accessed May 18, 2016.
- ⁶⁵ María E. Enchautequi, "Nonstandard Work Schedules and the Well-Being of Low-Income Families," *Urban Institute*. July, 2013. Accessed June 20, 2016.
- ⁶⁶ "Why Low-Income and Food Insecure People are Vulnerable to Obesity," *Food Research Action Center*. 2015. Accessed June 2, 2016.
- ⁶⁷ James Levine, "Poverty and Obesity in the U.S." *Diabetes* 60, no. 11 (November 2011): 2667-8. doi:10.2337/db11-1118.
- ⁶⁸ "Recreation and Children and Youth Living in Poverty: Barriers, Benefits and Success Stories," Canadian Parks and Recreation Association. Accessed June 20, 2016. <http://www.cpra.ca/UserFiles/File/EN/sitePdfs/initiatives/EGTP/literature.pdf>.
- ⁶⁹ Indicators of Higher Education Equity in the United States. Report. *The Pell Institute & The Graduate School of Education*, University of Pennsylvania. Accessed June 20, 2016. http://www.pellinstitute.org/downloads/publications-Indicators_of_Higher_Education_Equity_in_the_US_45_Year_Trend_Report.pdf.
- ⁷⁰ Moving On Up: Why Do Some Americans Leave the Bottom of the Economic Ladder, but Not Others? Issue brief. *The PEW Charitable Trusts*. November 7, 2013. Accessed June 20, 2016. <http://www.pewtrusts.org/en/research-and-analysis/reports/0001/01/01/moving-on-up>.
- ⁷¹ Advancing Human Potential and Promoting Equality." *The Chan Zuckerberg Initiative*. Accessed June 17, 2016. <http://chanzuckerberg.com/>.
- ⁷² Laura Ungar, and Jayne O'Donnell, "Dilemma over Deductibles: Costs Crippling Middle Class." *USA Today*. 2015. Accessed June 17, 2016. <http://www.usatoday.com/story/news/nation/2015/01/01/middle-class-workers-struggle-to-pay-for-care-despite-insurance/19841235/>.

⁷³ Laura A. Pratt, Debra J. Brody, and Quiping Gu, "Antidepressant Use in Persons Aged 12 and Over: United States" *Center for Disease Control*, 2008.

⁷⁴ Ibid.

⁷⁵ H. Häfner, "Are Mental Disorders Increasing over Time?" *Psychopathology* 18, no. 2-3 (1985): 66-81. doi:10.1159/000284218.

⁷⁶ "Drugs vs. Talk Therapy" *ConsumerReports*. October, 2004. Accessed June 20, 2016.

⁷⁷ Healthy People, Healthy Performance, Healthy Profits: The Case for Business Action on the Socio-Economic Determinants of Health." 2008.
http://www.conferenceboard.ca/Libraries/NETWORK_PUBLIC/dec2008_report_healthypeople.sflb.

⁷⁸ America's Addiction to Opioids: Heroin and Prescription Drug Abuse, 2014. Accessed June 21, 2016.

⁷⁹ The Sentencing Project. Trends in U.S. Corrections. December 2015. Fact Sheet. Washington D.C. Accessed June 21, 2016.

⁸⁰ Claire McKenna, and Irene Tung, "Occupational Wage Declines Since the Great Recession: Low-Wage Occupations See Largest Real Wage Declines" *National Employment Law Project*, September 02, 2015. Accessed June 20, 2016.

⁸¹ Forbes. May 2016. Accessed June 17, 2016. <http://www.forbes.com/companies/nestle/>.

⁸² "Code of Business Conduct." *Nestle*. http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf.

⁸³ Lawrence Hurley, "U.S. top court rejects Nestle bid to throw out child slavery suit," *Reuters*. January 11, 2016. Accessed June 1, 2016.

⁸⁴ Annual Report 2014. Report. *Nestle*. Accessed May 20, 2016.

⁸⁵ Kristen Fischer, "Nurses: Overworked and Understaffed on the Front Lines" *Healthline*. July 07, 2014. Accessed June 15, 2016. <http://www.healthline.com/health-news/nurses-overworked-understaffed-070714>.

⁸⁶ Sharlinee Sritharan, "Nurses Week: When the Nurse Is Underinsured" *HealthCetera*. May 06, 2013. Accessed June 17, 2016. <http://www.healthmediapolicy.com/2013/05/06/nurses-week-when-the-nurse-is-underinsured/>.

⁸⁷ IRI Market Research Company, "The leading ice cream brands of the United States in 2016, based on sales," *Statista*. January 24, 2016. Accessed June 1, 2016.
<http://www.statista.com/statistics/190426/top-ice-cream-brands-in-the-united-states/>

⁸⁸ Constance L. Hays, "Ben & Jerry's to Unilever, With Attitude," *New York Times*. April 13, 2000. Accessed May 30, 2016. <http://www.nytimes.com/2000/04/13/business/ben-jerry-s-to-unilever-with-attitude.html>.

⁸⁹ Ibid.

⁹⁰ Martin Weil, "Ben & Jerry co-founders among protesters arrested at the Capitol," *The Washington Post*. April 18, 2016. Accessed June 3, 2016.
https://www.washingtonpost.com/local/public-safety/protests-continue-at-capitol-arrest-total-more-than-1200/2016/04/18/12e306f4-05b8-11e6-a12f-ea5aed7958dc_story.html.

⁹¹ <http://www.celebritynetworth.com/richest-businessmen/business-executives/ben-cohen-net-worth/>; <http://www.celebritynetworth.com/richest-businessmen/business-executives/jerry-greenfield-net-worth/>.