Capitalist ideologues and the Cold War “struggle for men’s minds”

Bert Spector

Writing in a 1957 Harvard Business Review article, securities lawyer J. Anthony Panuch expressed his disdain for ideology; not a particular ideology, but the very idea of ideology. Ideologies “may be primarily altruistic or they may be simply dressed up in moral clothing to make them successful.” Whatever their nature, ideologies “get in the way of sound, rational … policy planning and execution” (Panuch, 1957: 42). Here, Panuch was expressing a common theme among both business practitioners and observers. Participants in management discourse typically profess to be blind to, even antagonistic toward, the use of ideology. Twenty years after Panuch’s piece, Harvard Business School Professor George Lodge suggested that reluctance to acknowledge ideology was a particularly American phenomenon (Lodge, 1977). In the United States, ideologies were viewed as alien constructs, essentially European in origin. Communism, fascism, totalitarianism – these and other ‘isms’ – denoted non-American or even un-American activities.

That insistence on denying the essentially ideological nature of American business values was, in Lodge’s view, “nonsense” (Lodge, 1977: 9).

Ideology refers to a widely shared and internally consistent belief system. It provides a value-based lens through which adherents view, understand, and react to external events. Ideologues believe their arguments to be rational, and aspire to have their arguments accepted as factual (Walsby, 1946; Bendix, 1956; Althusser, 1961; Anthony, 1977; Shrivastava, 1986; Burke, 1999; Mayer, 2001; Foley, 2004). In recent years, a number of scholars have worked to recognize and analyze the ideological foundation of management discourse, focusing on specific management practices: industrial relations, human relations, employee motivation, strategic planning, organizational change, executive compensation, corporate social responsibility, and shareholder value among them (Harris, 1982; Guillen, 1994; Shrivastava, 1986; Kleiner, 1996; Dye, Mills, and Weatherbee, 2005; Gantman, 2005; Diefenbach, 2007; Spector, 2008a; Spector & Spital, 2011; Stout, 2012).

In this chapter, I look at the ideology not of a specific management practice but at the ideology of capitalism itself. In the immediate post-Second World War years, American executives and academics willingly, even enthusiastically, embraced ideology, expressing a need to articulate an ideology of capitalism. Although the arguments took many forms and occasionally divergent positions, they amounted to a coherent and consistent belief system based on four core tenets:
• That the overall well-being of a society is best judged by the *per capita income* of individual citizens.
• That business, insulated from government *interference* but aided by government *promotion*, could and would solve the problems of the nation.
• That expansive capitalism would *eliminate poverty* and obliterate *class distinctions*.
• That liberal market capitalism represented the *natural order of things*, an order ordained by God and embedded in the most fundamental beliefs of Christianity.

This set of beliefs was held to be well suited not just for the United States but for the rest of the world, particularly the underdeveloped world.

I have adopted the term liberal market capitalism from the “varieties of capitalism” argument first put forth by Hall and Soskice (2001). They identified two primary capitalist paradigms. A Liberal Market Economy (LME) relied on market relations to insure unfettered competition and access to markets and capital. LME endorsed an essentially passive role for the state, calling on voluntary actions of business executives to protect competition, labor, consumers, and the environment. In contrast, a Coordinated Market Economy (CME) addressed fundamental coordination problems through collaboration and strategic interaction among multiple stakeholders, most especially business and the government.

Subsequent to the publication of Hall and Soskice’s 2001 book, there have been occasional critiques of their bifurcation of capitalism into just two varieties (see, for example, Coates, 2005). Regardless of those challenges, the general premises of the varieties of capitalism thesis generated a robust stream of research (for a review of the literature, see Wilkins, 2010), the conclusions of which can be captured in three generalizations. First, no single variety can lay claim to being the one, legitimate mode of capitalism. Second, all varieties have demonstrated a capacity for creating dynamic economic growth. And third, no variety can be strongly correlated with the presence of democratic institutions in the host society.

During the Cold War, economist Kenneth Boulding (1959) proposed a framework with some apparent similarities. Like Hall and Soskice would do over four decades later, Boulding posited two systems: a market-justified system “in which the individual obtains his livelihood by selling his services or products to anyone who will buy them” (Boulding, 1959: 43), and a budget-justified system that emphasized plans, budgets, and other centralized controlling mechanisms. Although that argument appears, at first glance, to be consistent with the Hall–Soskice thesis, there was a vital distinction. Boulding did not articulate two varieties of capitalism. Rather, he equated capitalism with the market-justified system. The budget-justified system, however, amounted not to a variety of capitalism but to communism.

That distinction is vital. Budget-justified systems were not legitimate alternatives to capitalism. Rather, they represented a “crude manipulative society,” explained Boulding, that “rightly fills us with disgust and fear” (Boulding, 1952: 40). Boulding was doing more than analyzing. He was advocating for a particular variety of capitalism to be taken as the sole alternative to a disgusting, fearful, and manipulative budget-justified system.

The ideology of liberal market capitalism fit the dynamics of the age. The Cold War era was shaped by three key challenges, one external to the United Stated and the other two internal.

• Externally, American capitalism faced a major competitor, often depicted as a ‘threat’: Soviet Communism. The Soviet Union was seen as a hearty economic power. Sure, individual freedoms were sacrificed — and *individual* freedoms remained a cornerstone of the capitalist ideology — but Soviet economic growth was real and potentially threatening to US hegemony (Flanders, 1945; Copland, 1945; Prince, 1946; Abbott, 1953; Butler, 1956).
• Internally, domestic forces were openly challenging the assumptions of liberal market capitalism. In order to avoid a return to Great Depression levels of unemployment, New Deal liberals who controlled the White House through 1952 endorsed a strong role for government as a way to ensure economic growth, full employment, and equitable distribution of income. In the view of capitalist ideologues, that advocacy for a coordinated market economy amounted to a threat to not just capitalism but to something they frequently referred to – as if it were a unitary and commonly understood concept – as the American way of life (Wright, 1945; Gras, 1949; Donald, 1950; Miller, 1951).

• A second internal challenge, rarely acknowledged explicitly, was the evolution of giant conglomerates (Sobel, 1984, 1993). Conglomerates grew not through traditional methods but by amassing portfolios of unrelated investments. Their rise was fueled by pent-up demand created during the Second World War, huge infusions of federal spending on Cold War weaponry, and federal antitrust enforcement that unwittingly encouraged large-scale circular or non-related diversification. Suspicion of big business and the motives of the men who directed large corporations ran deep throughout the country’s history (Pollack, 1962; Thelen, 1972; Goodwyn, 1978; Thelen, 1986; Kazin, 1998; McGerr, 2003). The collapse of capitalism during the Great Depression reinforced a general notion, widely shared among the American public, that “a few rich men and large corporations” wielded a disproportionate and unhealthy amount of power (Gallup, 1972: 277). And there was evidence from popular culture that the American public remained uncertain of – if not alienated from – these giant conglomerates (see, for example, Spector, 2008b).

It was in this socio-historical context that a theory of liberal market capitalism emerged. The Cold War era in the United States offers an especially rich opportunity for analyzing the intersection of management and ideology (e.g. Cooke, Mills, and Kelley, 2005; Cooke, 2006; Kelley, Mills, and Cooke, 2006; Landau, 2006; Runté & Mills, 2006; Spector, 2006, 2008a, 2008b). The period was characterized by a strong, consistent, and widely shared ideology that shaped views of foreign threats and domestic anxieties (Spector, 2006). Difficult global dynamics were blurred by what historian Paul Boyer called a “starkly bipolar analytic framework,” one that oversimplified the complexities of a fragmented post-war world and denied many disconfirming realities (Boyer, 1999: 92).

The years 1945 through 1960 do not encompass the entirety of what is generally identified as the Cold War era: the epoch spanning the 1945 collapse of the Second World War allied coalition (Dobbs, 2012) and the 1991 implosion of the Soviet Union (McCauley, 2004). The focus of this chapter ends at 1960, a year that represents not so much an end to the Cold War as a significant alteration in tone and content. Fear of domestic espionage largely evaporated despite the ongoing insistence of the increasingly out-of-touch FBI director J. Edgar Hoover. The anti-communist blacklist that held such powerful sway over Hollywood crumbled, symbolized by the willingness of Hollywood studios to entrust large-budget projects to formerly blacklisted writers and directors. Even the President-elect, John F. Kennedy, viewed Spartacus, one of the first Hollywood films to openly employ a blacklisted writer, despite the picketing of the American Legion. Unconscionably, the television networks maintained this Red Scare legacy through much of the 1960s, but even that unwillingness to embrace a new cultural moment attracted widespread comment and protest (Spector, 2008a).

The chapter adopts intellectual history as its broad framework for analysis. That framework is broad because ‘intellectual history’ is a far from specified field of inquiry (Gordon, 2007). The point of reference for my approach is Higham’s (1961) classic definition of intellectual history as the history of thought. Specifically, intellectual historians ask how and why ideas occur when...
they do. The sociohistorical context of the focal idea – in this case, the articulation of a liberal market capitalist ideology – must be appreciated by the intellectual historian (Gordon, 2007). An appreciation of the context in which an idea is expressed, however, does not divest the historian of a responsibility to offer a critical weighing of its tenability.

**Locating management discourse in the Harvard Business Review**

In order to analyze Cold War management discourse, the chapter focuses on one particular forum: the *Harvard Business Review* (hereafter, the *Review*). My choice of focus is based on the particular importance and influence of that publication, as well as its university owner/sponsor, the Harvard Business School (HBS). Founded in 1908, HBS was among a small number of university-affiliated business schools at the time seeking to professionalize the education of managers in America. The goal of HBS, along with the University of Pennsylvania’s Wharton School (founded in 1881) and Dartmouth’s Amos Tuck School of Business Administration (1900), was to increase executives’ awareness “of themselves as constituting as distinct occupational group, separate from labor and capital” (Khurana, 2007: 93).

HBS graduates soon dominated the ranks of MBA-educated executives in corporate America (Newcomer, 1965; Mayo, Nohria, and Singleton, 2006). HBS expanded its influence further by virtue of its becoming the primary training ground of case-based teaching among business school professors. Large supporting grants from the Carnegie and Ford Foundations recognized and reinforced HBS’s leadership role in developing the MBA curriculum that would help shape the thought processes of future industry leaders. HBS gained specific prominence during the post-war years due to the broad influence of its Dean, Donald K. David, who served on federal commissions and corporate boards and as a member of the Ford Foundation’s board of trustees, eventually sitting as chairman of its executive committee. He became, according to Khurana (2007), a prototypical member of America’s new power elite.

HBS’s founding dean Wallace B. Donham launched the *Review* in 1922 with the goal for the *Review* as providing executives with the “breadth of view so urgently demanded of business administrators in this century” (quoted in Bates, 1942: 3). The *Review*’s ambition extended beyond publishing helpful how-to articles on management techniques. From its inception, the *Review* proclaimed its intention to create what Donham referred to as a “broad executive theory” that would allow readers to learn effectively from the experience of others in order to move business beyond an “unsystematic, haphazard, and for many men, a pathetic gamble” (Donham, 1922: 1). Harvard University President A. Lawrence Lowell expanded on Donham’s desire to codify knowledge by extolling the formation of a “business administration” profession, one in which practitioners seek not just to “raise the level of the profession” but to “increase its usefulness to mankind” (Lowell, 1923: 129).

During the Cold War, the *Review* was not the nation’s most popular business-oriented publication. That distinction belonged to *Fortune*, a magazine owned and managed by Henry Luce, who maintained an explicit political agenda promoting Cold War ideology (Brinkley, 2010). The *Review*, however, was unique at the time in its affiliation with a university. It attracted major management theorists from the worlds of academics, consulting, and practice who mingled with economists and other intellectuals on its pages.

The post–Second World War years saw readership for business-oriented publications, including *Fortune* and *Business Week*, explode (see Yarrow, 2006 for a history of financial coverage in the popular press). General interest magazines such as *Life* and daily newspapers including the *New York Times* featured business news more prominently than ever. With the emergence of post-war prosperity and economic growth – GNP increased from $221 billion in 1945 to $284
billion in 1950 (Sobel, 1993) – as well as a fierce economic competition with the Soviet Union, business became a story of national interest and significance. The Review experienced explosive growth, its circulation expanding from 6,000 in 1946 to 35,000 by 1953 (Landry, 2005).

I have reviewed the approximately 500 articles that appeared in the Review between 1945 and 1960. The vast majority of these articles focus on technical aspects of the business enterprise – finance and accounting, marketing, and so forth – as well as regular industry analysis: housing, automobiles, steel, and the like. I have devoted special attention to articles in which the authors reflected explicitly on the nature of American capitalism and the role of America in the world’s economy, along with the technical articles that occasionally contained statements of ideology. No attempt has been made to determine the political views of the Review’s editors at the time except as expressed explicitly in the Review itself. Likewise, I have not tried to ascertain the degree to which authors were expressing their ‘real’ views or purposefully using obfuscation and misdirection to advance hidden agendas. This is a work of intellectual history based on a qualitative analysis of the explicitly stated thoughts of the authors.

The Cold War as an ideological construct

The Cold War opened with an American President, Harry Truman (who had been Vice President for just three months when President Franklin Roosevelt died in April 1945), confronting a world devastated by war and sharply divided by tension among former allies. The European conflict came to an end a month later, and the Pacific war ended in August with Truman’s deployment of two atomic bombs. Joseph Stalin, USSR leader from 1929 to his death in 1953, had already made known his intention of leading the worldwide struggle against what Marxists typically referred to as “capitalist imperialists” (Dobbs, 2012). Soviet leadership continued its iron-fisted rule over Eastern Europe as well as its hyper-aggressive rhetoric following Stalin’s death, most famously with the 1956 crushing of the Hungarian Revolt and Khrushchev’s provocative 1956 “We will bury you” speech.

Cold War ideology refracted empirical judgments through often-distorted perceptions. By the time the President announced the Truman Doctrine in March 1947 – the commitment of the United States to “support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures” – the two basic tenets of the Cold War ideology were in place. The first was the belief that post-war tensions should be viewed through a starkly bipolar framework (Boyer, 1999). In the President’s 1947 speech to Congress, he divided the world into two: a way of life “based on the will of the majority … distinguished by free institutions, representative government, [and] free elections,” and the other way of life based on the “will of a minority, forcibly imposed upon a majority” (quoted in McCauley, 2004: 83). That bipolar view became officially embedded in US foreign policy in 1950 in the top-secret and highly influential National Security Document, NSC-68 (McCauley, 2004).

Implicit in that bipolar framework was a blurring of distinctions and divisions on both sides of the divide. Truman’s “free world” included any number of governments – from Greece, Spain, Iran, and Nationalist China to military dictatorships in Latin America – that manifestly failed to meet his own specifications for free institutions, representative government, and open elections. On the other side, the Communist monolith was, in reality, an uneasy, often acrimonious blend of national distinctions, ideological variation, and local political realities (Gaddis, 2005).

The second key element of Cold War ideology was a belief that Soviet intentions went beyond the realpolitik demands of sovereignty, national interest, and control, however ruthlessly pursued. Communism, it was held, represented “a massive, ideologically-based assault upon everything Americans valued” (Freeland, 1972: 9). Totalitarianism would replace democracy everywhere,
including in the United States, should the Communist victory be complete. Godlessness would supplant the Judeo-Christian tradition, and the world would be transported “back into the dark ages and beyond” (David, 1949: 2).

**Defining capitalism as a Cold War ideology**

The term ‘capitalism,’ like other labels used to define economic systems, is a highly generalized concept, typically referring to the web of institutions and organizations in which property is owned and production and distribution occur. Frederick Pryor offered greater specificity when he defined capitalism as “an economic system in which goods, labor, land, and financial services are transferred through relatively competitive markets and in which the means of production are primarily owned privately or by groups of individuals, rather than by governments.” Prices fluctuate largely based on the law of supply and demand, and government regulations are called upon mainly to enforce contracts and protect private property (Pryor, 2010: 8–9).

Even that definition, as Pryor conceded, offered much room for variation. Terms like ‘relatively,’ ‘primarily,’ ‘largely,’ and ‘mainly’ present expansive opportunities for interpretation. The opportunity to replace generality with specificity was taken up by capitalist ideologues in the Cold War years. Because the Communist challenge of that era was interpreted and understood largely in ideological terms, it is not surprising that an effort was made to offer a contrary ideology that, it was hoped, would appeal to the American public and the world, while simultaneously advancing the interests of corporate America. That felt need to articulate an ideology also grew from regular expressions of defensiveness by *Review* authors.

**A sense of siege**

In the immediate aftermath of the Second World War, Peter Drucker’s unexpectedly popular study of General Motors, *Concept of the Corporation*, asserted that the war had made large corporations “the representative institution of American society.” The public, claimed Drucker, embraced “the privately-owned, independently managed corporation” which “sets the standards for the way of life and the mode of living of our citizens” (Drucker, 1946: 3, 6, 7). Undoubtedly, America’s experience in the war helped refurbish the reputation of business that had been so damaged during the Depression. Through the application of sophisticated public relations techniques, corporations “incessantly proclaimed their patriotism and the indispensability of their huge productive capacity,” writes Ronald Merchand. Even companies focused on consumer goods “found ways of touting their own sacrifices as they preached wartime sacrifices to the public” (Merchand, 1998: 119, 320). The reputation of big business now took on a “fresh luster” as corporations pointed to their “Can Do” contribution to America’s victory (Boyer, 1999: 68).

Public attitudes reflected much more unease than might be inferred from Drucker’s sweeping claim. A 1949 public opinion poll with results published in the *Review* revealed that there existed a large body of opinion “which is convinced that business is at best amoral and at worst greedy” (Roper, 1949: 171). Before the Second World War had even ended, *Review* writers were warning that underlying public unease was both more widespread and more dangerous than many readers realized. It was not just the Communist challenge mounted by the Soviet Union, although that was deemed to be potent. There were also internal enemies. “During the past 50 years,” wrote University of Virginia economics professor David McCord Wright in 1945, “the trend in economic thought has been increasingly in the anti-capitalist direction.” That attack on capitalism was so widespread that “now there is virtually no line of conduct which the businessman can follow without inviting condemnation” (Wright, 1945: 393).
And who were these domestic anti-capitalists? “Social idealists” (Flanders, 1945: 439), an uninformed public (Bursk, 1948 – the Review’s editor at the time), unions (Rowe, 1949), fiction writers (Gras, 1949), welfare state advocates (David, 1950 – HBS Dean at the time), workers (Stevenson, 1951), liberals (Miller, 1951), conformists (Levitt, 1956 – a future Review editor), intellectuals (Hoover, 1959), and even foreign agents who had allegedly penetrated the domestic economy (Abbott, 1948a, 1948b). David McCord Wright (1945) identified the anti-capitalist ideology as consisting of three tenets: the use of taxation to redistribute wealth, the encouragement of greater participation of labor in the management of business, and the demand for greater business–industry–government cooperation. The pressing question facing the United States, wrote Studebaker CEO and Chairman of the Committee for Economic Development Paul Hoffman in 1946, “is not whether capitalism, with its emphasis on individual freedom and opportunity will sweep the world, but whether … we can maintain it here in our own country” (Hoffman, 1946: 21). Both Wright and Hoffman conflated capitalism with a single variety: liberal market capitalism. Capitalism of the collective market type was condemned as a threat to the American way of life, and critics of liberal market capitalism denounced as a clear and present danger.

**Articulating an ideology**

Review authors rallied to defend and promote a set of concepts that were variously labeled “the private enterprise economy” (Sumberg, 1945: 167), the “American way of life” (Copland, 1945), “a free economy with free enterprise” (Hoffman, 1946: 21), and the “free business enterprise” (Johnson, 1957). “If the system is to endure,” David McCord Wright warned, “an ideological reconstruction is imperative” (Wright, 1945: 393). Review editor Edward Bursk agreed, writing, “Actually, what management wants to sell is its own philosophy rather than an economic system as such” (Bursk, 1948: 374). So, what exactly was the system under siege and in need of an ideological defense? To answer that, Review authors coalesced on four key themes.

**Minimum government interference combined with optimum government promotion**

The call for “minimum government interference” in order to protect “the private enterprise society” (Sumberg, 1945: 157, 167) was a constant theme expressed by Review authors. In a liberal market economy, it was enterprise owners (presumably represented by manager-agents, although agency theory had yet to be articulated) who took all the risks. It was therefore owners who, according to the ‘Golden Rule,’ should have the unfettered and unregulated ability to make decisions (Dale, 1960). Lincoln Gordon added that “the ‘divine right to fail’” marked “the hallmark of private enterprise” (Gordon, 1960: 136).

It is not surprising that the role of the government represented a particular challenge in the immediate post-war years. The New Deal and the war effort had invited the government into the affairs of commerce to a degree not experienced previously. With the 1935 formation of the Congress of Industrial Organizations and passage of the Wagner Act, organized labor gained new strength and militancy (Galenson, 1960). That invitation to the government’s participation, in turn, invited spirited and at times ferocious opposition from business voices represented by the Liberty League, the National Association of Manufacturers, and the US Chamber of Commerce (Fones-Wolf, 1994).

In the immediate post-war years, with the federal government led by New Dealer Harry Truman, the role of the state in economic affairs was still up for debate.
indicated that support for an active government role in the economy was strong and growing (Tedlow, 1979). In particular, a proposed Full Employment Bill would have embedded Keynesian economics in the quest to avoid massive unemployment through government spending. The lobbying efforts of the Business Advisory Council and the Committee for Economic Development succeeded in altering the bill to assert the role of private enterprise rather than the involvement of the federal government in achieving full employment (Fones-Wolf, 1994). Although business interests seemed on the ascendancy with the adoption of a much-enfeebled Full Employment Act and the weakening of the Wagner Act with Taft–Hartley, the 1948 presidential election sent a shock wave through the business community. Truman, the candidate advocating a stronger Full Employment bill and the repeal of Taft–Hartley won unexpectedly. Now what?

Truman’s New Deal/Keynesian agenda ground to a halt with the 1948 mid-term elections and the 1952 Republican victory led by the ostensibly business-friendly Dwight Eisenhower. It was in the years leading up to the Eisenhower election that Review writers warned against the dire consequences of a resurgent central government. “Nothing would be more hostile to ‘the American way of life,’” wrote economist Douglas Copland, than “the intrusion of government into industry” (Copland, 1945: 418–19). HBS professor N. S. B. Gras went even further in warning of the “threat” of a coordinated market economy, suggesting that the New Deal fostered “fascism” in the United States by establishing “control over business from Washington” (Gras, 1949: 435). A return to New Deal policies would firmly establish fascism in the United States.

Condemnation of government “interference” as a concept should not be equated with “wise action” (Knorr, 1946: 394) on the part of government. Indeed, a number of writers suggested that the interest of business would be best served not through a laissez-faire approach by government, but rather through selective government protection and promotion. The call for government protection typically focused on foreign trade: the promotion of “a sustained high demand for the export of American goods and services” combined with high tariffs and import duties to protect American industry (Korican, 1946: 499; Knorr, 1946; Hoffman, 1946).

Writing in the Journal of Politics, James Prothro suggested that the real objection of the capitalist ideologues was not directed at government intervention per se but rather to government intervention in response to the “voice of the people” (Prothro, 1953: 80). Governmental protections and promotions sponsored by businessmen were fine; governmental interventions on behalf of the public represented a drift toward socialism (David, 1950). “Speaking generally,” Paul Hoffman added to his call for government “promotion” of international private trade, “the most vital function of the Federal Government is to create conditions under which free business [i.e., unregulated business] and free labor [i.e., non-unionized labor] can function more effectively in the general public interest” (Hoffman, 1946: 24).

The preordained order of things

In the context of the Cold War, liberal market capitalism was seen to have God on its side. Cold War ideology emphasized the perceived Soviet threat not just to US hegemony, but also as a challenge to the Western institutions of religion. Karl Marx had famously denounced religion as the “opiate of the masses,” and, according to historian Richard Ellis, “in the early years of the Cold War, religious language infused political rhetoric and national identity in new and significant ways” (Ellis, 2005: 127). Congress created National Prayer Day in 1952, inserted “one Nation under God” into the Pledge of Allegiance in 1954, and added “In God We Trust” to paper money the next year.
Review writers during the 1950s frequently conflated religious values with capitalism, publishing a number of religiously-oriented pieces: “Business and Religion,” “Religious Foundations of Economic Progress,” “Capitalism and Christianity,” and “Can the Businessman Apply Christianity?” (Culliton, 1949; Boulding, 1952; Campbell, 1957; Johnson, 1957). Even discussions of the newly emergent field of human relations contained references to spiritual values, as when consultants Elizabeth and Francis Jennings defined among basic human needs being “loyal to whatever is within ourselves which makes us keep our agreement with God” (Jennings & Jennings, 1951: 55).

If Communism represented Godlessness, then capitalism—in the dichotomous thinking of the Cold War—stood at the opposite end of the spectrum. West Virginia University Professor Thomas Campbell drew the connection explicitly. “Because the free-enterprise system produces greater economic progress than would be possible under any other economic system known at the present,” he wrote, “it is doing more to advance the broader goals of Christianity than could any other existing arrangement” (Campbell, 1957: 43).

Review writers did not view the alignment between capitalism and Christianity uncritically. Modern-day capitalism, wrote Kenneth Boulding, tends to reward speculation rather than hard work and savings, thus negating some of the basic premises of the Protestant work ethic. The general sense of the articles, however, was that business and Christianity were co-dependent and able to bring out the best in each other. Adherence to Christian values on the part of executives would make them “less likely to commit the idolatry of worshipping the business enterprise, the economic system, or career as the ultimate of existence,” wrote Emory Professor Harold Johnson (1957: 76). By proclaiming a synergistic alignment between business values and Christianity, he placed capitalism on the spiritual side of the Cold War. Liberal market capitalism represented the preordained future.

**Per capita individualism**

“Individualism,” wrote Harvard philosophy professor Raphael Demos, lay at the heart of the American way of life, separating us from “authoritarianism” and “fixed dogma” (Demos, 1955: 33). To Review writers, individualism was an undisputed and foundational tenet of American capitalism (Hoffman, 1946). The basic point of a free society, wrote University of Pennsylvania Professor Thomas Cochran, was to permit and encourage “each individual to fulfill and develop his own talents and his own personality” (Campbell, 1957: 43). Individualism was not a mere artifact of Western culture or America’s historical experience, but rather a “natural tendency” of man (Stevenson, 1951: 76).

If individualism stood at the heart of the capitalist ideology, then collectivism represented the straw-man enemy. William Stevenson defined collectivism as “more and more people accepting the idea that they are entitled to security [and] look to the government as the greatest generator of security” (Stevenson, 1951: 76). Collectivism, he was convinced, was the force that could spell “the eventual doom of all freedoms— including free enterprise” (Stevenson, 1951: 76). The “danger”— and HBS Dean David referred explicitly to the “danger of drifting” (David, 1950) — was a “revolutionary trend” not just around the world but also domestically.

Review writers placed the individual rather than the group, community, or society, at the center of the economic universe. “Economic well-being,” wrote Kenneth Boulding, “must rise on a per capita basis” (Boulding, 1952: 34). Per capita income is, of course, a calculation of averages. It does nothing to reveal possible inequities in income distribution.

Per capita individualism was a key ingredient in spreading the appeal of liberal market capitalism abroad. Citizens of underdeveloped nations must feel that their individual income was
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rising lest they succumb to the appeal of collectivist Communists. “The improvement of society,” Boulding concluded, “is nothing more than the sum of improvements of individuals” (Boulding, 1952: 36). The notion that individualism was the “natural tendency” of man around the world and not just in the United States has been contradicted by Geert Hofstede’s findings on the collectivist nature of non-Western cultures (Hofstede, 1980, 2005). The thought that non-US cultures may have held values different from our own simply did not occur to Review writers during the Cold War.

Individualism had consequences in real-world actions. One of these consequences was to offer a value-based condemnation of unions. The central argument made against unionization was that it interfered with individual contributions (Rowe, 1949). People were not masses, wrote William Stevenson, and needed to be treated one at a time (Stevenson, 1951). Organized labor sought protection, Robert Rowe insisted, without regard to how the individual employee contributed to the individual organization. Thus could unionization be denounced not so much as a threat to the unilateral imposition of management prerogatives but as the enemy of man’s ‘natural tendency’ toward individuality.

The irrelevance of class and the elimination of poverty

“I believe with all my heart that a nation of capitalists – and certainly anyone who owns one share of stock or one thousand is a capitalist – is an effective answer to communism’s false doctrines,” insisted New York Stock Exchange president Keith Funston (quoted in Traflet, 2013: 11). The promotion of stock ownership for every American citizen became a central aspect of a campaign sponsored by the Stock Exchange and the Advertising Council to promote what was referred to as People’s Capitalism and was heralded by Time magazine in a cover story entitled “Every Man a Capitalist.” The popular press was rife with stories of how “classes, or at least the old-style ‘working class,’ had given way to one all-American middle class that shared the same objectives and putatively consumed the same things” (Yarrow, 2006: 69).

Central to the we-are-all-capitalist-owners theme was the belief that employees could, should, and would shed any separate class identification and cast their fates instead with their employers. In one of the rare times that the Review gave over its pages to a truly dissenting voice, Solomon Barkin, Director of Research of the Textile Workers Union of America, dismissed the notion of an overlap of interests, at least between the individual employee and the employer. “The trade unionist knows that the individual worker is helpless in the face of the economic and social power of the employer” (Barkin, 1950: 60). If there was any possibility of mutuality – and Barkin gave no indication that he was optimistic on that score – it must be negotiated with the union. 6

Barkin was a lone voice among Review authors. Johnson & Johnson CEO Robert Wood Johnson, who placed the establishment of “sound, cooperative relations between workers and management” as the central challenge facing US industry, suggested that “there is no basic conflict between workers’ loyalty to their company and their allegiance to their union” (Johnson, 1949: 521, 533). Other writers dismissed the notion that loyalty to a union was compatible with the advance of the business. Elizabeth and Francis Jennings suggested that workers “in the real world” found it difficult to divide their loyalties (Jennings & Jennings, 1951). Robert Rowe argued that, even if workers could divide their loyalty, the results would be disastrous. Union loyalty promoted waste, lowered productivity, and increased wages and “other costly benefits” (Rowe, 1949: 559). 7

Rather than negotiate common interests with a union, many executives preferred an approach that involved “educating” workers that “their economic, social, and political well-being” lie with “their specific employer and more broadly with the free enterprise system” (Fones-Wolf,
William Stevenson in 1951, “is talking about teaching economics to employees” (Stevenson,
1951: 75). Stevenson made no pretense about viewing economics education as anything other
than ideological advocacy. Courses were designed explicitly to help alert workers to “the revolu-
tionary trend toward collectivism.” Business leaders are “tired of standing by,” Stevenson insisted.
“More and more of them feel that if the collectivist trend is to be stopped, they had better do
the stopping.” Economic education could be used to “reconcile” any mistaken impression that
the interests of employees and those of owners might be in conflict (Stevenson, 1951: 75–76).

The beyond-class argument was built on the assertion that ascendant American capitalism was
creating a vast and undifferentiated middle class. “We have seen the income of the average fam-
ily [again relying on averages] more than double,” wrote Paul Hoff man in 1946, “with the result
that our standard of living is the highest in the world” (Hoff man, 1946: 21). That growth had,
according to consultant Lewis Galantiere, “removed class warfare” in the United States. “There
is no rejection of fundamental American institutions” (Hoff man, 1951: 58). In addition to eco-
nomic plenty, educational opportunities have created a “fluid society,” according to philosophy
professor Rafael Demos, that allowed the United States to avoid a “rigid class structure” (Demos,
1955: 35). Even the elites in America, in contrast to other societies, were drawn from many
economic groups, thus reinforcing our fundamentally classless nature (Hoff man, 1952). Writers
acknowledged the challenge of interfacing with nations in which “class- and caste-societies”
still existed (Fayerweather, 1957: 128). But the hope, indeed the belief, was that the inculcation
of American values would promote classlessness in underdeveloped countries and thus offer an
attractive counterpart to Communist claims of a ‘people’s socialism’ or a ‘people’s republic.’

These assumptions were supported by claims that American capitalism had eliminated, or
possessed the capacity to eliminate, poverty. Economic development and growth would raise
Americans out of the sea of poverty, promised Review writers, using pro capita income as the
gauge. And the method of that growth was vital. “We now see that, in practice, the abolition of
poverty can come only from development,” wrote Kenneth Boulding, “not from redistribution,
not from taking from the rich to give to the poor, but from making everybody [on average]
richer” (Boulding, 1952: 35). By decade’s end, Boulding was willing to predict in the near-term
future that “poverty ceases to be a serious problem, except in isolated pockets” and that “equality
no longer becomes a matter of major society concern (Boulding, 1959: 41).

The argument had some appeal. As GNP rose through the decade of the 1950s, average
income followed. Americans increasingly moved to the suburbs, which supposedly provided
a classless melting pot. The ‘good life’ seemed equally available to virtually all. A Review reader
would encounter no recognition on its pages that the actual picture of America, even during
these boom times, was not nearly so seamless. Stock ownership may have spread somewhat, but
real control of corporate affairs increasingly moved toward large investors and institutions (Perlo,
1958; Traflet, 2013). Suburbs were far from melting pots, maintaining instead strict class and
racial lines (Berger, 1960, 1961). Consumption – including the purchase of suburban homes –
was increasingly fueled by debt, and borrowing was far from race blind (Hyman, 2011). Some of
these cracks were apparent at the time, others became obvious in retrospect. All were ignored.

The elimination of poverty argument relied exclusively on denial. Poverty was certainly
reduced, particularly in contrast to the Great Depression years. Still, the prosperity of the mid-
class eluded large populations, most especially the elderly and children, living in increasingly
segregated inner cities and the rural south. The revelation made in 1962 in Michael Harrington’s
The Other Americans that fully one-quarter of the country’s citizens were living in poverty demol-
ished the “end of poverty” mirage (Harrington, 1962). Now, the ‘war’ on poverty (an unfortu-
nate term) moved the issue from the apparently less than capable hands of free enterprise to
the center of the federal government’s agenda through the Kennedy, Johnson, and Nixon years (Gillette, 2010).

**Exporting capitalism**

“Since World War II,” wrote oil executive W. Jack Butler, the United States had “been offering goods and services to foreign countries in order to keep them off the Communist band wagon” (Butler, 1952: 63). Butler was only partially right. Certainly, foreign trade was seen as part of the Cold War battle with the Soviets. However, there were also pragmatic reasons to increase trade. Review commentators recognized that “no country is a self-contained economic unit” (Martin, 1955: 25). The emphasis on overseas markets was fueled in part by an economic concern that the production capacity built up during the war would overwhelm domestic demand.

Expanding world trade became the route to maintaining the domestic economy (Copland, 1945). The Bretton Woods Agreement of 1944 sought to create a global economic system based on free trade, convertible currencies, and fixed exchange rates through the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (the World Bank). The US dollar replaced gold as the anchor of the international monetary system, and the Marshall Plan built demand for US goods and expertise in war-torn Europe (Bruder, 2009).

It was the underdeveloped world – the term was used to identify “less-privileged countries by their relative national productive power and the economic well-being of their people … generally (1) Southeast Asia, (2) Africa and the Near East, and (3) Central and South America” (Emlen, 1958: 70) – that offered the greatest opportunities for market expansion. This was, after all, “three-quarters of the world’s population” (Boulding, 1952: 39). It was also the new battleground in the Cold War confrontation with the Soviet Union. “American-Russian relations, for instance, would not constitute the apparently insoluble problem which they now pose,” added Boulding, “if the relationship were simply one of America and Russia; in that event they could perfectly well leave each other alone!”

The news from the underdeveloped world was disheartening, at least in the Cold War interpretation offered in the Review by UN consultant Raymond Miller. “As things now stand, the free world has been losing Asia at the rate of over 250,000 persons a day for the last four years, considering the hundreds of millions of people in China and other territories who have come under ‘Communist’ domination since 1946” (Miller, 1951: 52). The “losing Asia” argument was a frequent trope of Republican anti-Communists, with Joseph McCarthy and others blaming Communist sympathizers and spies among Democrats for “losing China” (Morgan, 2003). This was a trend, Miller insisted, that needed to be altered.

The struggle in the view of Review writers was primarily a “struggle for men’s minds abroad” (Davis et al., 1952). David McCord Wright warned that the struggle could not be won by a “shoot-’em-up” approach emphasizing military might. The United States needed to “implant in the minds of people of the undeveloped countries a set of ideas and beliefs which will lead them to agree to the changes, incentives, and inequalities needed for economic growth” (Wright, 1959: 28). Oil executive Butler agreed, writing that the spread of the American way of life overseas (without, he added, creating a “mirror image” of the American system) was possible (Butler, 1956). It would be only a few short years before leftist foreign policy critics would accuse the United States of adhering to precisely the “shoot-’em-up” approach condemned by Wright as a way of influencing hearts and minds in both Latin America and Southeast Asia. In the 1950s, America’s largely ideological approach was seen by Review authors as a key advantage over Communist militancy.
**The Cold War and ideology in management discourse**

Despite the confidence of Cold War era capitalist ideologues, all of their basic beliefs – that poverty had been eliminated, that large corporate conglomerates spoke for the best interests of America, that individuals rather than communities stood at the center of the good life, and that the world, especially the underdeveloped world, could and should follow liberal market capitalism into the future – came under assault by the mid-1960s. Review authors had believed that their views represented not just a desired ‘solution’ but the inevitable endgame of historical evolution. That belief was questionable and aggressively questioned.

By the 1980s, liberal market capitalism emerged as the dominant economic paradigm in the United States (Reaganism) and the United Kingdom (Thatcherism). What came to be viewed, according to Brick (2006), as the “natural order of things,” would, through its capacity for endless growth, end poverty, obliterate class distinctions, marginalize cultural differences under a single, homogenous national culture, and subdue the inherently jingoistic, backward-looking, and conspiracy-minded voice of the populace (Gilman, 2003). The “end of history” argument articulated by Fukuyama (1992) suggested that liberal market capitalism had achieved, with the death of Soviet Communism, an unabashed victory. The root causes of social and economic inequities had essentially been solved.

The assumptions of liberal market capitalism faced another set of challenges in the aftermath of the 2009 global economic collapse. The “too big to fail” phenomenon overtook laissez-faire assumptions concerning the “divine right” of capitalists to succeed or fail on their own (Gordon, 1960: 136). The intense interconnectedness of the global economy led to a resurgent advocacy for a more coordinated market economy. Global climate change and other insults to the environment as well as the disastrous results of offshoring to ‘cheap labor countries’ in emerging economies led to calls on the state to take an active role in protecting competition, labor, consumers, and the environment. ‘History’ – that is, the struggle to control the ideological story of unfolding events – has a way of not ending.

Management studies typically present themselves in non-ideological terms. Managers, after all, are purely pragmatic, concerned with what works and does not work. Scholars are fundamentally empirical, following evidence wherever it might lead. These assertions are fictive. The Review specifically and management dialogue generally is deeply ideological. Not that there is anything necessarily wrong with that. The danger occurs when proponents of an ideology present their views as “universal and exclusively correct” (Kinloch & Mohan, 2000: 2).

The capitalist ideologies of the 1950s engaged in simplification (liberal market capitalism vs. communism), contradiction (against government interference but for government protection), misdirection (People’s Capitalism) and denial (poverty). When ideologues present the subjective as objective, advocacy as observation, and self-interest as mutuality, the result is denial, distortion, false consciousness, and the concealment of real interests.

**Notes**

1 The phrase “struggle for men’s minds” in the chapter title is taken from the title of a 1952 Harvard Business Review article (Davis et al., 1952). In order to reflect the era under analysis in this chapter and the primary sources upon which the analysis draws, I will purposefully utilize gendered language. The gendered nature of management discourse generally and of Cold War dialogue in particular, has been analyzed in Mills, 1992; Cuordileone, 2000; Runté & Mills, 2006; Dye & Mills, 2011.

2 It was, according to Sobel (1993), defense contractors that led the way in circular diversification in order to avoid dependence on a single customer: the federal government.

3 Fones-Wolf (1994) has analyzed the antecedents of that ideology in the 1920s.
4. This reference is to economist Calvin B. Hoover rather than FBI Director J. Edgar Hoover. The Review did print a single article by that Hoover, a 1964 piece warning businessmen that “the United States is today Soviet Spy Target No. 1. Never in history has a nation been under such highly organized and competent spy attack” (Hoover, 1964: 143). Morgan (2003) has demonstrated that Soviet espionage efforts in the United States reached their peak during World War II and decline steadily thereafter.

5. Gras is identified as the founder of business history at HBS.

6. Review editors opened the article with an unusual disclaimer: “Whether or not we agree with Mr. Barkin’s interpretation, we feel that all businessmen may gain in having a clearer understanding of the thinking of this well-known union leader” (Barkin, 1950: 59).

7. Rowe expressed special disdain for “Communist dominated unions which have so repeatedly demonstrated a complete dissatisfaction with any system of private enterprise” (Rowe, 1949: 560). Explicit Red-baiting like this was an exception in Review articles.

References


Bert Spector