

## BOOK REVIEW

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*An All Consuming Century: Why Commercialism Won in Modern America* by Gary Cross. New York: Columbia University Press, 2000. 320 pages, hard cover.

*One Market Under God: Extreme Capitalism, Market Populism, and the End of Economic Democracy* by Thomas Frank. New York: Anchor Books, 2001. 436 pages, soft cover.

Corporate accounting scandals and reports of executive malfeasance have enjoyed wide coverage in the media and have led to a reevaluation of the role of business schools in teaching ethical behavior. With President George W. Bush calling for business schools to be “principled teachers of right and wrong and not surrender to moral confusion and relativism,” the implication is that business schools are not doing enough to ensure that graduates who go out into the business world will conduct themselves in an ethically appropriate manner.

Struggling financial markets have created the impetus to determine why some executives behave unethically, and how to deter or punish ethical transgressions in order to restore investor confidence. Analyses tend to focus on greed as the cause of ethical lapses, and unethical behavior as the enemy of market stability. Although financial pundits readily acknowledge that greed has always existed, they suggest its rise corresponds to the availability of more sophisticated accounting means to pursue greed and hide wrongdoing and lax regulation and government oversight. (For an excellent discussion of this point, see John Cassidy, “The Greed Cycle,” *The New Yorker* (Sept. 23, 2002), pp. 64-77.) Two recent books, *An All-Consuming Century: Why Commercialism Won in Modern America* by Gary Cross and *One Market Under God: Extreme Capitalism, Market Populism, and the End of Economic Democracy* by Thomas Frank trace changes in Americans’ relationship with consumerism and the market. Their analyses of the changing values of consumers and investors go beyond the simple question of means and opportunity for executive wrongdoing to an examination of their potential motives. Although these books do not address the recent scandals and economic conditions in their analyses, their arguments could have predicted today’s headlines. Both books emphasize how media and politics have served to shape beliefs and attitudes of American citizens concerning consumption and market participation. And both studies have important implications for returning confidence to the stock market and for the debate on corporate ethics and ethics curricula in business schools.

In *One Market Under God*, Thomas Frank traces the growth of the belief in “market populism.” Populist revolts in the historical sense involved grassroots organization where individuals banded together to gain enough political representation to advocate on behalf of the “little guy” in the face of corporate power and influence. Those movements gained currency in the 1890s and led to various regulatory reforms. As resurrected in the late 20th century,

“market” populism is the notion that financial markets respond to the will of the people. Accordingly, the workings of the market are seen as more legitimate than government in bringing about change and more effective in protecting the interests of the individual investor. According to Frank, the confluence of the shift away from industrialism and toward a New Economy and the growth of technology and the Internet created an American public exuberant and gullible in its belief that financial markets were now accessible to all with no end to the profits that could be made. Americans not only began to believe that “a rising tide lifts all boats” but were now certain that the tide would rise indefinitely and everyone had an equal chance to get his or her boat in the water.

In Frank’s view, the market populism idea was developed and disseminated by corporations interested in gaining access to investor dollars and weakening government oversight. Frank makes a compelling argument of how media portrayals in the 1990’s reinforced the notion of the market as suddenly available to the little guy without government or corporate interference. Unfettered access to the market meant that Americans could now be free to make money and to vote with their dollar for those corporations, services, and products that deserved to survive. Frank argues that conservative politicians embraced the idea of market populism and helped promote it as political tool. The market populism idea replaced flag burning and family values as the preferred vehicle for vilifying political opponents. Conservative politicians helped propagate the idea that intellectuals, academics, and liberals were out of touch with the workings of the New Economy and stood in the way of the common man gaining access to his or her share of the available wealth in this country. The intellectuals and liberals became the new “elitists,” attempting to stem market participation through regulation or criticism. Formerly, the elite had been the blue blood corporate executives out of touch with the common man. This conception was replaced with a new image—the executive as entrepreneur. Entrepreneurs and entrepreneurial executives were celebrated in a market demanding high growth and quick profits. In fact, Frank says, those individuals were worshipped as heroes and afforded high profile celebrity status.

For Frank, the danger of market populism lies in the fact that it supplants traditional democratic involvement as a means to secure a certain standard of living. The implication is that American investors and workers are no longer concerned about a safety net because they are bombarded by an ideology telling them that when it comes to accumulating personal wealth, the sky is the limit. The market populism myth imbues corporations with a powerful sense of legitimacy because corporations alone are able to deliver economic democracy to the citizen. When left to pursue their best interests, corporations will ineluctably further the best interests of the investor. Because we are all “investors” participating in the economic world, materialism transcends social and political concerns, and corporations become the most important actors in our public lives. Abdicating our decision-making power to corporate executives, or just “the market,” has led to the erosion of traditional controls on corporate activities, including unions and government. Frank argues that without these controls, the gap in wealth between the richest and poorest Americans continues to widen and corporations continue to make decisions where citizen and investors suffer. In the market where each “vote” is represented by one dollar, those with more money will ultimately make the rules for those with less.

Frank’s message at the time his book was published was probably best received by a small group of disenfranchised individuals who missed out on the Internet stock that made some

clerks and janitors millionaires. Frank's assertion is that the market populism concept fed on the notion that there were more individuals getting rich than only getting by. In the time since *One Market Under God* was published, however, it is difficult to deny that many people lost out in the New Economy due to an unrealistic confidence in the market, a confidence fueled by a belief in endless growth and corporate self-regulation. Both have turned out to be an illusion.

While Frank relentlessly attacks corporations, politicians, the media, and the new protean investor, he offers surprisingly little in the way of solutions to the market populism myth. Maybe, as his afterword would seem to confirm, Frank sees the solution is having the myth discredited by time. Still, in the shadow of stock market losses and corporate scandals, we are left with our own devices to determine how Frank's critique can be applied to the construction of a just economic and political system that allows for the dramatic accumulation of wealth Americans expect after the 1990s but provides all Americans with a standard of living consistent with the overall wealth of the nation.

The American preoccupation with the accumulation of wealth and consumption fits smoothly with the notion of market populism. It could even be argued that market populism was embraced so readily because the rapid accumulation of wealth promised by the stock market would fuel our increasing need to consume. In *An All-Consuming Century*, the well-known social historian Gary Cross argues that "consumerism is the ism that won." Consumerism is defined as a belief that goods give meaning to individuals and their roles in society. Cross traces the rise of consumerism from 1900 to 2000, emphasizing how consumerism thrived as the concrete expression of liberty and freedom that allowed for a gradual transition in American life away from a more collective, agrarian society toward a more individualist, industrial one. Consumer goods facilitated this transition because they allowed individuals to experiment with new personal identities through consumption, identities that signaled breaks with family and cultural traditions while still enabling individuals to retain elements of these connections.

Cross presents a cogent argument explaining why Americans shifted to consumerism as a replacement for social group participation. Consumerism afforded Americans the opportunity to express their identities and values without the constraints inherent in a truly democratic system that often precludes immediate gratification or gratification at all. For Cross, the acceptance of consumerism and consumption on a grand scale in the United States is even more surprising given the range of social and political movements that have criticized the legitimacy of consumption as the driver of happiness and a society of consumers as a legitimate polity to participate in a democratic nation. Cross adeptly illustrates how consumer tastes were created and exploited to fuel greater consumer demand. His analysis is comprehensive in scope and includes an examination of how shifts in values, politics, demographics, and deregulation created a reciprocal relationship that pushed consumerism to the forefront of American life.

While Cross' analysis of the growth of consumerism from the 1900s through the 1980s establishes the importance of consumerism in defining personal identity and as an expression of liberty and freedom, his discussion of the triumph of the market in the 1980s through 2000 has most in common with Frank's analysis of market populism. Cross downplays the

importance of government intervention in the market's triumph. For Cross, the market triumphed because of individual consumers who encountered a new ethos that unbridled consumption was not only tolerated, but it was celebrated as a symbol of patriotism. By spending more, Americans helped the economy and the market grew. Because all could participate in the market, spending suggested an almost altruistic concern for other Americans. The pleasure of personal consumption was now justified because it helped others, not just oneself.

While Frank's analysis condemns corporate and political forces that propagated the market populism myth, Cross' evaluation is more even-handed. Cross sees rampant consumerism as problematic for a democratic society but acknowledges that consumerism creates a common language through which different peoples, cultures, and countries can communicate. The focus on identity through consumption serves as a replacement for class or ethnic identities that historically have put groups in conflict with one another. Globalization, the interconnectedness of the economies of sovereign nations, has created trading partners that eschew violence as a means to settle political differences. In addition to the stabilizing influence of consumerism for domestic and international relations, Cross also recognizes that for many people, consumerism is effective in helping create their identities and satisfying their immediate needs. Many of the dire predictions of anti-consumerists have failed to materialize: consumerism did not destroy the cultivated individual as predicted, but supplied an alternative that many Americans were just as happy with.

Despite the benefits of consumerism that Cross delineates, his book is an indictment of an absolute consumerism that replaces collective identity and collective action with the pursuit of personal pleasure. Unfortunately, Cross' recommendations for moderation in the face of rampant consumerism seem likely to be ignored in light of the tremendous force and momentum of consumerism that he so convincingly illustrates. His emphasis on a return to community life and participation necessarily lacks specifics; transcending the implacable individualism brought about by consumerism is likely to be as pedestrian as a deliberate refusal to succumb to the relentless barrage of advertising that seduces our consciousness on a daily basis.

Both *One Market Under God* and *An All-Consuming Century* make for compelling reading in their own right. What both books detail is how consumerism and market participation have established themselves as the avenue to status in American society. As corporate scandals surface and the media attempts to vilify the few "bad apples" as greedy, Frank's and Cross' books are instructive because they reframe the ethics question in a larger historical and societal context. The motive to engage in unethical behavior becomes clearer when considering the rise of CEOs as celebrities and entrepreneurs, thereby creating a need to accumulate at any cost and reflect a lifestyle consistent with market success. In addition to demonstrating growth and success for the benefit of the company, the possession of individual wealth reflects the rise in conspicuous consumption as a signal of rank in a society competing to consume. Frank's assertion that the conspicuous spending of the affluent in the 1990s was not due to simple greed, but was an understandable, perhaps even biological, response to competition for attention and status seems particularly relevant here. In Cross's view, this type of competition makes sense when personal mobility has replaced traditional social structures as the determinant of ethical behavior.

Frank's and Cross' books make clear the need to study managerial ethics with a solid grounding in disciplines like political science and sociology. They also suggest our own complicity in failing to ensure that markets and corporations are ethical and fair in our elevation of the pursuit of personal wealth and mobility. It is no coincidence that revelations of accounting improprieties and huge CEO stock options only become a problem when the market is down and the individual investor is suffering. The reality is that the accounting scandals and their CEO representatives would not be so vilified if we were all winning again.

The belief in market populism and the market's ability to monitor itself and punish unethical behavior is no doubt in decline, and a continuing examination of the larger sociological context in which business activities occur will be useful for the country. The answer to the problems of unethical behavior by corporate executives may lie in a more intense examination of the larger system (society) in which corporate executives operate. If business schools begin to address the ethical failures of WorldCom, Enron, and other corporate miscreants in a sustained and serious way, Frank and Cross will provide significant insights into the social and political forces that impelled them.