

# Capitalism in a Box

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**Published in the *Benicia Herald* on Sunday, October 14, 2007**

On April 25, 2002 [Benjamin Barber](#), Kekst Professor of Civil Society at the [University of Maryland](#) and a principal initiator of the Democracy Collaborative, gave a speech at the Commonwealth Club titled "Confronting Terrorism," which managed to synthesize much of what I had been pondering at the time regarding America's strengths, weaknesses and role in the world. (You can listen to Barber's speeches at [CommonwealthClub.org](#).) I wrote a column about his ideas at the time, and this week revisit that column to acquaint you with Barber's claim that a just society, which is the most effective society when fighting terrorism, requires that capitalism be constrained by a democratic box.

The basic problem I've been pondering, which is at the core of Barber's presentation, is this. Capitalism facilitates the free exchange and accumulation of capital in a competitive, social-Darwinist and fundamentally anarchic structure in which there will be winners and losers. Democracy, on the other hand, focuses on the representation and empowerment of everyone in a society, including most importantly those who are most likely to lose. Why is it, then, that so many believe that the more the free market wins and the government loses, or vice versa, the better society will become?

Put another way, if we visualize society as a teeter-totter with capitalism sitting on one end and democracy on the other, the two balanced on a cultural or civil fulcrum, why don't we spend more time trying to make sure the teeter-totter goes up and down properly rather than trying to pile on one end so that the rider on the other end is stuck high in the air, flailing away, crying out for mercy?



Of course these are to some degree rhetorical questions. The myth we have created of ourselves focuses on the Lone Ranger vanquishing evil in the West, on Willa Cather's farmers conquering the prairies of the Midwest, and on Horatio Alger's bootblack ragged Dick conquering the industrial East. This myth does not include government officials who are more often than not portrayed as bureaucrats who impede progress by working hard to reign in creative entrepreneurs.

Anyone who has worked in a business or corporation knows that capitalist enterprises can be very efficient and return a profit without being in any way democratic. Your boss is the boss, and when you disagree with him, there is no requirement that he call for a vote. Businesses do not promote democracy; they promote profit, which is exactly what they are supposed to do. Who would invest in any company that didn't? Even if you want to invest in socially responsible corporations that are environmentally sensitive and that grow organic crops or that don't use child labor, you will lose your investment unless the corporation makes money.

Furthermore, corporations want to become market leaders. Coke doesn't want people to buy Pepsi, and Bill Gates doesn't want you to use anything other than Microsoft software. If corporate leaders could define heaven, it would probably be a world in which everyone would buy their products and there would be no competition. Businesses feel they are most successful, in other words, when they are monopolies.

And this is exactly the reason why many don't trust corporations. Corporate accounting scandals are more a confirmation of what many already believe about the spoils of avarice rather than a confirmation that some corporations have just a few "bad apples." After all, don't business leaders normally profess altruistic motives that we distrust? When GE says it brings good things to life, do we really believe this is their primary mission?

However, democracy is inefficient and has difficulty making design decisions because it is constantly trying to balance diverse interests. If your computer were designed by city government, not only would it not boot up, it would probably catch fire when you turned on the power. And I'd be the last

person to slide inside a super-conducting magnet of an MRI system designed by a state legislature.

While efficient democracies and altruistic capitalism are both oxymorons, altruistic democracies and efficient capitalism are not. And since we need both altruism and efficiency, democracy and capitalism seem to be inextricably linked if we want our society to work fairly and well.

Barber resolves these conflicts by claiming that capitalism can only function properly in a democratic system when it is contained within a democratic box. "Teddy Roosevelt, a Republican," Barber points out, "was the first to understand the need to regulate and contain and put capitalism inside a democratic box where its productive and entrepreneurial energies could be used and exploited by all Americans, but its contradictions and excesses could be contained."

A capitalist system subject to few democratic controls is no better than a democratic system incapable of nurturing entrepreneurial innovations. Our society has worked best when we have found the right mix of capitalism and democracy within the context of a civil society, and Barber argues that we should always be examining the mix rather than arguing that the freer the markets or the greater the regulation the better our society will be. Both in the proper proportions are essential.

Failure to understand this on a local, national or global level can create exploitative markets that are unchecked by democracy and blind to culture or over-regulated communities that stagnate under the weight of heavier and heavier regulations. In either case people may feel as though there is no way for them to improve their position in society.

As Barber reminds us, history has repeatedly demonstrated that disenfranchised, powerless people may turn to terrorism in a desperate attempt to disrupt the nation state that they feel is subjugating them.

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