

Title, Lawrence Glickman, Free Enterprise: An American History
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Podcast: Half Hour of Heterodoxy

Transcript

Chris Martin: This is Chris Martin, the host of Half Hour of Heterodoxy. Before we start the show -- a quick announcement: Heterodox Academy is now accepting applications for the HxCommunities Small Events Reimbursement Award! We have ten awards of up to \$500 each, available between January and August 2020 to support small events organized by members of HxCommunities groups.

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[Welcome to Half Hour of Heterodoxy, featuring conversations with scholars and authors and ideas from diverse perspectives. Here's your host Chris Martin.]

Chris Martin: Lawrence Glickman is my guest today. He's the Stephen and Evalyn Milman Professor in American Studies at Cornell University. He's also the author of historical books about the living wage and consumer activism.

We will be talking about his latest book *Free Enterprise: An American History*, published in 2019. It covers what American politicians and the American public mean when they talk about free enterprise, how that meaning has changed from the 19th century to the present and whether the term "free enterprise" even has a precise meaning.

Nelson Lichtenstein and other historian of ideas said this about Glickman's new book, "In this sweeping intellectual and cultural history, Lawrence Glickman proves a sure guide to the economically vague yet politically talismanic meaning of the phrase 'free enterprise.' He demonstrates that the most enduring features of American business conservatism have long expressed themselves through this maddingly mythic construction."

Hello Larry. Thanks for joining us on the show.

Lawrence Glickman: Thanks Chris. It's a pleasure to be here.

Chris Martin: So your book is about free enterprise. When Americans today debate free enterprise – and I want to start with that. I will get into the history. But when Americans currently debate free enterprise, what are they really talking about?

Lawrence Glickman: Well, that's a great and complicated question because one of the points I try to make towards the end of my book is that what free enterprise means today may be changing for the first time in a very long time.

But let me back up and say that I still think ever since the late 1920s, free enterprise has been a concept that has been debated. So I don't think there's – it means one thing to everybody. It means different things to different people.

But I would say by and large, I think the key for most people who use the term is that it is something that is fundamentally connected to American conceptions of freedom and liberty. I think that's the bottom line is that people who advocate for free enterprise and promote free enterprise see it as one of the essential building blocks of the American way and they connected very closely with concepts of freedom and autonomy.

Chris Martin: And you do point out that Donald Trump, who I believe is a First Republican candidate in generations, to not use that phrase in his speeches. So is that what you mean by it's changing?

Lawrence Glickman: Exactly. One of the points I try to make in my book is that ever since Franklin Roosevelt was elected in 1932 and took office in 1933, most opponents of Roosevelt and the Democratic Party and what was called the "New Deal" used free enterprise and opposition to that and that continued even after Roosevelt died and the New Deal ended.

As recently as 2012 when Mitt Romney ran for the presidency, free enterprise was at the center of his rhetorical world. If you look at the 2012 Republican platform, free enterprise is front and center and what was really interesting about Donald Trump is that he barely ever has used the term – I've only found one time that he used the term in his career and he – it was not central to the Republican platform in 2012. It was used twice but in a pretty perfunctory way.

I do think that Donald Trump is kind of shifting the discourse a little bit in that free enterprise is not really central to his conception of freedom and his conception of what America – the American economy and the American polity are all about.

Chris Martin: Yeah. I had an author here on the podcast about a year ago, Ashley Jardina. She's a political scientist and she talked about – well, she has a book called "White Identity Politics" and she talked a little bit about how Donald Trump, unlike recent – other recent candidates like Romney, talked about preserving Social Security and Medicare.

So this would be a good point to jump into the New Deal. Which New Deal policies did its opponents find objectionable? I don't know if there's a coalition of people who objected to the New Deal in various ways. But if you were to point to one or two examples of New Deal policies that worked quite well but its opponents found objectionable, what would you point to?

Lawrence Glickman: Right. That's a really great question. One of the points I try to make in my book is that you have to separate what the New Deal was in reality, which was a quite messy contradictory set of things that we associate with the presidency of Franklin Roosevelt versus what the free enterprise critics of the New Deal thought, which is that it was a quite monolithic, powerful, singular, organized consistent phenomenon.

So I think there's a little bit of a difference between the real history of the New Deal and the New Deal as constructed by its critics. But in response to your question, I would say the things that most concerned them were those that expanded state power vis-à-vis the private economy and that either legitimize government as a force for social spending such as the Social Security Act or else legitimize government as either a regulator or an honest broker in battles between business and labor, business and the consumer and so forth.

They feared that these reforms associated with the New Deal would gain interest in and of themselves. But I think even more importantly, they fear that these would have a snowball effect, which would ultimately have the result of diminishing freedom in the United States.

Chris Martin: And going back a while, you don't get into early American history. But there was a period when in Puritanical America for example, even the pursuit of profit for its own sake was considered sinful. Then you point out in the 19th century, entrepreneurship was valued a little more. How did that change occur?

Lawrence Glickman: Yeah. Well, I mean I think one of the big things that happened in the 19th century, early 19th century is what historians call the "market revolution". This was a transformation towards things like commercial agriculture, long distance trade and wage labor becoming much more common and alongside that market revolution came the idea that independent proprietorship, small business ownership, artisanship, things like that, were consistent with American freedom and that accumulation of profits was a legitimate part of that American system of freedom.

The way Abraham Lincoln talked about it, the so-called free labor ideology was one of upward mobility and so what he said is that – I'm paraphrasing here. But that you could work for somebody else for a period of time. Then you would work for yourself and if the American system was working properly, ultimately you would be able to hire other people who could then repeat that process.

So it was a means by which a wage laborer could become an independent proprietor. So this wasn't a vision of large business firms and corporate concentration. It was a vision, kind of an update of the Jeffersonian vision where his vision was of small farmers. This was a vision of sort

of small artisans, entrepreneurs, proprietors who didn't dominate the economy, but were able to give a hand-up to people coming behind them.

So it was – the idea was that this was not – this wasn't – I think the fear for the Puritans was that you might have tremendous inequality that would come from unfair pricing and so forth.

This was a belief that this system of the free labor system was one that would lead to increased equality.

Chris Martin: And you devote a chapter on the book to read story of the pencil, which is partly a story about how when you have – well, in theory, you could have a number of small entrepreneurs, each producing raw materials of various kinds and without a lot of centralization, a pencil naturally being manufactured.

You point out how that story has become canonical in economics. So talk a bit about how that story became canonical, why you chose to focus on it and more importantly, what that story leaves out.

Lawrence Glickman: Yeah. You're referring to Leonard Read's essay "I, Pencil," and for those who don't know, Leonard Read is not particularly well-known today. But he was a leading I would say libertarian thinker in the United States and he founded one of the first think tanks in 1946 called the "Foundation for Economic Education".

He really saw himself more as a – I don't mean a negative connotation here but a propagandist or a publicist for free market libertarian ideas and a lot of what he did was he tried to popularize intellectuals promoting those ideas. But he was also quite a good storyteller himself and the essay he referred to which was published in 1958, "I, Pencil" was very widely distributed, very frequently copied or referred to in op-ed pieces, in school curricula. My son in New York State, you have to take an economics class as part of a high school curriculum and one of the first texts they read in that class was Read's "I, Pencil".

So it's still used frequently I think to explain the wonders of the market system and it is a kind of simple and beautiful parable and it was so popular – well, it was so effective that one of the main things that popularized it was the great economist Milton Friedman who wrote a popular book called "Free to Choose," which I think was published around 1980.

But it was accompanied by a PBS series of I think six episodes and in that series, Friedman took Read's story. I think it was the very beginning of the very first episode about a three-minute segment where Milton Friedman held up a pencil and told the story of how the pencil sort of represented the wonders of the market system and although in the documentary, Friedman did not credit Read.

So a lot of people still assume that the story of the pencil is Milton Friedman's story. In the book, he did credit Read with it. But I think that's what really led to the takeoff was that millions of

Americans watched that documentary series or bought the book and that seemed to be a really good sort of metaphor for the capitalist system when it was working at its best.

Chris Martin: And people today are still using that story? I knew you pointed out in some textbooks. But people are also using it in speeches and lectures. Is that right?

Lawrence Glickman: Yes, absolutely. Not that long ago, less than 10 years ago I think, I – when I wrote the book, I collected versions of this story. What’s interesting is that it has become I think so ingrained in our culture that a lot of people don’t really know who wrote it. Sometimes people attribute it to Adam Smith. Sometimes people think they’re making it up for the first time, even though they’re drawing very heavily from this and they don’t always use a pencil now.

I mean I’ve read metaphors with the iPhone and cappuccino makers and other technological symbols of free market capitalists.

Chris Martin: And the gist of the story, it has all these wonderful parts and pieces of raw material come together because of this pursuit of profit. So it’s similar to Adam Smith’s story of the pin factory for example. Interestingly, this is an aside, but there was a story recently about how Adam Smith may have never actually visited the factory.

Lawrence Glickman: Yeah.

Chris Martin: But that’s a tangent. So you point out one weakness of the story. Talk about that weakness and why it matters to historians and to all of us.

Lawrence Glickman: Yeah, most people see it as a story about the division of labor. I think that’s partly true. It’s a story about – I mean the main point that Read tries to make is that his main enemy and the enemy for free enterprisers was planning.

They did not think that the government could plan the economy. They thought the – a kind of uncoordinated miracle of the market would bring all these people together in what Friedrich Hayek who was a close friend of Read called this “spontaneous order”.

So that’s what Read emphasized in his essay. But the point I try to make is that – and this gets back to what we were talking about before about free labor ideology. It’s that free enterprisers in the 20th century were presiding over a very different kind of economy, which was governed by large corporations, very powerful corporations.

But they rarely faced up to that fact. They rarely admitted that. They continued to talk about the economy as if it was dominated by independent people in the market and small business men and women and proprietors and entrepreneurs and I thought this essay was a really good example because Read begins his essay by saying – by the way, the *concept [0:14:50] [Phonetic]* of the essay is that it’s an autobiography written by a pencil. So it’s not written by a human at all. But he says it’s an Eberhard Faber pencil, which was a big pencil-making company based I think in Pennsylvania.

But in his whole story of how that pencil was constructed, he never once mentions the Eberhard Faber company and my point was that this was typical of free enterprise discourse, which was often pronounced by either CEOs or chairs of large corporations or else people who were lobbying for them or believed in that – that was an important force in the economy. But I think they tended to underplay that and to not speak very much about that reality and if you read free enterprise discourse, they're always talking about the peanut vendor and the corner grocer and kind of canonical figures of small scale capitalism.

But they don't talk about General Motors or large companies. So I felt like Read's essay was a really good window into that because it's such a brilliant, well-told story, which talks about the millions of factors that make a pencil possible. But it doesn't talk about the company that actually makes the pencils.

I thought that was a significant omission and kind of a good window into the broader I think blind spot of a lot of free enterprise discourse, at least in my opinion.

Chris Martin: So would it be fair to say your concern here is that firm leaders can vary – some firm leaders can treat their employees very respectfully. Others can exploit or even enslave them and all of that is just invisible, if you talk about the pencil.

Lawrence Glickman: Yeah, I mean I think – I guess my main critique of free enterprise discourse is that it takes the state to be the only constraint on freedom, on human freedom.

Remember before, I said free enterprisers, I think they really honestly, deeply and sincerely believed in liberty and freedom as being fundamental. But in my view, they kind of underestimated the way in which powerful corporations could also impinge on human freedom in a variety of ways and at the same time underestimated the way in which governments could counterbalance that power of corporations.

They only saw the state or for the most part saw the state as a powerful and negative force and I think they – so those two things went together, sort of over-estimating state power, underestimating corporate power. You know, Read's writings frequently focus on the state as the enemy of freedom, but rarely discuss corporations at least as a potential enemy of freedom.

Chris Martin: Yeah. I mean I think we see that as an issue now. If you watch any democratic debate talking about how much corporate power corporate leaders should have. So that has continued to be a salient topic in America or it has become a salient topic now.

Lawrence Glickman: Yeah. I think it has become again. It's interesting. I think there has been a real – over the last 10 years or so, there has been a – maybe – at least for those on the left end of the political spectrum and maybe even the center is moving in this way. A little bit more suspicion about corporate power and maybe a little bit more – I don't know about – faith is too strong a word, but belief that maybe the government has some role in regulation in modifying that power, which I think for a long time, even many democrats didn't pursue that line of

argument very strongly. I think partly because of the success of this free enterprise discourse that my book is about.

Chris Martin: And you suggest that Read – I mean you point out an example of Read also having mystical aspects to his discourse and you also say Irving Kristol didn't like an excessive focus on free enterprise and profit. Talk about that a little in that strain of conservatism.

Lawrence Glickman: Yeah. I think that's a really important part of the story and one of the points I try to make is that for advocates of free enterprise, it was never strictly an economic system. It wasn't about markets and numbers. It was about the broadest range of humanity possible, which included a political vision, as I said a freedom. But I think also a spiritual vision of how we could become whole human beings.

So Read's essay "I, Pencil" is a really good example but only one of many in which the market system is described as akin to a miraculous system of nature. You know, kind of wonders and he compares it to human biology or human ecology, things that he says only God could have created and the market system is like that, but even more complicated and more miraculous maybe.

I think we often lose sight of that. We tend to think of sort of advocates of free enterprise as being narrowly interested in economics and one of the points I try to make in my book is that I think that doesn't do them justice.

I think they had a more holistic world view of which spirituality was a key part and I call that chapter on Leonard Read "Faith in Free Enterprise" and it certainly wasn't limited to Read himself, the idea that the free market system was a miracle, was commonly repeated. Ronald Reagan was probably the most famous American politician to say things like that on a regular basis.

Chris Martin: So returning to the story of the pencil, is there a way you would redo that story or is there a better version of that story that you have seen out there that would be good in education?

Lawrence Glickman: That's a great question. It's so well-done that I would hesitate to change anything about it in the sense that it serves its purposes beautifully. My critique of it is it's not entirely accurate as a representation of how the economy actually works. So I guess if I were redoing it, which no one would want to happen, but I would – I would definitely add a section on the Eberhard Faber pencil company and what role they play in coordinating market reactions and market actions and so forth.

I mean they must be ordering things, ordering wood and graphite and all this stuff. So therefore they're coordinating the process. It's not just some unplanned process I think that – because Read again believed that government planning was so evil and so dangerous. I think he underestimated the degree to which corporations also shape the market through their own actions.

So personally, that's what I would add. But as I said, I mean I think it's such a good essay. I'm teaching a history of capitalism class with a colleague in the spring and we're going to use that essay in the class. Not because we necessarily agree that's a perfect depiction of how the economy in capitalism operates, but because it kind of gives I think a really good idealized view of how it works from the perspective of a true believer.

Chris Martin: Yeah, I know a very few stories that – I mean I know of no stories that really depict how labor unions work for example. Some things are harder to depict.

Lawrence Glickman: That's a great point and that would be – I don't know of any metaphor like that other than a children's book that I used to read to my kids about something like – I forget. Moo-moo cow is on strike or something like that, which is about the labor of farm animals.

Chris Martin: OK. I should look into that. So when you get to the 1980s, you talk about people or groups like Americans for Tax Reform who are really focused on the size of government. So they are clearly pitting government against free enterprise. But now around the world, in India for example too, you talk about – you hear people talking about the government having too much control or being too large. So do you think there's something unique still about how Americans – or maybe just Americans and Europeans use the term “free enterprise”?

Lawrence Glickman: Yeah, that's a great question and I actually – I don't think I've researched the comparative use of the term well enough to make any statement with great certainty about how it's used in other places. I do think – I mean for a long time, I think America was unique. The United States was unique in the West in the degree to which – even though the reality was that the United States after World War Two had a mixed economy, as we called it, which meant that there was government involvement in the economy and there was a strong private economy and a lot of acknowledgement about that among elites.

But I think America was a place where there was a lot more discomfort about that as well, especially from promoters of free enterprise. But I do think that American anti-statism, which is part of what free enterprise was about, has been exported elsewhere.

I think there's – part of what's interesting about contemporary kind of conservative populace movements is that they are – they present mixed messages about the role of government and oftentimes they use anti-statist messages because the view is that government is serving the interest of the rich and the powerful and not the interest of ordinary Americans.

So that seems to be a very popular message in a lot of places. The irony is that it often goes together with strong men leaders like Modi in India or Erdoğan in Turkey or Orban in Hungary or Netanyahu in Israel or Trump in the United States.

I think they kind of combined those things together and I – so I think again it's a really interesting moment that we're going to have to see how it plays out.

Chris Martin: And in the 19th century, if you used the term “free labor” or “free enterprise,” it was obvious that your opponent was slave labor and in the 20th century, symbolically at least your opponent was the Soviet Union. Do you feel like in the 21st century there is no clear opponent out there?

Lawrence Glickman: Yeah. Again, that’s a really interesting question. I think for – I guess I would modify what you said a little bit, which is that I think for much of the Cold War period when the United States’ key enemy was obviously the Soviet Union, I still think free enterprise discourse was a bit complicated on this issue because clearly, the enemy was communism.

But I think a lot of their fear was that – the real danger was not that the United States was going to have a communist takeover that the Soviet Union would invade or anything like that. I think the fear of free enterprisers was what they often called the slippery slope, which is that progressive reform, a growing welfare state took on a life of its own and would increase its power and eventually become totalitarian or dictatorial in some way or another.

So I think communism, Soviet communism, was really important in the background. But if you read what free enterprisers said, I think they often saw their primary enemy as American liberalism, as it came to be known after World War Two because they thought Americans were naively accepting a growing and dangerous role for government even though each individual reform that they supported like Social Security or Medicare or Medicaid on its own might not be that significant. But I think they feared that this was heading in a very dangerous direction.

Now that – you know, we don’t really perceive the world so much as capitalism versus communism. There’s a little bit of that. But there are other dichotomies out there. I do think that’s partly why free enterprise has maybe lost its edge as something that people talk about all the time because it is kind of unclear what you would oppose free enterprise to.

As I said, Mitt Romney opposed free enterprise to Obamacare and what he saw as socialistic tendencies in the Democratic Party. Trump a few months ago was talking about that too. He kind of said this next election is going to be about freedom versus socialism.

Other Republicans have said that. But all that has been drowned out over the last few months with impeachment talk and other things. But I wouldn’t be surprised if in the coming months, that became the key Republican message as we approach the election, which is that they’re going to try to nationalize the healthcare system. They’re going to destroy American business. They’re going to take away your freedom and so forth. They’re going to raise your taxes. These sorts of arguments I think are likely to make a comeback.

It does seem to me that those arguments have been popular in other countries as well.

Chris Martin: And lastly, how does this work fit in your larger trajectory of historical work?

Lawrence Glickman: Yeah. Well, I think what I – what I’ve been interested in for a long time are concepts that we – most of us are familiar with but that we maybe take for granted. I think free enterprise is a good example of that. I have heard the term my whole life and when I ask my students, “How many of you have heard the term free enterprise?” almost all of them raised their hands.

But then when I asked them to define what it means, many of them have a very difficult time and I think that’s true of terms that we take for granted. We don’t really subject them to critical scrutiny. So that’s what I’ve tried to do. I’m also interested in terms that have an economic meaning but also a political meaning.

So my first book was about the idea of the living wage. My second book was about the history of boycotts and this book was about free enterprise. All of them really wound up being about morality and ethics as much as they were about economics.

So I’m interested in that set of things and so this project has pushed me in directions that I will probably be pursuing. I have a project that I’m working on now on the so-called white backlash to the Civil Rights Movement.

Chris Martin: Have you thought about doing a history of the word “socialism” or would that be too ambitious?

Lawrence Glickman: That would be really ambitious but really fun. One of the things that I’ve been thinking about is really the flipside of that which is the history of the term “capitalism” which for this course I’m preparing to teach. I’ve been doing a little bit of research on this and it is – you know, some historians have sketched this out a little bit. But I don’t think there has been a history of that sort.

But I do think that – especially in the American context. The epithet of socialism is really, really interesting and probably works differently than it does in other countries. One of the things that I wrote a piece about for *Dissent* magazine a few years ago is the conflict between free enterprise and socialism and how I – I argued that and I think it may be even more true now that the Bernie Sanders campaign has been troubling that distinction because unlike most other democratic presidential candidates, Sanders has said, “Yes, I’m a socialist.”

So it kind of takes away a little bit of the power of calling him a socialist, which is what Republicans have generally done to democrats even when they denied that they were socialists. It was a powerful tool and as I said, I think Trump and the Republicans will try to do that. If Sanders gets the nomination, it will be very interesting.

On the one hand, you would think, well, it just proves their taste. He says he’s a socialist and that will work effectively. But I think there’s also a way in which claiming the term may undermine the power of using it against him because he’s saying this is what socialist means to me and basically is describing a vision that is the completion of New Deal Liberalism.

He's not talking about state ownership of the means of production. He's not talking about things we associate with the Soviet Union in terms of clamping down on freedom of speech and freedom of Civil Society.

So it will be interesting to see how that plays out.

Chris Martin: Yeah. I live in Atlanta and it's interesting when you go to the Jimmy Carter Museum. You see that it's not a new phenomenon of people calling the epithet socialism and policies. They don't like – because there's the case of the Panama Canal Treaty where if anything, that was less government control selling the canal back to – back to Panama. But Jimmy Carter was called a socialist for doing that. So it's a word that can mean things I don't like, like a bucket term for things I don't like.

Lawrence Glickman: That's what it has been for a long time and as I said, while free enterprise seems to be changing its usage, it seems that its companion opposite term “socialism” may be as well. So that's why it's quite an interesting time to follow politics.

Chris Martin: And there's actually an interesting part of your book too where you talk about the history of the word neoliberalism. So if anyone buys the book, I would encourage you to read that part of the book too. That's about how the word was used in the 1930s to contrast the New Deal Liberalism with the liberalism of Europe and the liberalism of America prior to the New Deal.

But Larry, thanks for joining us on the show. It has been great having you. The book again is called “Free Enterprise: An American History”. The author is Lawrence B. Glickman. He goes by Larry. But if you want to look for the author's name on Amazon, it's Lawrence B. Glickman. So thank you for joining us.

Lawrence Glickman: Thank you Chris. It has been a real pleasure.

[Music]

Chris Martin: You can follow Larry on Twitter at @LarryGlickman. His previous books are *A Living Wage: American Workers and the Making of Consumer Society*, published in 1999 and *Buying Power: A History of Consumer Activism in America*, published in 2009.

Larry also teaches a popular course called “Sports and Politics in American History” and I've included a link to a Q and A article about that course in the show notes.

If you enjoyed listening to the show, please leave us a review on iTunes because it helps spread the word about the show and as always, you can reach me at podcast@heterodoxacademy.org and follow me on Twitter at @Chrimartin76. Thanks for listening.

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