Business Globalization & Ideology: The Dissemination of Anti-Democratic Thought¹

Janet Spitz, Ph.D. School of Business, The College of Saint Rose spitzj@strose.edu

Alison M. Konrad, Ph.D. Richard Ivey School of Business, University of Western Ontario

Adam Cresko MBA Student, The College of Saint Rose

Abstract

Business Globalization carries with it a justification based in part on democracy in markets: equal opportunity in market exchange. Markets admit all comers; outcomes are determined by endowments of quality, efficiency, and merit. In this way businesses, governments, organizations and individuals all competitively participate in the globalized marketplace for influence and outcomes best deserved. This research explores the extent to which that articulated value set enjoys support among American Business faculty in a context of steeply increasing management power world-wide. Responses to a U.S. based nationally representative survey show that more than half of Business faculty do not consider lack of equal opportunity (a central foundation of

¹ The authors gratefully acknowledge support for this research from The College of St. Rose and Temple University.

democracy) to be a problem; a lesser proportion endorse racism and sexism as well. Tracking the steady global rise in corporate economic power, and in Business School graduates over 45 years, we find concern in the dissemination of such ideologies that these growth patterns, and survey responses, suggest. To the extent that equal opportunity is desired in our global political economy, these results suggest a more active institutional oversight is needed for economic exchange, which otherwise is apparently guided by elitism and anti-democratic thought.

Keywords:

Globalization; International Political Economy; Developing Economies; Business and Society

1. INTRODUCTION

Globalization involves more than the increasingly internationalized exchange of information, services, and goods. Ideological orientation, values, and systems of beliefs are also exchanged. While hypothetically all cultural viewpoints enter this market of goods, services, and ideas equally opportunistically, in point of fact (just as in other market segments) the strength of pre-market endowments weigh considerably upon which sets of influences come to reign. As Powers (2004) notes, starting places matter.

This research explores corporate economic growth and American Business School faculty ideology in a variety of business, economic, and political dimensions, including values associated with democracy. By aligning this with current growth trends in the number of managers with American Business degrees, we increase our understanding of some interrelated factors influencing international marketplace development: specifically, management ideology as a set of beliefs which, because of this globalized spread, may hold profound consequences for equal opportunity as a foundation of democracy in developing and developed nations alike.

We find corporate economic strength to be growing significantly over the 45 years we measure, with the number of business school graduates growing even more. We also find that business faculty ideologies mirror neither the meritocracy verbally embraced, nor the belief systems held by otherwise similar academics. Business faculty report views that are markedly anti-democratic and, to a lesser but still notable extent, racist and sexist as well. To the extent that faculty ideologies are absorbed by students subsequently employed in the corporate world, the powerful economic endowment corporations bring to global exchange facilitates the spread of these viewpoints along with the more technical aspects of operations. This may especially be so in the less economically powerful developing world, as some recent World Bank data suggests (Seguino, 2007). If this is the case, then current concern with overt acts of sexism, racism,

and anti-democratic terrorism ought certainly to continue, but not eclipse attention paid to this more subtle but insidious source.

2. THE GLOBAL RISE OF CORPORATE STRENGTH AND THE MBA

Much has been written about the rise of corporate influence in the last several years, and one measure gaining use is an integrated composite of the top global economies by wealth, comparing corporations' gross revenues (or sales) with nations' Gross Domestic Products (GDP). Using data from different sources, such estimates vary, although at least one now places corporations at over 50% of the world's top 100 economies (Lerner, 2007).

Using a more complex set of data sources which allow us to include nations occasionally or altogether missing from the World Bank, and using GDP purchasing power parity (GDPppp) for nations and reported revenue for publicly traded firms, our 2005 estimate of corporate influence is somewhat less. Data limitations further understate business influence since no reliable data is available for private companies world wide, and since the economic value of each firm is also included in the GDP of that nation where its primary economic activity occurs.

We track the top 100 and 200 global economies in 10 year waves from 1960 to 2000, and then in a 5 year update for 2005; we construct the set of the top 500 world economies for 2005 as well. Results of these analyses are shown in

graphical form in Figure 1a for the top 100 global economies (and the top 500 economies for 2005), and Figure 1b for the top 200.

These charts show that the number of publicly traded corporations grew from 32% of the top 100 economies world-wide in 1960, to 45% of the top 100 economies in 2005, an increase of more than 40% despite large numbers of mergers and acquisitions, causing corporate number decline. Including nations and corporations with somewhat smaller economies, corporations in the top 200 world economies grew from 53% in 1960 to more than 68% in 2005, a growth of some 28%. In the top 500 world economies, corporations constituted almost 81%.

Figure 1a

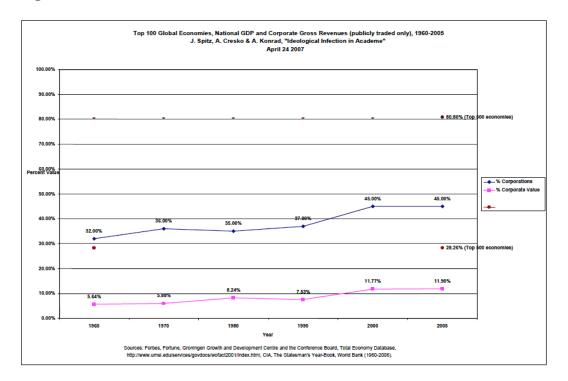
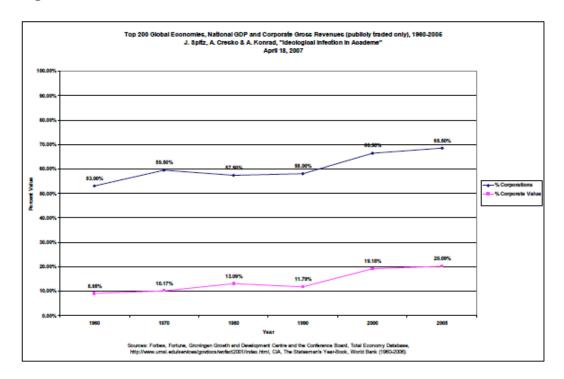


Figure 1b



As we move from the smaller group of primarily richer nations, to the more inclusive group of those with less purchasing power parity, the number of corporations dominating economically grows: nations occupy less than 20% of the top 500 economy positions world-wide, and there are many more nations whose GDP does not qualify them for inclusion even into that group of 500 at all, such as Burundi whose \$800 million 2005 GDPppp places it 1,097th in rank.

The second line of these two graphs compares the dollar value of corporations to nations in these top global economies; it shows similar trends. Corporate dollar value grew from 5.64% of the top 100 economies in 1960, to

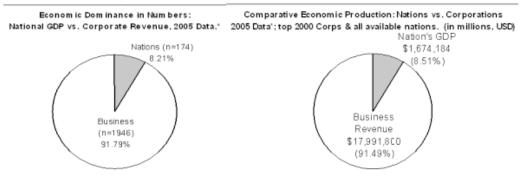
11.90% in 2005, more than doubling in 45 years. Among the top 200 world economies, corporate value also doubled from 8.95% in 1960 to 20.09% in 2005; corporate value reached 28.26% among the top 500 economies in 2005; again keep in mind that corporate dollar value is counted as nation GDP as well.

Because 12% influence in the top 100 economies seems not a great amount, especially with the U.S. whose \$12.45 trillion 2005 GDP dwarfs the economy of any firm, a note on the power of small numbers is in order; a note that we recognize goes both ways in terms of national influence as well.

Twelve percent is often at or near majority voting control in publicly traded corporations: typically only some 20-25% of stock is voted; most stock is held by large investment groups or pension funds which usually do not exercise voting rights. Private stockholders also rarely vote, and liquidity removes actively traded funds from an interested voting base. Consequently, 12% usually emerges as a controlling financial interest.

Figure 2 extends the nation-corporate power ranking further, to the Global Top 2232 Economies, or every case over \$20 million/year in either 2005 GDP or 2005 revenue in USD. While the top 5% of this group show relative equality in numbers but a wealth dominance by nations (not shown), the lower 95% shown in Figure 2 confirms a clear corporate dominance, with corporations controlling both 91.8% of the positions and 91.5% of the wealth.





Outcomes of this corporate economic clout are most obvious in the latitude given business over nations in international trade agreements, stemming from pressures to unify the economic and political spheres (Toye, 1991). Such outcomes range from protection of forecasted profit (Perez, 2006); public reimbursement of pharmaceutical research and drugs at top rates (Spitz and Wickham, 2006); through environmental regulations protecting corporate profits more than public needs; to permitting corporate tax lawyers to rewrite tax rules for the American Internal Revenue Service (Johnston, 2007a), and this in the U. S. where the \$12.45 / .34 trillion ratio shows the largest nation GDP / top corporate revenue spread at 36.6 to one. Smaller nations may find they have little choice in acceding to trade agreements that favor corporate interests over those of their domestic populace, as a means to bring in technology, investment, and jobs.

A case in point is the Central American Free Trade Agreement (CAFTA), ratified partially to date. This agreement explicitly requires nations to equalize treatment of foreign and domestic debt; because state salaries are then defined as debt, this has been legally interpreted to mean that a government cannot pay its workforce before servicing foreign debt (Caliari, 2007), even odious debt incurred by former corrupt regimes. Free Trade Agreement (FTA) rules that explicitly delink investment flows from performance requirements including transfer of technology, domestic content, or foreign direct inflows have resulted in 4 of 6 Caribbean nations receiving significantly less in investment than tax revenues foregone (Perez, 2006; ECLAC, 2003). Such agreements reflect corporate influence far beyond 12 or even 20%.

At the same time, small nation numbers are beginning to visibly affect corporate profit in the other direction as well: certain Latin American nations are emerging as movers and shakers far beyond their apparent economic wealth. While the six Central and South American nations that have openly allied themselves with Venezuela's Chavez compose only 15.7% of that region's 20-nation wealth,² their influence has been such that even some of the largest firms have renegotiated trading terms, including royalties and ownership, quite substantially and to corporate disadvantage. Thus, while corporate economic power is not absolute in its ability to arrange economic exchange to its liking³, it is extremely influential, and this power continues to grow.

Perhaps not surprisingly, growth in the number of corporations over time is matched and exceeded by growth in the number of American Business School graduates. In 1960 there were 51,076 Bachelor's degrees awarded, and 4,643 MBAs; by 2004 (the last year for which data is available) that number had grown to 307,149 Bachelor's and 139,347 MBAs (NCES, 2007a). This is a 44 year increase of 601% for undergraduate managers, and an increase of 3,001% for MBAs. By 2004, 24% of all American Master's degrees were in Business (NCES, 2007b).

If there were an ideology conveyed through the teaching of management skills, this numerical growth along with the rise in corporate power, indicates its potential potency.

3. HIERARCHY vs DEMOCRACY: IDEOLOGICALLY HARMONIOUS OR CONCEPTUALLY DISTINCT?

Corporate activity is claimed to embody the equal opportunity and performance ideals of meritocracy (Weber, 1946). As such, one might argue that this system of operation is not unlike that of a well-functioning egalitarian political democracy.

A political democracy requires credible, active, and vocal opposition with high levels of participation (Lijphart, 1997) across a range of policy issues whose consequences substantively matter to the populace; it also requires majority rule

to select both policies, and the personnel to carry them out (Spitz, 1949) in a power structure that shifts and adjusts over time (MacIver, 1964). The free play of conflicting opinions, the principle of majority rule including its temporary status so that who or what party is in control is subject to shifting over time, and the expectation that politics will be accessible and responsive to all citizens on a relatively equal basis, have emerged as central components to a working democracy (McCormick, 2006).

Commerce, as it has developed in American capitalist society, utilizes a different approach. In hierarchical rule, active vocal opposition is quite limited with respect to both policy,⁴ and open personnel contest, the latter of which certainly is not selected by majority rule. Yet one commonality is said to exist: the equal opportunity to advance in either sphere.

The practical enactment of this process – equal opportunity to participate and advance in business, and in politics to participate and vote — requires to realistically function, the ability of each adult to be able to fairly evaluate competing and contradictory ideas. This necessitates approximately equal access to information, and to institutions which render that informational content comprehensible and understood. Thus, the establishment of public schooling, public service broadcasting, wage, hour and workplace safety rules, basic welfare systems and the like, all functioning to a lesser or greater extent as institutions designed to engender the minimum necessary lifestyle to create aware, intelligent,

and informed citizen participants. While we know that at least some of these institutions (such as public schools) do not in fact provide opportunity equally across all locales and groups, their goal as purveyors of equal opportunity remains.

Equal chance in business takes the form of objective management, or bureaucracy. Both political structures and organizational hierarchies, in the middle and upper ranks, are said to be predominantly staffed with people who ascend to those positions not through graft or patronage, but because they are the most skilled, virtuous, and fit (Dahl and Lindblom, 1943). The rise of managers in all facets of society has been argued to serve society well by appropriately guiding, administering, managing, directing and organizing operational processes (Burnham, 1941). Managers were presented not as anti-democratic social dominants, but as democratically-focused, merit-selected individuals serving specific functions for the greater social and economic good.

Whether those claims about managers advanced in the 1940s hold true today (or even held then) as fundamentally democratic and functionally focused, is an open question. In 1941, "the ideologies expressing the social role and interests and aspirations of the managers (like the great ideologies of the past an indispensable part of the struggle for power) have not yet been fully worked out" (Burnham, p. 73, 1941). By the time of the third Millennium, Common Era, such ideologies have had a somewhat greater chance for development.

From the outside, today's high profile cases of corporate and financial corruption and deceit seem exceeded only by the compensation typically garnered by top corporate executives. At the same time, lifestyles in the developed world have unquestionably improved. What is significant for our purposes is whether these business faults and growing inequality a) matter to the equal opportunity so central in a meritocracy or democracy, and b) are happenstance accidents, so to speak, rather than the well-ordered products of an intentioned set of ideologically driven behaviors sanctioned, indeed taught, in today's business schools.

3a. Does Inequality or Poverty Matter?

Empirically, inequality matters to democracy through both the opportunity to participate, and the social will to do so. This link is predicated on the psychological mechanism of powerlessness, shown to carry over from one's relative position and influence in a hierarchy at work, to community political interest and behavior (Pateman, 1970; Gaventa, 1982). Ellwood suggests, "Political democracy cannot long exist, or be very successful, without a democratic spirit in the social life generally. ...[it is] that state in which the opinion and will of every member of the group enters into the determination of group behavior" (pp.499-500, 1918). Individuals' opinions and wills may matter not at all in hierarchical firms, influencing their political involvement.

Practical obstacles appear as well, contrary to Lincoln's 1861 statement that the mission of the United States was "to lift all artificial weights from all shoulders; to clear the paths of laudable pursuit for all; to afford all an unfettered start and a fair chance in the race of life" (MacIver, 1949). Dahl and Lindblom agree: meaningful participation in democracy requires that "all citizens have approximately equal opportunity to act, using 'opportunity' in a realistic rather than legalistic sense" (p. 314, 1953):

Equal opportunity to act is not, however, a product merely of legal rights. It is a product of a variety of factors that make for differences in understanding the key points in the political process, access to them, methods of exploiting this access, optimism and buoyancy about the prospect of success, and willingness to act. Some of these factors probably cannot be rationally influenced given the present state of knowledge and techniques. Three that to some extent can are income, wealth, and education (Dahl, p. 302, 1966).

Income, then, and wealth emerge as critical elements in democratic participation. Rising inequality in income and wealth does not bode well for the participation needed to voice and advance policies favoring one's needs.

In 2005, 37 million Americans lived in poverty in the U. S., about 12% of the population; 16 million of these in deep poverty, at half the federal poverty line or less; this number grew 26% from 2000 to 2005 (Pugh, 2007) and is expected to rise by an additional 10 million U.S. residents in 2008 (NYTimes, 2008). The U.S. poverty line is set at just .84 of other high-income nations such as Australia (Saunders, Hill and Bradbury, 2008) using constant USD, contributing to a

minimization in US poverty measurement. This level of poverty leads to high adult costs because of poor schooling, high health costs, lack of employment, and a high arrest rate (Holzer, 2007). New research shows that poverty affects children's brain development, generating prefrontal cortex (controls higher order thinking and problem solving) damage equivalent to the damage from a stroke (Kishiyama, Boyce, Jiminez, Perry and Knight, 2009). Health care in the U.S. is less affordable and therefore less available to the poor, leading to earlier deaths, especially among the 45 million Americans with no health insurance (Tanner, 2007). Most (59%) working Americans say they do not earn enough to lead the kind of life they want (Pew, 2005) and in 2006, a Pew poll found that 18% of Americans said they did not have enough money to buy food for their families during the previous year (Rothschild, 2007). This group arguably had less opportunity to act and less ability to understand key arguments and points, than others with greater income and wealth. It would be hard to argue they favored policies leading to their further disadvantage, including brain damage in development, and early death.

Because productivity has increased in the U.S. but wages and job growth have not for more than 20 years, the share of national income going to corporate profits and managers has increased. This contributed to increasing income inequality in 2005, when the top 1% of Americans, earning at least \$348,000, saw their incomes rise to an average of more than \$1.1 million each (Johnston, 2007b),

or 107 times as much as a person working full time earning the minimum wage (DOL, 2007). This proportion understates the income gap, as most American minimum wage jobs do not exceed 34 hours per week so that employers may avoid the pension and health insurance obligations required under ERISA for full-time workers in a firm where any employee received such benefits.

The average income for the top 0.1% American wage earner was \$3million in 2002 (Johnston, 2005), while 2005 executive pay averaged \$25 million in top American firms (Dash, 2005), or 2,427 times the pay earned by the full time earner of the minimum wage. This means it took 51 minutes for a CEO to earn a minimum wage worker's full time yearly salary. Currently five percent of the U. S. national income goes to families in the upper one-one-hundredth of one percent of the income distribution, some 15,000 families with incomes of \$9.5million or more (Saez and Piketty, 2005).

Madrick asked, "Where does income and wealth inequality start to impinge on civil and political rights and on America's long commitment to equality of economic opportunity?" (cited in Green, 2007). Because some 60% of income is determined by the income of the father (Mazumder, 2007), it seems we have arrived: equality of opportunity appears infeasible across these high- and low-income earning groups.

While income and wealth inequality negatively affect the opportunity to participate in policies whose consequences matter for those earning less, that

same pattern is observed cross-nationally as well. Monolithic power structures, which occur when sizeable businesses dominate a developing locale, have been found to generate civic apathy, since corporate needs override those of the local population (Blanchard and Matthews, 2006). Indeed, poorer nations with high levels of international trade with developed nations were found to be more likely to imprison and torture their citizens than similarly poor nations with lower levels of trade (Mitchell and McCormick, 1989).

Since it is safe to assume that citizens would prefer to remain free and untortured, trade-based economic development seems to not be associated with the development of democracy or the equal opportunity to participate in the formulation of policy whose consequences matter to local populations, either. Pinotti and Bortolotti (2008) find that in democracies with larger numbers of parties and proportional electoral processes, privatization is delayed. Thus, it is to business' benefit to decrease broad participation in the democratic political process.

Is this inequality and loss (or lack) of equal opportunity to participate a happenstance result of market forces, or an intentioned consequence of ideologically-based management strategies? The answer can be informed by the views of Business School faculty, and the authors whose textbook material and work forms an essential basis of that curriculum.

3b. Business Curriculum and Business Faculty Views

Management training is an interweaving of ideology and skills, and the Business School curriculum reflects that. Many management course assignments require students to adopt the justice of their right to supervise and pass judgment on lesser others. In Management Communication, for example, students typically write practice letters of dismissal: in order to receive a good grade, the completed assignment must reflect the student's acceptance of the manager's right to dismiss a properly performing employee without cause. This assignment is an exercise in seating a particular viewpoint in the management student's mind.

Hierarchy & Inequality form an integral part of the business curriculum. In economics and operations management, Pareto Optimality attains efficiency without equitable distribution. Human resources classes teach the appropriateness of high executive pay, the value of illegal activity in union avoidance because higher value is attained thereby than the resulting fine, and how to pre-empt Affirmative Action, among other topics. In Accounting and Finance, students learn to redefine debt as equity, and with strategic management learn to focus on short-term profit for shareholders as the exclusive management goal, by excluding "externalities." International Business emphasizes locating facilities with "friendly local governments," and faculty explain that means a willingness to

loosely enforce local environmental, labor, and indigenous property rights regulation while providing significant tax breaks and permitting appropriate levels of hired defense.

Business School curriculum relies heavily on the work of scholars such as Pareto. Pareto optimality, in the original, requires governing elites who exert control either by force, in which case the system leaves itself open to both change in personnel and change in the structure of elitism itself; or by guile, in which case only a minimal permeability of the governing class of elites is required to admit those whose wit, drive and intellect propel them to the top while keeping closed any challenges to the structure of elitism itself (Pareto, 1896, 1966 transl.). Modern use of Pareto optimality requires students to discard distributional equity in identifying the correct answers and solutions; many texts structure problems so that correct answers disadvantage large groups.

Pareto describes

how a small number of individuals is able, by underhand methods, to get the majority to pay tribute to the minority. Why does the majority allow itself to be despoiled of its possessions? First and foremost, it is by ignorance.... There has, of course, to be some pretext for this appropriation, otherwise... a certain instinct of equity and justice, existing in all human beings, would spark off resistance to it. But if a more or less plausible pretext can be found – the degree of plausibility is not very important – it is pretty well certain that the operation will not miscarry through any resistance on the part of the despoiled (Pareto, p. 115, 1896).

Guile in management is recognized by contemporary economists as well, who describe modern commerce as not so much marketplace interaction or

administrative functionality, as the utilization of "opportunism with guile" (Williamson, 1975). In the

...drive for social dominance, for power and privilege, for the position of ruling class, by the social group or class of the *managers* [orig. italics] ... [the mechanism is] propaganda and ideologies, all under a bewildering variety of slogans and ostensible motivations. The managers, the ruling class of the new society, will for their own purposes require at least a limited democracy. When the ruling group becomes more and more liable to miscalculate, a certain measure of democracy makes it easier for the ruling class to get more, and more accurate, information. Second, experience shows that a certain measure of democracy is an excellent way to enable opponents and the masses to let off steam without endangering the foundations of the social fabric. Democracy, freedom for public minority political expression within a class society, must be so limited as not to interfere with the basic social relations whereby the ruling class maintains its position of power and privilege.

When the vote has been extended to wide sections of the population, including a majority that is not members of the ruling class, that problem is more difficult. In spite of the wider democracy, however, control by the ruling class can be assured ... when major social institutions upholding the position of the ruling class are firmly consolidated, when ideologies contributing to the maintenance of these institutions are generally accepted, when the instruments of education and propaganda are primarily available to the ruling class.... (Burnham, pp. 166-8, 1941).

Ideological reproduction through selected technical means, and the expansion of supportive institutions under the pretext of democratic meritocracy, constitute much of management education in American Business Schools today in such disciplines as leadership and organizational behavior, human resources, operations, finance, accounting, economics, marketing, strategy and the like.

Faculty responses to a nationally representative 1999 survey also support this view. A random stratified sample of American faculty who self-identified

their field as Business Strategy, and a similar sample of Sociologists, consistently responded in ways that were statistically significantly different in sexism, racism, and support for inequality as a value in and of itself.

Less than half of Business Faculty respondents agreed with the survey statement, "One of the big problems in this country is that we don't give all people an equal chance." That is, a majority supported the denial of equal opportunity. About 20% more Business than Sociology faculty agreed that "In general, I think inequality is a good idea." This result is not consistent with the claim that business globalization spreads equal opportunity and democracy.

Sexism ideology also received a 20% boost in Business: part of this may be explained by specific rewards to holding these ideologies -- female faculty who held sexist views received significantly higher incomes than did female faculty who did not (Spitz and Konrad, 2001).

Table 1: Business Faculty Values & Ideology (Selected Questions, 1999 National Faculty Survey)

| Agreement with Inequality: | Business Faculty | Sociology Faculty |
|--|------------------|-------------------|
| Q39 - In general, I think inequality is a good idea. | 25.8% | 7.9% |
| Q42 – One of the big problems in this country is that we don't give people an equal chance. | 43.4% | 89.7% |
| Q35 – In equality is due to lack of effort on the part of unsuccessful people. | 42.1% | 14.9% |
| Agreement with Sexism: | | |
| Q64 – It is inappropriate for women to try to work in a man's field such as construction. | 8.8% | 4.2% |
| Q65 – I'm not sure it's such a good idea for women to | 5.7% | 1.6% |
| De competing fully in the job market. Q66 – There are some professions or types of business that are more suitable for men than women. | 35.9% | 15.6% |
| Q67 – It is appropriate that men hold most top executive positions. | 6.9% | .8% |
| Q70 – Women are more suited to housekeeping and child care than are men. | 25.5% | 5.3% |
| Q71 - On average, women are somewhat less capable | 2.5% | 1.9% |
| of contribution to economic production than are men Agreement with Racism: Q73 - Racial inequality is partly due to African Americans' | 3.2% | .4% |
| lack of an inborn ability to learn. | | |
| Q74 – Racial inequality is partly due to the way African Americans are brought up at home. | 42.8% | 23.2% |
| Q75 – Many African Americans prefer to live off welfare. | 18.2% | 8.7% |
| Q76 – It is appropriate that most top executive positions are held by white people. | 5.0% | 1.5% |
| Q78 - On average, African Americans are somewhat less capable of contribution to economic production than are white people. | 6.9% | 3.896 |

Moderate racism, if such a thing can be said to exist, was also supported among faculty in Business by a margin of about 20%. These and smaller levels of support for more extreme racist and sexist statements (ie, "Racial inequality is

partly due to African Americans' lack of an inborn ability to learn") can make a tangible difference in employee opportunities and outcomes, particularly in competitive personnel decisions where several qualified persons may present.

Consequences of these views extend beyond internal corporate personnel decisions to the formulation of policy itself, particularly policy extending beyond the firm. Omitting reference to the huge benefits garnered from recent relaxation of governmental oversight and tax law, Citigroup's S. Weill views the success of that corporation as decreasing the power and importance of government: "We didn't rely on somebody else to build what we built, and we shouldn't rely on somebody else to provide all the services our society needs" (Uchitelle, 2007). When corporations provide needed social services in lieu of governments providing same, but under an ideology of elitism and selective opportunity, democracy is unlikely to be advanced.

4. A MODEL OF INFLUENCE

American Business faculty hold specific ideological views, embedded in Business School curricula, texts and assignments. Respected business leaders model ideology more directly: "There's class warfare all right, but it's my class, the rich class, that's making war, and we're winning" (Buffet, quoted in Stein, 2006); Pareto puts it in an equally straightforward way: "We can, crudely, divide society into (a) the lower stratum and (b) the superior stratum (p. 51, 1900).

Business students, perhaps predisposed, absorb these views embodied in their course work and conveyed in management lectures and by guest speakers, and carry them forward into their corporate jobs.

The model shown in Figure 3 represents this influence relationship on nations and their peoples planet-wide.

Figure 3: Ideological Infection in Academe



Business faculty ideology and values flow into corporations and nations through MBA and Business managers, as well as more directly through faculty consulting, participation in advisory panels and corporate boards, and governance positions in institutions charged with trade oversight and Trade Agreement design. Corporations spread this ideology into countries' and regions' economic policies, cultures, values, and the developing ideologies of the nations and regions themselves.

Asian women and men, for example, both changed their views on inequality as both trade and the gender income gap grew, so by 2000, both genders agreed more than 10 years earlier that "when jobs are scarce, men should have more right to a job than women" and just 15.3% of men and 16.1% of women agreed that incomes should be made more equal (Seguino, 2007).

Nor have institutions been ignored, as bodies established and maintained to govern corporation-nation interaction. Their rules and decisions also help to influence cultural understandings about what is normal, just and right (Eisler, 1987). American Business textbook use in emerging economies' business classes more globally, works as an instrument of education to spread these embedded ideologies as well. This influence is likely to have particularly profound effects on emergent economies, governments, and cultures, as nations may be more flexible and their ideologies more permeable then, seeking to understand and

adapt to the globalization of goods, services, information and capital, and find their place within it.

5. CONCLUSION

American Business Schools provide an incubation unit for the reproduction, maintenance, and expansion of anti-democratic thought.

Management Faculty values of unequal opportunity and, to a lesser extent, racism and sexism are communicated through courses, lectures, and climate-creating expressions praising or criticizing acts performed by business leaders

(Wallerstein, 2007). These results indicate that, far from Academia being the leftwing bastion well-publicized by Rothman, Lichter and Nevitte (2005), at least the American Business School portion of Academia harbors a deep and abiding commitment to inequality as a value standing alone.

Advanced and developing nations alike experience these effects through growth in the number of Business School management graduates, growth in the economic power of corporations where they are employed, and the particular rules imposed by the growing number of FTAs. Finally, the institutions charged with oversight of economic exchange also play a designated part, in upholding the position of the ruling class through imposition of loan conditions that directly promote mass poverty and limit basic education, social services and clean water (Stiglitz, 2006).

Developing nations' participation in global institutions, however, including those charged with assessing and regulating international trade, seems related to their increased influence in global affairs participation over time (Smith and Wiest, 2005). That some movement in power not only is possible over time, but actually occurs in some developing nations, offers one suggested avenue to mediate these anti-democratic effects: participation by developing nations in international and regional trade agreement formulation bodies, institutions charged with their enforcement and oversight, and participation more generally in global bodies of authority.

Observers of the Free Trade Agreement of the Americas (FTAA) meeting November 5, 2005 in Mar del Plata, Argentina noted that the 34 heads of nations, including then-President Bush, did not reach agreement on this document, and the document did not go forward as designed. Leaders and citizens of some smaller developing nations used their participation in what was, in the U.S., expected to have been merely the "ratification moment" to voice their credible, active, and vocal opposition on several specific policy issues within the FTAA whose consequences mattered to their populace. In this case they were not deceived by guile, nor by the plausible pretext that the FTAA would spur job creation and support democratic governance (McMahon, 2005). In their opposition to this economic business and trade agreement, democratic governance was advanced.

On a more micro level, to the extent that we as academics in an increasingly global society value democracy and its requirements of an equal chance, we may wish to encourage more of our democracy-valuing doctoral students to gain employment in Schools of Business as well as becoming regional trade negotiators. Indeed, if we wish to see this problem more promptly addressed, those of us who value equal opportunity may wish to write more class-neutral business textbooks or even, in the extreme, to join Business School faculties ourselves.

BIBLIOGRAPHY

- Blanchard, T and T. L. Matthews. (2006) "The Configuration of Local Economic Power and Civic Participation in the Global Economy" Social Forces 84(4): 2241-2257.
- Burnham, J. (1941) The Managerial Revolution. Bloomington: Indiana Univ. Press.
- Caliari, A. (2007) "CAFTA's debt trap" in Dollars & Sense Real World Globalization, 9th Ed, pp129-133 Boston: Economic Affairs Bureau.
- CIA, (1960-2006) "The World Factbook" online and in reference book form, https://www.cia.gov/cia/publications/factbook/index.html.
- Dahl, R. (1966) "Further reflections on 'The elitist theory of democracy" American Political Science Review 60(2): 296-305.
- Dahl, R. and C. E. Lindblom. (1943) Politics, Economics and Welfare. 1943. New York: Harper Torchbooks (1963 reprint).
- Dash, E. (2005) "Where 25 million is merely average" p. C1 New York Times, July 6.
- Dept. of Labor, (2007) "Wages: minimum wage" accessed 4/23/07 http://www.dol.gov/dol/topic/wages/minimumwage.htm
- ECLAC (2003). "Special and Differential Treatment" ECLAC Subregional Headquarters for the Caribbean.
- Eisler, R. (1987) The Chalice and The Blade: Our History, Our Future. San Francisco: Harper Collins.

- Ellwood, C. A. (1918) "Democracy and social conditions in the U. S." International Journal of Ethics, 28(4):499.
- Forbes Magazine, 1960-2006.
- Fortune Magazine, 1960-2006.
- Gaventa, J. (1982) Power and Powerlessness: Quiescence and Rebelliion in an Appalachian Valley. Bloomington: Univ. of Illinois Press.
- Green, M. (2007) "How to fix our democracy" The Nation 284(10):20.
- Greenhouse, S. (2007) "Labor seeks boost from pro-union measure" p. A18, NYTimes 2/23.
- Groningen Growth and Development Centre, (2007) "Total Economy Database" http://www.ggdc.net; January.
- Holzer, H. (2007) "The economic costs of child poverty: Testimony before the U. S. House committee on ways and means" http://www.urban.org/url.cfm?ID=901032 posted Jan 24.
- Johnston, D. C. (2007a) "I.R.S. letting tax lawyers write rules" p. C1, New York Times, March 9.
- _____. (2007b) "Great time to be rich" p. A1 Albany Times Union, March 29.
 _____. (2005) "Have-mores get more at top" p. A9 Albany Times Union, June
 5.
- Kishiyama. M., W. Boyce, A. Jiminez, L. Perry, and R. Knight. (2009). "Socioeconomic disparities affect prefrontal function in children" forthcoming Journal of Cognitive Neuroscience.
- Lerner, S. (2007) "Global unions: a solution to labor's worldwide decline" New Labor Forum 16(1): 23-37.
- Lijphart, Arend. (1997) "Unequal Participation: Democracy's Unresolved Dilemma." American Political Science Review 91(1):1–14.
- MacIver, R. M. (1969) "Unity and difference: The ordering of a multigroup society" (1949) in Politics and Society, D. Spitz, ed. NY: Atherton Press.
 ________. (1964) Power Transformed. NY: MacMillan.
- Mazumder, B. quoted in Madrick, J. (2007) "Goodbye, Horatio Alger" The Nation 284(5): 20-24.
- McCormick, J. P. (2006) "Contain the wealthy and patrol the magistrates: Restoring elite accountability to popular government" American Political Science Review 100(2): 147-163.
- McMahon, C. (2005) "Dissent stalls goals of trade talks: Bush leaves summit without agreement" Chicago Tribune, Nov. 6 http://www.globalexchange.org/campaigns/ftaa/3617.html.pf
- Measuring Worth, (2007) "Purchasing power of money in the United States from 1774 to 2006" http://www.measuringworth.com/ppowerus/result.php, January.
- Mitchell, N. J. and J. M. McCormick (1989) "Economic and Political

- Explanations of Human Rights Violations." World Politics 40: 476-498.
- National Center for Educational Statistics, (2007a) "Digest of education statistics 2005 Table 277: Degrees in business conferred by degree-granting institutions, by level of degree and sex of student: Selected years, 1955-56 through 2003-04
 - http://nces.ed.gov/programs/digest/d05/tables/dt05_277.asp.
- National Center for Educational Statistics, (2007b) "Digest of education statistics, 2005 Table 250: master's degrees conferred by degree-granting institutions, by discipline division: Selected years, 1970-71 through 2003-04
 - http://nces.ed.gov/programs/digest/d05/tables/dt05 250.asp.
- New York Times, (2008). "Big jump in ranks of the poor" 25 November.
- Pareto, V. (1896) "Cours d'economie politique" in Sociology Writings, D. Mirfin trans., London: Pall Mall Press, 1966 translation.
- _____. (1900) "The theory of the elites" in Sociology Writings, D. Mirfin trans., London: Pall Mall Press, 1966 translation.
- Pateman, C. (1976) Participation and Democratic Theory. Cambridge: Cambridge University Press.
- Perez, E. (2006) "The recent rise of bilateral free trade agreements" ECLAC paper.
- Pew Research Center. (2005) "Gas prices, jobs, housing, debt burden and the stock market: Economic concerns fueled by many woes" http://www.people-press.org/reports/display/php3?reportID=245 June 1.
- Pinotti, P. and B. Bortolotti (2008). "Delayed privatization" Bank of Italy FEEM Working Paper 663.
- Powers, M. (2004) "Social provisioning as a starting point for feminist economics" Feminist Economics 10(3):3-19, November.
- Pugh, T. (2007) "Severe poverty grows sharply" p. A4, Albany Times Union, Feb. 25.
- Rothman, S., S. R. Lichter, and N. Nevitte. (2005) "Politics and professional advancement among college faculty" The Forum 3(1): article 2, http://www.bepress.com/forum.
- Rothschild, M. (2007) "Our sinful economy" The Progressive 71(1): 8-10, January.
- Saez, E. and T. Piketty. (2005) "Income Inequality in the United States, 1913-1998" Quarterly Journal of Economics 118(1): 1-39, 2003; (tables and figures updated to 2005)
 - http://emlab.berkeley.edu/users/saez/TabFig2005prel.xls
- Saunders, P., T. Hill and B. Bradbury. (2008). "Poverty in Australia" Social

- Policy Research Centre Report 4/08, Australian Council of Social Services.
- Seguino, S. (2007). "Plus ca Change? Evidence on Global Trends in Gender Norms and Stereotypes" Feminist Economics 13(2): 1-28.
- Smith, J. and D. Wiest. (2005) "The Uneven Geography of Global Civil Society: National and Global Influences on Transnational Association" Social Forces 84(2): 621-652.
- Spitz, D. (1949) Patterns of Anti-Democratic Thought. NY: MacMillan.
- Spitz, J. and A. Konrad. (2001) "Sex v. ideology in Academe: income returns to sexist, racist, and system defender beliefs" Presented at the Institute for Women's Policy Research, 6th Womens Policy Research Conference "The Status of Women" Washington DC June 9.
- Spitz, J. and M. Wickham. (2006) "Pharmaceutical High Profits: Languaged Ideology or the Cost of R&D?" Working Paper, December.
- Stein, B. (2006) "In class warfare, guess which class is winning" New York Times Online
 - http://www.nytimes.com/2006/11/26/business/yourmoney/26every.html?ex=1322
 - <u>197200&en=0cf877b05b918674&ei=5090&partner=rssuserland&emc=rss</u> Nov. 26.
- Stiglitz, J. (2006). Making Globalization Work. NY: Norton.
- Tanner, L. (2007) "Life and death set in dollars and cents" p. A1 Albany Times Union, April 4.
- Toye, J. (1991). "Is there a new political economy of development?" in Colclough and Manor (Eds) States or Markets? Oxford: Clarendon Press.
- Uchitelle, L. (2007) "The Rich Embody a New Gilded Age" New York Times, July 15,
 - http://www.nytimes.com/2007/07/15/business/15gilded.html? r=1&oref=slogin
- Wallerstein, S. (2007) "Criminalizing remote harm and the case of antidemocratic activity" Univ. of Oxford Faculty of Law Legal Studies Research Paper Series, Working Paper 57/2006, Cardozo Law Review (forthcoming).
- Weber. M. (1946) From Max Weber: Essays in Sociology, H.Gerth and C. W. Mills (eds). NY: Oxford Univ. Press.
- Williamson, O. (1975) Markets and Hierarchies. NY: Free Press.
- World Bank, (1960-2006) "World development indicators" data online and in reference book form.
 - http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,, menuPK:232599~pagePK:64133170~piPK:64133498~theSitePK:239419, 00.html

ENDNOTES

_

Copyright 2009 by Janet Spitz, Alison M. Konrad, and Adam Cresko

¹ ExxonMobil's 2005 revenue, the largest, was .34 trillion and WalMart's was .31 trillion in second place.

² We count in this group Venezuela, Cuba, Ecuador, Paraguay, Bolivia, and Nicaragua, with Brazil, Argentina, and Uruguay as countries seeking to find a middle ground.

³ The most notable recent failure of corporate power is of course the Multilateral Agreement on Investment. Through this OECD-supported document, corporations sought to legally prohibit signatory nations from enacting laws, policies, or systems of taxation, including environmental or labor laws, whose effect "might" negatively impact corporate profit. It is a surprise to many that the MAI did not succeed in its original form. That failure was attributed to a partial leak of this highly secret document by the representative from France, followed by the provision of the document in its entirety by the Canadian representative, to the environmental organization Greenpeace, which posted the MAI document online. The public outrage that followed doomed the treaty in its original form. However, its provisions are easily seen in subsequent bilateral and area trade agreements.

⁴ Unions, traditionally the provider of such opposing voices as there might be, have lost a great deal of their strength over this same period of time. Labor unions represent just 7.4% of U. S. private-sector workers, down from 35% in the 1950s (Greenhouse, 2007), although their public-sector presence is on the rise.