

## Providing Balance in the Accounting Curriculum and Beyond—The Case for Capitalism

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*Give people free markets and property rights, and you will be astonished by how much they will improve their lot—and ours.*

William McGurn (2018)

*...young people have no particular loyalty to or affection for free-market capitalism, the economic system that made America a great thing in history and a magnet for the world. There are two reasons. One is that in their short lives they've witnessed and experienced only capitalism's scandals—the 2008 crash, inequality. The other is that they've never heard capitalism defended—not in K through college, not in our entertainment culture.*

Peggy Noonan (2018)

*The free market, whatever its limitations, motivates people to work.*

Melvyn Fein (2019)

*Americans aged 18 to 29 are as positive about socialism (51%) as they are about capitalism (45%). This represents a 12-point decline in young adults' positive views of capitalism in just the past two years and a marked shift since 2010, when 68% viewed it positively.*

Frank Newport (2018), discussing a 2018 Gallup poll

### Introduction

Despite capitalism's unrivaled ability to reduce poverty and enhance the quality of human life (The Economist 2013; The World Bank 2016), capitalism appears to be losing its appeal to younger Americans. For example, a small majority of Millennials, according to recent polls, now favors socialism (Ekins 2015, 2016; YouGov 2017; Newport 2018).<sup>1</sup> Further, while Generation Z appears more optimistic than Millennials about the U.S. capitalist system, almost half of Generation Z indicate a willingness to support a socialist Presidential candidate and approximately 20 percent a communist candidate (YouGov 2016, 2017). To some extent, younger Americans' views are not surprising. These individuals have lived through the financial crisis of the late 2000s, and many do not understand key differences among competing economic systems (Ekins 2015, 2016). Further, the education (e.g., Fein 2017) and cultural influences that many U.S. university students experience today often are tilted heavily toward advocating socialism.

University students and young professionals deserve to hear the arguments on both sides, and we believe that accounting faculty members and accounting professionals can take important steps to provide balance by discussing the case for capitalism.<sup>2</sup> Thus, in light of the disconnect between capitalism's benefits and the views of younger Americans, the primary purposes of this commentary are to (a) highlight the imbalance in the economic information that younger Americans receive; (b) provide accounting professors with a resource to help students understand the basic pragmatic and philosophical

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<sup>1</sup> The Pew Research Center (Dimock 2018) defines Millennials as those born from 1981 through 1996, although there does not appear to be a universal definition of this term. We focus on “younger Americans” throughout this commentary to describe college age and early career individuals – Millennials and Generation Z, the group born after Millennials.

<sup>2</sup> Some may ask, “Why is it incumbent on *accounting* faculty to provide the case for capitalism? Why shouldn't others do this?” Our view is (a) we teach about the measurement system that drives performance evaluation and investment decisions, and this accounting system is based on capitalism and the profit motive; and (b) if we do not defend capitalism, who will? In addition to accounting faculty, we call on economics faculty to discuss the case for capitalism.

case for a capitalist system, with a particular focus on fraud and auditing-related courses; and (c) develop implications for practitioners, who are hiring new employees who may have been heavily exposed to anti-capitalist views.

To be clear, we are proponents of capitalism. Thus, this article does not attempt to provide a balanced view in itself, but rather to contribute to greater balance in the broader setting by helping to lay out a case for capitalism that we believe is not currently receiving fair coverage. We do not attempt to offer a case for socialism, but we also do not claim that capitalism is perfect (e.g., it can yield market failures, such as those related to externalities, and some level of inequality in wealth distribution). Rather, our central thesis is that a strong case can be made for capitalism, but today's students often are not being given a fair opportunity to understand this side of the argument.

In the remainder of this commentary, we first provide an overview of the issues and clarify the key definitions of economic systems. Then we discuss in detail the informational imbalance regarding capitalism and examine how young people's understanding of capitalism can be balanced in the accounting curriculum by being exposed to the fundamental pragmatic and philosophical case for capitalism. Finally, we present strategies for practitioners to reinforce and expand these messages.

### **Overview and Definitions**

Capitalism arguably has been the greatest force for poverty reduction in the history of the world (The Economist 2013)—no other system in human history has had anything close to capitalism's impact on lifting billions of people out of poverty. According to The World Bank (2016, 4), "the world had almost 1.1 billion fewer poor in 2013 than in 1990, a period in which the world population grew by almost 1.9 billion people." Further, Iacono (2016) states:

...as the world has become more capitalist and more globalized, the quality of life for the average person, and especially for the average poor person, has increased substantially. In 1990, 37% of the global population lived on less than \$1.90 per day. By 2012, that number had been reduced to 12.8%, and in 2015 it was under 10%. The source of this progress isn't a massive wealth redistribution program; it's massive wealth creation—that is, economic growth.

U2 lead singer, Bono (2012), who has devoted considerable time and resources to advocating for foreign aid, has pointed to the power of capitalism: "Aid is just a stop-gap. Commerce (and) entrepreneurial capitalism takes more people out of poverty than aid... In dealing with poverty here and around the world, welfare and foreign aid are a Band-Aid. Free enterprise is a cure... Entrepreneurship is the most sure way of development."

However, given the demonstrated power of capitalism to promote a higher quality of human life, we have become increasingly concerned by growing anti-business and anti-capitalism rhetoric in the U.S., as discussed below. This anti-business and anti-capitalism rhetoric, combined with unbalanced coverage in our educational institutions, appears to be having a significant impact on how young people view business and capitalism, as Nelson (2017) describes:

... "Why Do the Young Reject Capitalism?" ... Part of the answer is obvious. Anticapitalism is what they have been taught. All of the humanities and the noneconomic social sciences in universities have a simple message. Business is in the business of making money, not helping the poor or the environment... College students absorb these lessons as evidenced by their becoming more liberal the longer they have been in college.

Further, a recent poll (YouGov 2017) finds that over 50 percent of Millennials indicate a preference to live in a socialist or communist country, versus 42 percent who prefer capitalism. A Harvard University study found similar results, with a slim majority of Millennials not supporting capitalism (Stephens 2017). A 2018 Gallup poll also found similar results (Newport 2018). Generation Z holds some such attitudes as well, with nearly half of Generation Z being willing to vote for a socialist Presidential candidate (YouGov 2016).

To be sure, part of the polling results are driven by younger Americans' ignorance of what socialism actually means: that government takes control over the means of production (Ekins 2016). Ekins (2015) describes the Reason-Rupe poll results:

Among college-aged Americans, 58 percent report a positive view of socialism and 56 percent a positive view of capitalism... However, college-aged Americans are far more supportive of a free market system (72%) than they are of a government-managed economy (49%)... young people don't know what these words mean. The fact that

they are more favorable toward socialism than a government-managed economy, which if anything is socialism-lite, demonstrates this.

Further, in the YouGov (2017) poll, only half of Millennials knew the definition of capitalism. This evidence of economic illiteracy highlights the importance of fully educating the next generation about alternative economic systems, using facts and reason as opposed to feelings.<sup>3</sup> Thomas (2018) cites the prominent role of feelings over facts when it comes to assessing economic issues. He describes:

...a growing feeling, particularly among many young Americans, for whom feelings, not results, are ultimately what liberalism relies on. Many liberals feel corporations are evil, that some people are paid “too much,” “income inequality” is something that should be addressed by government and, because some people make more money than others, America is an unfair nation. This worldview appears to be increasingly taught in public schools and at the higher level by tenured college professors. This worldview did not build America, and if it ever takes over, it will never sustain us. Consider where it has been tried.

If our premise that capitalism, while imperfect, is the only system consistent with individual human freedom and is the most powerful economic engine available for the amelioration of poverty is correct, then young people’s increasingly positive view of socialism (and negative view of capitalism) is a critically important emerging threat to both individual freedom and the future economic growth and prosperity of the U.S. The stakes are high. This issue is of particular relevance to the accounting profession, which plays a key role in our capitalist system by providing information for market-based decision making. This information is highly relevant because our markets are not perfect (i.e., not everyone has complete access to all information), and accounting provides important information to help market participants navigate their way. Free markets thrive on reliable information and transparency—the currency of accounting.

### **Definitions**

As noted above, part of the issue with younger Americans and socialism is a lack of understanding the definition of different types of economic systems. Thus, getting the definitions stated up front, and ensuring they are understood by students and young accounting professionals, is key. According to Investopedia.com:

- “Capitalism is an economic system in which private individuals or businesses own capital goods. The production of goods and services is based on supply and demand in the general market—known as a market economy—rather than through central planning—known as a planned economy or command economy.” (<https://www.investopedia.com/terms/c/capitalism.asp>)
- “Socialism is a populist economic and political system based on public ownership (also known as collective or common ownership) of the means of production. Those means include the machinery, tools, and factories used to produce goods that aim to directly satisfy human needs.” (<https://www.investopedia.com/terms/s/socialism.asp>)
- “Communism is a political and economic ideology that positions itself in opposition to liberal democracy and capitalism, advocating instead a classless system in which the means of production are owned communally and private property is nonexistent or severely curtailed.” (<https://www.investopedia.com/terms/c/communism.asp>)

Thus, capitalism involves private property and free markets, socialism involves governmental or collective ownership of the means of production, and communism involves severely restricted or even eliminated rights to hold private property. It is important to note that, strictly speaking, socialism does not mean “sharing” or “high taxes.” It means that the means of production are owned collectively, i.e., by the government. However, very high taxes and government control over industries (such as energy or healthcare) move the needle toward a collectivist approach, decreasing the rewards for individual effort and producing some of the same negative consequences as “pure” socialism.<sup>4</sup>

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<sup>3</sup> Economic ignorance can be quite dangerous when people vote for things (e.g., socialism) that they do not understand. Prominent economist Thomas Sowell recently was asked (Real Clear Politics 2019), “...do you think that we are destined to go through a period of socialism, a period where these ideas that have not worked wherever they have been tried and will not work here, will be tried here, and could bring down our country?” His response: “I do have a great fear that, in the long run, we may not make it. I hate to say that...we may make it, but I wouldn’t bet on it.”

<sup>4</sup> In the discussion below, we deal with both true socialism and with somewhat softer notions of collectivism. When discussing high taxes, high government spending and control, and income redistribution, we refer to “collectivism” to indicate that the focus is leaning

Newport (2018) describes the evolving nature of the notion of “socialism:”

Socialism as a concept is open to many interpretations...socialism today seems to embody sets of programs by which the government helps regulate and, in some instances, run and pay for social programs focused on basic population needs in health, education, housing and employment.

Despite this “lighter,” evolving version of socialism, *The Wall Street Journal* (2019) recently noted that progressive proposals (Medicare for All, Green New Deal, etc.) look very much “like government control over the means of production.” Further, a popular new Democratic House member recent described capitalism as “irredeemable” (Zhao 2019). Thus, there may be a slippery slope from collectivism to strict socialism.

Some readers may ask, “What about the Scandinavian countries? Aren’t they socialist and doing very well?” First, those countries are not socialist, as government does not own the means of production, but rather are social democracies. Second, as Sanandaji (2016) explains:

A common misconception is that the Nordic countries became socially and economically successful by introducing universal welfare states funded by high taxes. In fact, their economic and social success had already materialized during a period when these countries combined a small public sector with free-market policies. The welfare state was introduced afterward. That the Nordic countries are so successful is due to an exceptional culture that emphasizes social cohesion, hard work, and individual responsibility...Currently, Nordic-style democratic socialism is all the rage among Democrat activists as well as with liberal intellectuals and journalists. But in the Nordic countries themselves, this ideal has gradually lost its appeal.

Sweden has moved markedly away from socialism (Stossel 2019). The Council of Economic Advisors (2018, 2) estimates that if the U.S. adopted 1970s style Nordic socialism, “real GDP would decline by at least 19 percent in the long run, or about \$11,000 per year for the average person.”

### **Drivers of Attitudes: The Problem of Imbalance**

Some may question how younger Americans can be positive about socialism, given the experience of the world over the past 200 years that capitalism has successfully reduced human suffering and poverty, while socialism so often has been associated with stagnant economic growth and repression of individual human freedom. In addition to living through the recent financial crisis and simple ignorance about the definition of different economic systems, we believe a large part of the answer lies in the fact that universities, the news media, and the entertainment industry play a key role in shaping young Americans’ beliefs about business and capitalism.

Before examining the makeup of universities, the news media, and the entertainment industry, it is critical to note that individuals’ political views are highly correlated with their views of business and capitalism.<sup>5</sup> Specifically, a Gallup (2012) poll found:

...Democrats react significantly more positively to the term “federal government” than they do to the term “capitalism,” while the opposite is true for Republicans...Republicans and Republican-leaning independents and Democrats and Democratic leaners also differ in how they react to the terms “big business” and “socialism.” Republicans are more positive about the former; Democrats are more positive about the latter.

A more recent Gallup (2016) poll found a similar pattern. Likewise, Ekins (2015) notes, “Democrats are split in half on capitalism and socialism. Fifty-three percent say they have a favorable view of capitalism and 50 percent a favorable view of socialism... Republicans predictably are strongly favorable of capitalism 62 to 33 percent, and fervently oppose

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toward socialism by moving away from the concept of individual rights, including the rights of self-determination and property ownership. The Council of Economic Advisors (2018, 14) notes: “Present-day socialists do not want the dictatorship or state brutality that often coincided with the most extreme cases of socialism. However, peaceful democratic implementation of socialist policies does not eliminate the fundamental incentive and information problems created by high tax rates, large state organizations, and the centralized control of resources.”

<sup>5</sup> This article does not examine liberal versus conservative views on social issues—our focus is purely on business and economic issues. We also acknowledge that our focus on political views as a proxy for economic views is imperfect, as social issues are expected to play a large role in political alignment. We do, however, offer specific evidence that political and economic views are correlated.

socialism 18 to 77 percent.” A 2018 Gallup poll (Newport 2018) found: “For the first time in Gallup’s measurement over the past decade, Democrats have a more positive image of socialism than they do of capitalism.” Further, former Presidential candidate Hillary Clinton noted the difficulty of running as a capitalist Democrat, when a large segment of Democrats now leans toward socialism (Mikelionis 2018).<sup>6</sup>

What concerns us is that universities, the news media, and the entertainment industry are not all balanced with regard to political views (although the overall U.S. population is fairly evenly balanced, based on polls (Gallup 2018) and party registration (Cook 2018)). Anderson (2018) notes: “Liberals dominate the entertainment industry, many of the most influential news sources and America’s universities. This [influence] means that people with progressive leanings are everywhere in the public eye—and are also on the college campuses...”

### **University Faculties**

University faculty members are overwhelmingly liberal, outnumbering conservatives by 12 to 1 (Langbert, Quain, and Klein 2016). Further, liberal history faculty members outnumber conservatives by over 30 to 1, and even in economics, liberal faculty members outnumber conservatives by nearly 5 to 1 (Langbert et al. 2016). More recently, Langbert (2018) finds that almost 40 percent of the liberal arts colleges examined have *zero* Republican faculty members, and nearly 80 percent of academic departments in liberal arts schools have zero or near zero Republican faculty members. The area that is least dominated by Democrats is engineering, at 1.6 Democrats per Republican, followed by several disciplines with ratios of 5.2 to 6.3: chemistry, economics, professional, mathematics, physics, and computers. At the high end are communications and anthropology, with zero identified Republicans, religion (70), English (48.3), and sociology (43.8).

We are not aware of any research examining the political affiliation of accounting professors in isolation, but Langbert (2018) combines accounting, business, and nursing into a “professional” category, and finds 5.5 Democrats for every Republican in the professional category. Thus, even business schools may be quite politically unbalanced.

Clearly, higher education is not balanced in terms of political views, which in turn are highly correlated with views of socialism and capitalism (Gallup 2012, 2016; Ekins 2015; Newport 2018). Former New York City Mayor Michael Bloomberg has commented on the growing political imbalance in the academy (Sweeney 2017): “Think about the irony...In the 1950s, the right wing was attempting to repress left-wing ideas. Today, on many college campuses, it is liberals trying to repress conservative ideas, even as conservative faculty members are at risk of becoming an endangered species.” Further, Fein (2017) describes the current state in sociology departments: “As a sociologist, I am surrounded by Neo-Marxists. Many of my colleagues, especially at other universities, advocate socialism. They sincerely believe that a collectivist economy presided over by experts, such as themselves, promotes social justice. Only this, they are convinced, can create egalitarian prosperity.”

Such pervasive political imbalance can make things intensely uncomfortable for conservative faculty on campus. Sweeney (2017) states:

Students are not the only conservatives on campus hiding their political identity in the closet. Several years ago, Jon Shields and Joshua Dunn interviewed 153 conservative professors for their book, *Passing on the Right*. In it, the duo says that within the context of college campuses, conservatives are a ‘stigmatized minority’...

Further, a Harvard University (2017) survey concluded, “College Democrats (60%) are significantly more comfortable than Republicans (25%) sharing political opinions on campus without fear of censorship or repercussions.” Likewise, a recent One Class (2019) survey found that most Republican students did not feel welcome on campus, and that over half of Republican students “hide their political views from their friends.” Also, a 2018 Yale University poll found (Freeman 2018): “Many U.S. college professors now regularly share their own social and political beliefs in class, and their students feel increasingly afraid to disagree.”

Political imbalance and the presence of extreme prejudice and stigma in university faculties inevitably lead to many university students typically hearing only one side of the story when it comes to socio-economic issues, business, and capitalism. For example, investment analyst Matthew Tice (2016) reflected on his recent undergraduate education and noted

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<sup>6</sup> Clinton went on to defend capitalism (Mikelionis 2018): “When I think about capitalism, I think about all the businesses that were started because we have the opportunity and the freedom to do that and to make a good living for themselves and their families ... We would be making a grave mistake to turn our backs on what built the greatest middle class in history.”

the strong anti-business flavor of his general education classes. What particularly surprised him, however, was that anti-business themes “were reinforced in my general business classes...For some business students...such messaging will become internalized and transmitted over time from the college campus to the working world, which is probably the long-term goal.” Overall, the growing imbalance in higher education appears consistent with concerns that students will never hear the “other side of the story,” the case for capitalism.

### **News Media**

According to the Center for Public Integrity (2016), in the 2016 Presidential Election, 96 percent of campaign contributions from the media went to the Democratic nominee. Further, a Washington Examiner (Bedard 2017) interview notes that 91 percent of the media coverage of the Republican nominee during the campaign was negative. Similar imbalance has been apparent in other presidential elections. Goldberg (2016) reflects on the history of the news media’s political bent:

Anyone who has spent a moment around elite reporters or studied their output knows that they tend to be left of center. In 1981, S. Robert Lichter and Stanley Rothman surveyed 240 leading journalists and found that 94 percent of them voted for Lyndon Johnson in 1964, 81 percent voted for George McGovern in 1972, and 81 percent voted for Jimmy Carter in 1976. Only 19 percent placed themselves on the right side of the political spectrum.

Again, with the media overwhelmingly on one side of the political divide, imbalance in the coverage of economic issues and underlying philosophies in the media is predictable. As an extreme example, Investor’s Business Daily (2018) recently took exception to a Washington Post opinion column headline suggesting that it is time for the U.S. to try socialism:

That a person having even the slightest knowledge of recent history could suggest such a thing as ‘give socialism a try’ in a major national newspaper suggests that both our educational system and our media are in a state of terminal collapse. It is a fact that every time people have given ‘socialism a try’ it’s been an utter disaster.

Beyond the traditional news media, other online sources (Reddit, etc.) likely play a role in shaping younger Americans’ views of economic systems. Interestingly, our review of Reddit.com in 2019 reveals over 200,000 members of the socialism subreddit and over 100,000 members of the communism subreddit, but under 15,000 members of the capitalism subreddit. Further, the subreddit LateStageCapitalism, a leftist site, has over 400,000 members.

### **Entertainment**

In the television and movie industry, economic conservatives are rarely found, and when they are, they, as well as business in general, are often portrayed in a negative light. Fumento (1992) states: “By the age of 18, the average TV viewer has seen businessmen and businesswomen attempt more than 10,000 murders and countless lesser offenses ranging from extortion and bribery to kidnapping and dumping of toxic waste...” While businesspeople do sometimes engage in unsavory, unethical, and even illegal behavior, the entertainment media rarely portray the integrity of the vast majority of businesspeople or the incredible amount of good that businesses and businesspeople provide to society.

More recently, Epstein (2011) notes, “Nazis are getting old, moviemakers don’t want to offend foreign audiences, so corporate types top the list of evil stereotypes.” As we have personally experienced, and as George Mason University economics professor Alex Tabbarok (2010) observes, “In the movies, capitalists are almost invariably cast as villains. Has someone been murdered? Are the residents of a small town dying of cancer? Is the environment being despoiled? Look no further than the CEO of some large corporation.” Further, on television, late night talk shows now actively portray a decidedly liberal viewpoint (Rutenberg 2017). If movies and television consistently portray business and businesspeople as evil, this atmosphere can affect how young people view business.<sup>7</sup>

### **The Impact**

Why does political imbalance in the media, and more importantly in higher education, matter? First, considering that young people are consistently bombarded with anti-business and anti-capitalist messages from faculty members, the media, and movies and television, it becomes unsurprising that they increasingly see capitalism as less desirable than socialism, which is asserted to be based less on cutthroat competition and greed, and more on cooperation and compassion, than is capitalism.

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<sup>7</sup> We thank Kathy Schwaig for highlighting the importance of this issue.

In fact, the recent YouGov (2017) survey found that 53 percent of Millennials believe that our capitalist system works against them.<sup>8</sup>

Second, Ellis (2017) describes the growing political imbalance on U.S. campuses and notes that this imbalance affects the quality of logical arguments offered on key issues. He states:

The [political] imbalance [of university faculty] is not only a question of numbers. Well-balanced opposing views act as a corrective for each other: The weaker arguments of one side are pounced on and picked off by the other. Both remain consequently healthier and more intellectually viable. But intellectual dominance promotes stupidity. As one side becomes numerically stronger, its discipline weakens. The greater the imbalance between the two sides, the more incoherent and irrational the majority will become.

In other words, political balance and recognition of diverse views in any setting can help to make *both sides better in their arguments and logic*. Without healthy competition for ideas, opposing viewpoints cannot serve to sharpen and hone each other, a key aspect of higher education in our view. In essence, Ellis believes that the dominance of one worldview reduces the potential to weed out weak arguments on both sides of key issues. This weeding out process simply does not occur when one side vastly outnumbers the other, or even actively represses legitimate arguments in favor of the other. Ellis' argument compellingly illustrates the critical role that balance and diversity of viewpoints play in the quality education of young people.

### **Implications for Accounting Education and Practice**

Against this backdrop of pervasive political imbalance in higher education, the media, and entertainment, as well as numerous surveys indicating younger Americans' support for socialism, we seek to highlight implications and potential action plans for accounting educators and those who hire our students.<sup>9</sup> We are training people to go into business. Do we believe in the essential merits of what we are sending our students into? These future businesspeople should, in our view, be exposed to both sides of the arguments about socialism and capitalism. With more balanced perspective and preparation, and a better understanding of the arguments on both sides, individuals will be better able to draw their own, better-informed conclusions about different proposed economic policies in the context of a clearer view of the role of business and the merits and disadvantages of various economic systems.

#### **Early Accounting Courses**

Early accounting courses often deal with foundational mechanical issues, such as the accounting equation, debits and credits, financial statements, etc. In addition, these courses often also serve an "introduction to business" role within the business school, explaining the various cycles, how businesses are structured, how profits are generated, etc. In such courses, the profit motive is apparent, and we believe students (and new accounting professionals) should be exposed to the economic and moral case for free enterprise and the profit motive.<sup>10</sup> Some fundamental questions and considerations that can serve as the basis for discussion include:

1. What is the purpose of a business?
2. Can free enterprise be a vehicle to change the world in positive ways by benefitting people?
3. How do competition and the profit motive shape behavior in companies?

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<sup>8</sup> Younger Americans' views of business, while apparently negative overall, are not universally negative. For example, we are somewhat encouraged by recent evidence from Deloitte's (2017) annual survey of Millennials working mainly in large, private sector organizations. They find, "...within all demographic groups (gender, age, parental status, business sector, size of employer, etc.), a majority believes that business has a positive impact on society. In addition to its overall impact, we also see continuing improvement in perceptions of how business conducts itself..." Of course, the Deloitte survey focuses mainly on those who work for large companies, a group that would be expected to have more positive views about business than younger Americans in general. In addition, there is evidence that young people become less enamored of collectivism once they start to make their own money. Ekins (2016) states, "...millennials become averse to social welfare spending if they foot the bill. As they reach the threshold of earning \$40,000 to \$60,000 a year, the majority of millennials come to oppose income redistribution..." It will be interesting to observe whether younger Americans' positive views of socialism persist as they move up in their careers.

<sup>9</sup> We hope that discussions of these issues will occur in other business disciplines as well.

<sup>10</sup> In this vein, Barr (2019) calls for supporters of capitalism to "define and focus on the moral superiority of capitalism. That debate begins with defining free enterprise as the very foundation of American economic and political freedom; and moves on then to asking ... [apparent socialists] why they prefer a system that crushes human freedom in pursuit of collective mediocrity."

4. Is it immoral to charge more for a product than it costs to make it?
5. Is business all about cut-throat competition and maximizing the money that can be extracted from a transaction, or do businesses need to cooperate with and please their customers?
6. How do sellers and buyers *both* benefit from business transactions in a free market?
7. Are companies generally more effective and efficient than governmental agencies? Why?
8. What advantages do free market economies have over top-down, centrally controlled economies?

One of the best summaries of the nature of capitalism that we have seen is by Kessler (2017):

Someone postpones consumption, invests his savings to produce a good or service, delights customers, generates profits, and then consumes and invests what's left in further production. These profits are pure, generated from price signals between buyers and sellers, without favoritism from experts or elites. It isn't hard to grasp. Profit is the ultimate measure of value to consumers—and therefore to society. Consumers benefit from buying stuff, or else they would make it all themselves, and producers benefit from selling, or else business wouldn't be worth the effort.

In early accounting courses, these big picture discussions can be followed by the “exam tax” example discussed below, which illustrates the typical nature of human behavior in systems where a form of “profit-making” incentive has been largely removed. In this way, faculty teaching early accounting courses can begin to get the students thinking about the power of the profit motive and the nature of different economic systems.

### **Upper-Level Accounting Courses**

In many more advanced accounting courses, such as auditing, intermediate accounting, forensic accounting, and ethics, we often spend a significant amount of time on notable fraud cases and their impact on the accounting and auditing profession, in addition to addressing earnings management and various management incentives to misreport. This focus on fraud and management incentives is designed to sensitize the students to the pressures and challenges they may face in their careers, and it highlights the important role of major fraud cases in driving financial reform (e.g., Enron and WorldCom led directly to the Sarbanes-Oxley Act) (Clikeman 2013).

While such courses provide an even richer setting to discuss economic systems and human behavior, we are concerned that students may be becoming more likely to misinterpret the “punch line” of these higher-level accounting and auditing courses, thus reinforcing the anti-capitalist viewpoint they hear so often from other university faculty. Specifically, we are concerned that students may come away from such courses with two erroneous conclusions: (a) most businesspeople are dishonest or fraudsters who are out to hurt others for personal gain, and (b) capitalism is the underlying problem because it promotes or even “worships” unfettered greed. Will students, having already been bombarded with anti-business and anti-capitalism rhetoric, conclude that fraud-focused accounting and auditing courses simply confirm the overly simplistic and unjustified conclusion that businesspeople are evil and capitalism is bad?

How do we promote a balanced view of capitalism in these higher-level accounting courses? More specifically, how do we mitigate the potential for students to misinterpret the message of upper-division accounting courses, many of which include some level of fraud discussion or examples? One key is to clearly communicate that, at its core, fraud is a *people* issue.<sup>11</sup> In any system involving people, some people are bound to lie, cheat, or steal, regardless of what system the people are in. As Nobel prize-winning economist Milton Friedman has noted (<https://www.youtube.com/watch?v=g-o0kD9f6wo>), greed is far from unique to capitalism: “Is there some society you know that doesn't run on greed?...The world runs on individuals pursuing their separate interests.” The second key is to clearly illustrate the nature of socialism / collectivism and capitalism, as discussed below.

### **The Nature of Socialism and Collectivism**

We acknowledge that, in theory, socialism or collectivism has some intuitive, though we believe superficial, appeal. In a collectivist system, people are ideally expected to cooperate and share equally in the outcomes. On its surface, this system is idealistically based on cooperation and sharing, and it may seem “nicer” than the “dog eat dog” competition of capitalism and its notions of tough competition and “creative destruction.” A nice, stable, cooperative, fair socialist system, where we show our concern for the poor through equalized sharing may be especially appealing to younger Americans.

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<sup>11</sup> We thank forensic accountant David Wolfe for making this observation many years ago, “The #1 cause of fraud is people.” In fact, we would argue that it is “the cause.”

The problem with socialism, despite its high-sounding ideals (and we believe often well-meaning proponents) is that it involves forced confiscation and imposed sharing; it tries to suppress rather than harness the natural human desire to better one's condition (see Daniel Hannan below). As a result, at its core, socialism requires coercion, and it simply does not work. In fact, history indicates that socialism is especially tough on the poor. As Sowell (2016) notes, "people who attribute income inequality to capitalists exploiting workers, as Karl Marx claimed, never seem to get around to testing that belief against facts -- such as the fact that none of the Marxist regimes around the world has ever had as high a standard of living for working people as there is in many capitalist countries." Further, the Council of Economic Advisors (2018, 2) concluded, "...replacing U.S. policies with highly socialist policies, such as Venezuela's, would reduce real GDP at least 40 percent in the long run, or about \$24,000 per year for the average person."

To clearly highlight to students why socialism / collectivism does not work in practice, consider a classroom thought experiment that has been discussed for many years.<sup>12</sup> When you hand back your first set of exams, ask the students for their reactions to the following possible hypothetical grading system that illustrates and emphasizes the "virtues" of collectivism (we do not advocate attempting to actually implement this system given potential student outrage, litigation, etc.):

1. How about if I take all exam points in excess of 90% (after all, you don't need those excess points to have an A) and redistribute them to people who made less than 90%?

Tell the students that such a system would:

- Reduce exam point inequality. In fact, you could try to get everyone into the A-/B range, versus the current "mean / competitive" system where some have high A's and others have C's or D's.
- Get high-scoring students to "pay their fair share" toward the common good.

At this point, there likely would be some grumbling from the high achievers and some excitement among the low achievers who think you might really do this scheme.

The next question is a critical consideration that underscores how people behave when positive incentive is reduced:

2. How would performance look on the second exam if I implemented this system?

The students quickly point out that studying would decrease markedly for the second exam because there is no external incentive to score over 90%. In fact, many students would choose to let others "over-score" on the second exam and simply count on receiving redistributed excess points to get into the B range. Why not free ride if others will pull me up? Thus, the likely outcomes of this system are:

- Few students score over 90% on the second exam, so you have to redefine excess points as those over 80%. This device begins a "learning death spiral," where exam scores plummet over time.
- Such a focus on exam point inequality and redistribution leads to *all* students learning less. The "learning pie" gets smaller because students are not studying due to the reduced personal incentive to perform well.

Along these lines, former British Prime Minister Margaret Thatcher famously stated, "The problem with socialism is that you eventually run out of other people's money." In this collectivist exam point system, the problem is that you eventually run out of other people's excess exam points, because people are not rewarded to put in the extra effort it takes to earn "excess" exam points.

The third question illustrates why socialism leads to coercion:

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<sup>12</sup> We are unsure of the origin of this example, but variations of this idea appear in many online sources. Pastin (2016) discusses a similar approach he actually took in class: "When the majority of a class would declare themselves to be socialist, I would offer to run the class along socialist principles, such as the mandate to take from the able and give to the needy. Specifically, I offered to grade the class on a sort of reverse-curve: Those with the highest GPAs would receive the lowest grades and those with the lowest GPAs would be given the highest grades... This socialist grading scheme was invariably met with outrage, especially, if unsurprisingly, among high-performing students (who made up a disproportionate number of the self-declared socialists). Some would remind me that some things are simply meant to be a matter of merit. And I heard every argument imaginable for allowing fair competition to determine outcomes. Grades, it turned out, were a currency college kids could understand."

3. If I implemented this system, and we headed down the path of lower and lower exam scores, what would I have to do to get you to study?

The unavoidable response is that in the absence of personal incentives, you would have to find ways to coerce the students to do the work. Similar to how factories in communist Eastern Europe had to employ armed guards to ensure that workers showed up and kept working, you might need to hire monitors to follow students home, observe their studying, and punish those who did not do the work. Thus, to get students to learn under this collectivist system, you inevitably and necessarily would have to resort to costly and intrusive coercion because positive extrinsic incentives have been eliminated.<sup>13</sup> This result is simply inherent in any system that suppresses or otherwise coercively removes the rewards for effort.

This thought experiment can serve as a powerful, in-class illustration of the macro-level results that come from collectivism and the destruction of personal incentive. When incentive is gone, people behave differently. They typically do not happily exert their best effort when they have no expectation of being rewarded for their effort. Doing so is simply not consistent with basic human nature. Rather, people lose interest or even become irritated that others are free riding on their efforts, and they adjust their performance downward as well. Overall, wealth generation declines, the “economic pie” shrinks, and everyone becomes worse off.

Fein (2017) provides a noticeably clear summation of how collectivism goes against human nature and leads to coercion:

Collectivist regimes depend upon humans being what they are not. As a consequence, these governments dole out the opposite of what they undertake. First, ordinary people never love others with equal intensity. Love, of necessity, has a narrow focus. Genuine love is only of a few. Second, ordinary people are not egalitarian. They want to be special. They want to be winners, not mediocrities. Third, this means that neo-Marxists must use force when imposing their solutions. Why? Because people resist what goes against their nature.

Likewise, Kengor (2018) describes the consistent role of coercion in Marxism, resulting in the deaths of millions:

We’re told the philosophy [Marxism] was never the problem—that Stalin was an aberration, as were, presumably, Lenin, Trotsky, Ceausescu, Mao, Pol Pot, Ho Chi Minh, the Kims and the Castros, not to mention the countless thousands of liquidators in the NKVD, the GRU, the KGB, the Red Guard, the Stasi, the Securitate, the Khmer Rouge, and on and on.

Finally, Stossel (2017) notes the continuing failure of socialism around the world. The grand theory of socialism never plays out in practice:

This love for state planning is especially outrageous today because anyone who pays attention knows what does work: market capitalism. Socialism failed in Angola, Benin, Cambodia, China, Congo, Cuba, Ethiopia, Laos, Mongolia, Mozambique, North Korea, Poland, Somalia, the Soviet Union, Vietnam and now Venezuela. We are yet to experience the blessed event of seeing one socialist country succeed. Yet during the same years, capitalism brought prosperity to Hong Kong, Singapore, New Zealand, most of Western Europe, and years ago, to a mostly poor and undeveloped country we now call America.

Overall, the record of socialism is quite clear. Socialism sounds appealing, but it simply does not work because it violates the fundamental fact of human nature that people are motivated to improve their condition, even if it requires hard work and effort. As a result, under socialism, economic output suffers, and the state must resort to significant coercion and the repression of individual human freedoms in the absence of natural, market-based incentives to be productive.

### **The Nature of Capitalism**

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<sup>13</sup> Some might argue that intrinsic motivation would “kick in” for some/many students, and they would study extremely hard to learn the material even in the absence of grade-related incentives. Our combined decades of teaching experience suggest that such individuals are quite rare and that the learning death spiral is a much more likely outcome for the overwhelming majority of students. If decades of research in economics (and accounting) have taught us anything, it is that people respond to what is measured and rewarded (e.g., Lazear 2000).

Noted economist Milton Friedman stated (<https://www.youtube.com/watch?v=g-o0kD9f6wo>), "...the only cases in which the masses have escaped from...grinding poverty...are where they have had capitalism and largely free trade." This conclusion is a clear summation of the world's economic experience over the past 200 years.

How does capitalism promote economic growth? As Daniel Hannan describes (<https://www.youtube.com/watch?v=XrivBvZ--SQ>), "What is unique about capitalism is that it harnessed that ambition [to improve one's condition] to a socially useful end. In every other system devised by human intelligence, a group of people sat on top and the way to get rich was to suck up to those in power." Under capitalism, Hannan says, "...you satisfy your ambition by serving your fellow citizens under the law."<sup>14</sup>

A missing piece of the socialist argument is that self-interest is a natural and powerful motivator of much behavior that is morally laudable and economically beneficial to others. Given that human beings will likely never be completely unmotivated by self-interest, an economic system that harnesses this powerful human motivation so as to benefit others (as opposed to trying to suppress the natural human desire for bettering one's condition) is likely to be more dynamic and more powerful. Directing this natural self-interest motivation toward creating value that benefits others and incentivizes them to pay you for your efforts is at the core of capitalist philosophy. Agree or not, we believe that, in fairness, students should be made aware of this fundamental tenet of capitalism.

An absolutely critical point in understanding capitalist economic systems is that people want to pursue their own interests and improve their situation under any system. Under capitalism, they do so by providing valuable goods and services to others in their community. Yes, they compete with other providers, and businesses will come and go, with the ones that do the best job of serving others' needs and wants being the ones that survive. But, it is absolutely fundamental and vital to recognize that providers of goods and services succeed by delighting their customers and serving their needs.<sup>15</sup> As a result, economic history shows that under capitalism, because it is the system that harnesses the basic motivations of human nature, the economic pie can grow far beyond what is possible under socialism. Specifically, James (2018) notes, "Economies rated 'free' or 'mostly free' in the latest [Index of Economic Freedom] edition enjoy incomes more than double the average levels in other countries, and more than five times higher than the incomes of people living in 'repressed' economies such as Venezuela and Cuba." Economic systems are human systems—why wouldn't harnessing fundamental human nature to produce benefits for others result in a more dynamic, wealth-producing economic system than a system that tries to suppress the basic human desire to better one's condition?

For further insight into the relation between economic freedom and wealth, simply show students the Index of Economic Freedom (<http://www.heritage.org/index/ranking>).<sup>16</sup> The 2018 rankings have Hong Kong, Singapore, New Zealand, Switzerland, and Australia at the top in terms of greatest economic freedom (the U.S. is #18). At the bottom are North Korea, Venezuela, Cuba, and Republic of Congo, the least economically free countries. Ask the class:

1. Which of these are the wealthy countries?
2. Where would you rather live?
3. In which countries do people have more individual freedom?

An inescapable conclusion from this simple comparison is that economic freedom, personal liberty, and wealth go hand-in-hand. Or do a simple change analysis. What happened in China, for example, when it turned to a greater degree from a centrally planned economy toward a more market-driven economy? What happened in Vietnam, etc., when they did likewise? On the other side of the equation, what happened to Venezuela's economy when that country, rich in natural resources and not that long ago the wealthiest country in South America, turned toward socialist collectivism (Brodie 2017; Pipes 2018)? This pattern of results can be seen repeatedly in modern history. The evidence is incontrovertible, clear, and compelling.

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<sup>14</sup> We emphasize the importance of a framework of laws and regulations to protect property rights and establish the "rules of the game" for the market to operate within.

<sup>15</sup> The CFO of Microsoft (Nadella 2018) recently described the company's focus on discovering and understanding customer needs as based on empathy. In other words, Microsoft is focused on appreciating customer needs and seeking to meet those needs.

<sup>16</sup> The index is based on (see <https://www.heritage.org/index/about>) "...12 quantitative and qualitative factors, grouped into four broad categories, or pillars, of economic freedom: Rule of Law (property rights, government integrity, judicial effectiveness), Government Size (government spending, tax burden, fiscal health), Regulatory Efficiency (business freedom, labor freedom, monetary freedom), Open Markets (trade freedom, investment freedom, financial freedom)."

Despite such evidence, some still will argue that socialism is more compassionate, kind, and fair, and less cut-throat and messy than capitalism. A *Wall Street Journal* (February 18, 2017) editorial about the passing of Michael Novak described his grappling with the theory versus the results of socialism and capitalism:

...Novak believed as a young man that socialism was the ideal economic arrangement. But he began to notice a flaw: While socialism sounded good in theory, in practice it didn't work—and non-elites fared the worst. Capitalism had little high-minded theory, but in practice it literally provided the goods. If ordinary folks did so much better under capitalism, maybe the caricatures—e.g., that it is all based on greed—were wrong. Maybe free markets had their own virtues and were defensible, and even superior to other economic systems *on moral grounds* [emphasis added].

Further, Sowell (2016) asserts: “Socialism sounds great. It has always sounded great. And it will probably always continue to sound great. It is only when you go beyond rhetoric, and start looking at hard facts, that socialism turns out to be a big disappointment, if not a disaster.” In our view, as in Novak's and Sowell's, what matters is not the theory or how a system sounds on the surface. What matters is which system actually provides people with (a) a higher standard of living and (b) greater freedom to control their own lives. History shows that capitalism far out-performs socialism on both counts.

Further, there is a compelling argument for capitalism on basic moral grounds. The basis for this argument begins with the premise that we each own ourselves. As Williams (2018) argues: “All of us own ourselves. I am my private property, and you are yours. Murder, rape, theft and the initiation of violence are immoral because they violate self-ownership. Similarly, the forcible use of one person to serve the purposes of another person, for any reason, is immoral because it violates self-ownership.”

Forcibly taking the resources or earnings of one individual to redistribute them to another violates this fundamental principle of self-ownership because to a degree it involves coercing one person to serve another. When we violate this principle, where is the stopping point? Where is the point where forced redistribution becomes forced servitude? The moral argument against socialism is also inextricably intertwined with the economic one laid out above—socialism/communism requires significant coercion to function at any level because such systems try to suppress or subvert, rather than harness, basic human motives to improve one's condition. The system that requires the least coercion is market-based, because it relies on and harnesses the basic human motive to better one's own condition by rewarding individuals and organizations for producing goods or services that delight their customers and serve their needs.

### **A Framework for Professors**

In the Appendix we outline an approach to leading a class discussion about issues discussed in this article in an upper-level accounting course. One author conducts this type of session at the end of his senior-level undergraduate forensic accounting course and his graduate fraud and governance courses, but these sessions also should fit well in auditing, intermediate accounting, or ethics courses. He finds that the classroom discussions of the issues are incredibly robust, especially when the class includes some students who were born and raised in socialist countries.<sup>17</sup> Such students often tend to be *extremely* outspoken about the dire consequences of socialism.

Typically, the three greatest revelations are:

1. Many students are surprised to learn that younger Americans tend to be more supportive of socialism than capitalism. As accounting majors, they have not fully realized that their generation as a whole has such views.
2. Many students have their eyes opened by the “exam tax” example because it initially sounds “nice,” “fair,” “compassionate,” and “cooperative.” But it ends in reduced learning for all and ultimately a requirement for coercion for the class to function at any reasonable level.
3. Many accounting students, while being supportive of capitalism, do not fully understand that a worldwide move toward more market-based economies has lifted billions of people out of poverty in recent decades.

We strongly encourage accounting faculty members to engage their students in discussions about the nature of fraud (a people issue), socialism/collectivism (sounds nice in theory, but the results are quite different), and capitalism (sounds

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<sup>17</sup> Some may question whether a brief classroom discussion can offset years of anti-capitalist information from other sources. Our view is that the classroom discussion is a start, and hopefully it will lead the students to continue to explore on their own. Further, as discussed below, we call on the practice community to continue the discussion after graduation.

messy and harsh in theory, but the results far outpace socialism, not to mention that there is a compelling moral case to be made).

### **The Role of Practitioners**

Admittedly, it is difficult to balance out years of anti-capitalist messages with discussions in a single accounting course, or even multiple accounting courses. Thus, we believe that it is critical for accounting practitioners to join the effort to provide greater informational balance about free markets and capitalism. We believe that the practice community can reinforce the notions in this commentary, and even expand them.

We believe that practitioners and graduates both can benefit from robust discussions about the benefits of capitalism and about accountants' and auditors' critical role in the system.<sup>18</sup> New practitioners should appreciate the vital role accounting and auditing play in a free market economy. First, at its most basic level, accounting information enhances investment decisions, which allocate resources to their most productive use in the economy. In other words, economic growth depends in large part on good accounting information. Thus, accounting helps to drive economic growth and wealth creation in a capitalist system. Growth and wealth are critical to solving societal problems. Do today's younger accounting professionals fully understand the crucial role of accounting in a properly functioning, equitable free market system?

Second, good accounting and auditing promote honesty and accountability, which are crucial to "fair" and equitable distribution of resources and keeping opportunities to advance available to all. From an auditing standpoint, how many graduates fully understand the role that auditing plays in our financial markets and in fostering economic growth? We have auditors test the financial information before it gets to the market because (a) there may be errors in the information and (b) management may have an incentive to make the information as positive as possible. Since we cannot be comfortable about who will make errors or manipulate information and who will not, auditors test the information at all public companies. With better, more reliable, audited information, we get more efficient allocation of resources and stronger economic growth.

Perhaps most importantly, we encourage those in practice to be vocal about how their organizations' profits and the salaries earned by their employees directly contribute to improving human life. Successful companies make people wealthier and more productive, and wealthier organizations and individuals are better equipped to deal with societal problems. In fact, Kessler (2018) strongly argues that the scale provided by large, for-profit organizations is key to making a meaningful impact on world problems, going far beyond what small charities can do.<sup>19</sup> Also, Lev et al. (2010) find that corporate giving can enhance the future revenue growth of the firm, especially in consumer-focused firms. Thus, it appears that "doing good" in a capitalist system can provide a host of benefits to firms and to society.

Ultimately, it can reasonably be argued that capitalism is the best mechanism for economic growth, and economic growth solves a lot of human problems. Further, every charity depends on people with excess wealth. If you want to help people with their needs, generate wealth and allow others to do so as well. Practitioners are very well positioned to share this message and to demonstrate precisely how their organizations and personnel contribute to enhancing human life through their capitalist efforts. We encourage firms to include in their messaging, and even in their training, perspectives on how the services the firm provides contribute to alleviation of poverty, equitable distribution of resources, freedom, and opportunity.

### **Conclusion**

We believe the unbalanced views about socialism and capitalism that younger Americans are being exposed to through media and academia represent a significant threat to future economic growth in the U.S. Economic freedom goes hand-in-hand with economic growth, and we appear to have new generations emerging in the U.S. that do not understand the role of capitalism, or the roles of accounting and auditing within a free market system, in building the nation that we enjoy and in lifting the world out of abject poverty. As accounting educators and practitioners, we can play a role in

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<sup>18</sup> Of course, practitioners need to comply with any applicable laws related to protecting employees' right to their own political beliefs, not discriminating, etc.

<sup>19</sup> Recently, we are hearing more about top students who do not want to work in the private sector because they believe that it is all about greed and profits. These graduates would prefer to work for non-profits and pursue more "meaningful" contributions. As a result, the accounting industry may be missing some key talent. We believe that discussions linking capitalist profits with future charitable efforts might be enlightening to such students. In the end, it is hard to use wealth to address societal problems or to give wealth away if you have not created wealth in the first place.

providing a more balanced view by making sure our students and employees hear “the other side of the story.” We would hope that professors who believe in a complete and balanced education—even if they do not share our views about the relative benefits and moral superiority of capitalism over collectivism—would see the importance of making sure students fairly and fully understand the arguments on both sides of this crucial issue. We hope that this commentary will provide a helpful resource for interested faculty. Further, we believe that practitioners play a vital role in reinforcing and even expanding on the messages in this commentary. Specifically, we call on the practice community to include in their messaging to employees the vital link between accounting and auditing and economic prosperity in a market-based system, and how their work directly contributes to opportunity, fairness, and prosperity.

## **Appendix**

### **A Plan to Discuss Fraud, Socialism, and Capitalism in Class**

#### **A Question to Pose**

Near the end of an accounting course (undergraduate or graduate) that includes some fraud coverage, ask the students to take 10–15 minutes to discuss the following question with other students:

Is it appropriate/advisable to take the content of this course (i.e., we have studied many fraudsters in the business world) and use it to question the value and fitness of capitalism as the basis of our economy? Why or why not?

After the students have deliberated, facilitate a discussion about their responses.

#### **Discussion**

This question can seem a bit unusual to the class, and sometimes the students spend time first discussing why the question was asked before attempting to answer it.

After considering various perspectives, the students typically will converge on an answer that the real problem is people, not the system, in part because they have studied fraud cases in a wide variety of settings. There is fraud in all systems and all settings that involve people.

Then reveal why this question has been asked:

- Surveys indicate that Millennials are more supportive of socialism than capitalism, and you want to be sure that they do not misinterpret the punch line of the course. In this course, we have focused on a sample of people doing bad things under capitalism. This step is not an indictment of capitalism, but rather of bad people, who will be found in any system. And it certainly should not be interpreted as a call for socialism.

Then the discussion examines:

- The downsides of socialism / collectivism—Start with the exam tax example and illustrate how it logically leads to less overall learning and ultimately coercion, despite sounding “nice” at the beginning. Then discuss the actual results of socialism in countries around the world.
- The benefits of capitalism—Discuss the effects of capitalism in term of poverty reduction, freedom, etc. using the sources in this article. Then show the Economic Freedom Rankings and discuss the correlation between economic freedom and wealth.

#### **Pulling it all Together**

The instructor can then pull the message together as follows:

1. This course has examined people committing fraud in a capitalist system, but the problem is the people, not the system. It is important not to view this course as anti-capitalist. All systems experience fraud.
2. U.S. Millennials are more supportive of socialism than capitalism. They do not appear to understand the poverty-reducing and wealth-generating power of capitalism, nor do they appreciate the profound disconnect between socialism’s theory and how it plays out in reality. Further, they often are ignorant about the definition of various economic systems.
3. Capitalism crushes socialism in terms of both (a) wealth/economic growth and (b) personal freedom.
4. Please seek to educate your non-accounting contemporaries on the demonstrated benefits of capitalism as a system for improving human life through greater wealth and greater freedom.

Two short video clips provide excellent summations as well:

- <https://www.youtube.com/watch?v=g-o0kD9f6wo> - Milton Friedman and Phil Donahue
- <https://www.youtube.com/watch?v=XrivBvZ--SQ> - Daniel Hannan; watch from 2:00–4:55

If an instructor prefers giving a quiz over this article, the authors will provide a 35-point quiz with answers.

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