Trump and the Folklore of Capitalism

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How can we make sense of the return of Donald Trump, who again convinced enough US voters of his populist bonafides? Trump is already filling his cabinet with multimillionaires and billionaires, a group *The Guardian* characterizes as a "gallery of mega-rich backers [in] key positions that…will give them power to cut spending on public survives that are used by the most poor and vulnerable" .[1]Populist authoritarianism has made inroads around the world. Only Trump's version, however, probably brings together so much wealth and power, with super-rich business executives now at the helm.

Here I tap a brilliant but neglected book, *The Folklore of Capitalism* (1937), by the legal scholar and New Deal trustbuster, Thurman Arnold (1891-1961), to understand this remarkable development. *Folklore of Capitalism* helps explain Trump's wide appeal, despite the electorate's disagreements with many of his policy preferences.

I.

Scholars regularly emphasize authoritarian populism's dependence on deep affective ties between leaders and followers. Leaders function as idealized objects for followers, projections of someone they hope to become, and thus both ordinary and recognizable (because of common traits) and extraordinary (because of idealizations). The Frankfurt School's Theodor Adorno helped pioneer this line of inquiry, relying on Sigmund Freud's analysis of *libidinal identification* to interpret the social psychology of mass-based authoritarianism. Adorno described one wannabe mid-century US fascist leader, Martin Luther Thomas, as a "great little man", who was "just like anybody else", yet simultaneously extraordinary or great because an enlargement and idealization of his followers' sometimes hidden wishes.[2]

Whatever we think of the Freudian framing, it seems hard to discount the role of powerful emotional links between authoritarian leaders and followers, with the former manifesting followers' self-identified virtues (e.g., "Trump is just like us") and simultaneously possessing transcendent, quasi-magical powers ("Trump can get it done"). Quite rightly, political commentators repeatedly highlight Trump's *cult-like* status, and the fact that his hardcore disciples seem willing to pay any price for "their" leader.

Unfortunately, scholars often ignore national variations. But is it accidental that US populism is dominated not just by a political outsider but a *business executive*? As Simon Mollan and Beverley Geesin point out, Trump's rise was motored by the reality television series *The Apprentice*, in which he portrayed a decisive business executive. Trump's popularity built on his media-generated image as a hard-headed wheeler-and-dealer, adept at playing zero-sum games and thriving amid general economic decline. His skill at outsmarting bankers (by constantly renegotiating massive debts that keep his businesses afloat) has helped endear him to ordinary people burdened by personal debt but can only dream of getting loan "haircuts".[3] Amid our debt-fueled capitalism, the "great little man" Trump functions as a collective projection and idealization: ordinary people empathize with his battle against creditors and, more generally, the so-

[1] Robert Tait, "Trump assembling US cabinet of billionaires worth combined $340bn" *The Guardian* (6 December 2024).

[2] Theodor Adorno, *The Psychological Technique of Martin Luther Thomas' Radio Addresses* (Stanford: Stanford University Press, 2000), 19; Adorno, "Freudian Theory and the Pattern of Fascist Propaganda" [1951], in *The Essential Frankfurt School Reader*, eds. Andrew Arato and Eike Gebhardt (New York: Continuum, 1982), 125-27.

[3] Simon Mollan and Beverley Geesin, "Donald Trump and Trumpism: Leadership, Ideology, and Narrative of the Business Executive Turned Politician", *Organization* 27 (2020): 411.

called "global elite", while fantasizing about throwing off their economic shackles and following his example.

II.

None of this would have surprised the legal scholar Thurman Arnold. A westerner who grew up in Wyoming, Arnold gained fame as Roosevelt's New Deal trustbuster, serving between 1938 and 1943 as Assistant Attorney General in charge of the US Justice Department's Antitrust Division. Prior to joining Roosevelt's government, the left-leaning but iconoclastic Arnold enjoyed a "rags to riches" scholarly trajectory, moving from West Virginia University to Yale Law School, and penning the widely acclaimed *Symbols of Government* (1935) and *Folklore of Capitalism* (1937). Although usually described, alongside Jerome Frank and others, as a legal realist, both Arnold and his creative scholarly output remain difficult to pigeonhole.

To gain popular assent and prove stable, Arnold argued in *Symbols of Government,* institutions must take readily accessible symbolic forms. Symbolic contours help people grapple with complex realities and provide a measure of comfort in a rapidly changing world. "Social institutions require faith and dreams to give them morale", with the requisite work done by some "great reservoir of emotionally important social symbol" (34, 229). However useful, social symbols tend to mask change and are exploited by the powerful: they usually benefit when symbols no longer relate to real-life conditions.

Folklore of Capitalism (1937) then proceeded to insist that no social symbol had been more important than that of "the American Businessman. Warriors were respected, but they had a distinctly minor place. The National Government had to imitate the American Businessman" (37). Americans had long outfitted "heroic" individual entrepreneurs "with a mystical sanction not differing in effect from the divine rights of kings", while government, in contradistinction, was associated with ineffective, liberty-killing "bureaucracy," an evil to be kept at bay (217). Even as the symbol of the individual entrepreneur had paved the way for material progress, it increasingly masked the harsh realities of a complex impersonal economy, in which massive, hierarchically organized enterprises were predominant. Successfully dressing themselves in the garments of the individual entrepreneur, large-scale for-profit corporations pretended that they were no different from a rural farmer or local shopkeeper "who had once been a personal friend" (51). Despite the disconnect between symbolism and organizational realities, jurists followed suit: the Supreme Court endowed modern corporations "with the rights and prerogatives of a free individual" (185).

Encompassing interrelated legal, political, and psychological features, the "personification of the corporation" was at the core of America's political folklore. It transferred the image of the heroic individual entrepreneur, a relic of pioneer times, to mass industrial organizations akin to coercive "industrial armies". Arnold presciently grasped that large corporations are, in fact, private *governments* exercising extraordinary power over employees, consumers, and local communities. Yet, their personification leads us to think of them as personal or small-scale property, despite quantitative differences in scale and qualitative organizational and legal divergences. The folklore of the corporation as nothing but an individual proprietor writ large allowed it to acquire legal personhood and a range of rights. Arnold would have been alarmed but not astonished to learn that in the contemporary US, "corporations have nearly all the same rights as individuals: freedom of speech, freedom of the press, religious liberty, due process, equal protection, freedom from unreasonable searches and seizures, the right to counsel, the right against double jeopardy, and the right to trial by jury, among others".[4]

One source of Trump's appeal among voters is that he taps, as few political rivals can, this deeply rooted capitalist folklore. In an era of accelerating, globally operating capitalism, Trump functions as a concrete personification of the "American Businessman" (and now sometimes: business*woman*) –and, even better, one who symbolizes that "the system" is best navigated by bending and sometimes breaking its

[4] Adam Winkler, *We The Corporations: How American Businesses Won Their Civil Rights* (New York: Norton, 2018), xvi.

confusing, often unfair rules. Not surprisingly, many ordinary people identify with him. By directly embodying the anachronistic idea that the corporate economy consists of a collection of individual entrepreneurs, Trump upholds the mythology essential to the economic status quo.

Don't opinion surveys show widespread unease among Americans with big business?[5] Writing during the upheavals of the 1930s, Arnold observed that obstinate fidelity to "ancient symbols" tends to manifest during moments of rapid social change because of anxieties they fuel (110). Where many ordinary people have become jaded about the economic status quo but have not embraced some alternative (and still urge their children to emulate successful corporate executives), Trump's image as a cynical businessman proves appealing. In symbolic terms, he cuts impersonal global capitalism down to size, serving as an idealized representation of what many Americans aspire to become. One of Arnold's observations seems even more apt today: "As the symbolism [gets] farther and farther from reality, it [requires] more and more ceremony to keep it up" (199).

Of course, Trump has tasked Elon Musk at a new Department of Government Efficiency (DOGE) with making *real* budget cuts –to the supposedly "entrenched and ever-growing" federal bureaucracy, "an existential threat to our republic…[abetted] by politicians…for too long. That's why we're doing things differently. We are entrepreneurs, not politicians".[6]) The federal government will be drastically reduced, organized along business lines, and subject to oversight by entrepreneurs. Arnold reminds us that this mindset has long been part of America's political DNA: civil servants have frequently been told to aspire for business efficiency. Under the far-right Musk, however, this seemingly familiar agenda –again dressed in the entrepreneur's garments– seems likely to entail an *unprecedented* attack on a vast range of popular federal programs.

One reason so many ordinary Americans have embraced Trump and his super-rich allies, *despite* scant evidence most voters endorse many of their reactionary views, is that they can directly draw on America's "great reservoir of emotionally important social symbols", and especially the symbol of "the American Businessman". That symbolism has evolved in response to Americans' sense that "the system" –as Trump's populist rhetoric repeatedly echoes– is rigged. Yet, it continues to resonate with many of them.

Writing during the heydays of the New Deal, Arnold hoped that the "folklore of capitalism" would come undone. One reason those hopes proved premature is that efforts to curb corporate power have stalled –and, in many cases, been rolled back. The main countervailing force against corporate private government, independent labor unions, now represent a paltry 10% of US employees. The result are many workplaces that take the form of what the philosopher Elizabeth Anderson calls "dictatorships, in which bosses govern in ways that are largely unaccountable to the governed".[7]Basic civil and political rights are only protected to a limited degree for employees and others within private businesses. Absent robust labor unions, or the protections (e.g., codetermination) workers elsewhere sometimes enjoy, most US workers are at the whims of management. For-profit business enterprise remains coercive private government.

Many working people have assented to Trump's presidency because they *already* spend most of their hours working for –and being ruled by—private business "executives". They may not like their bosses and are unhappy with wages and conditions. But when critics declaim Trump's authoritarian (or fascist) tendencies, this strikes them as odd: they have long been ruled more-or-less despotically at work, frequently by CEOs who claim possession of extraordinary talents. Nor can they recall major public figures calling out America's much-admired CEOs for their "authoritarianism" or "fascism".

[5] https://www.bentley.edu/news/new-bentley-gallup-poll-shows-more-americans-say-business-has-beneficial-impact-society, accessed January 8, 2025.
[6] Elon Musk and Vivek Ramaswamy, "The DOGE Plan to Reform Government", *Wall Street Journal* (November 20, 2024
[7] Elizabeth Anderson, *Private Government: How Employers Rule Our Lives (and Why We Don't Talk About It)* (Princeton: Princeton University Press, 2017), xxii.

There is little reason today to share Arnold's hope that the folklore of capitalism was on the ropes. Still, we *can* hope that a second incompetent, even more aggressively pro-corporate Trump Administration will persuade more voters that his populism is flimflam. It is high time for Americans to follow Thurman Arnold's advice and abandon reactionary symbolic relics from our distant past.

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