

## Book & Resource Reviews

***The Golden Passport: Harvard Business School, The Limits of Capitalism, and the Moral Failure of the MBA Elite*, by Duff McDonald. New York, NY: Harper Collins Publishers, 2017. 672 pages, hard cover**

Reviewed by **Todd Bridgman**, Victoria University of Wellington, New Zealand ([todd.bridgman@vuw.ac.nz](mailto:todd.bridgman@vuw.ac.nz)); **Stephen Cummings**, Victoria University of Wellington, New Zealand ([stephen.cummings@vuw.ac.nz](mailto:stephen.cummings@vuw.ac.nz)); and **Colm McLaughlin**, University College Dublin, Ireland ([colm.mclaughlin@ucd.ie](mailto:colm.mclaughlin@ucd.ie))

Those interested in debating the contributions of business schools to society seem inexorably drawn to Harvard Business School as an exemplar. Dozens of books and articles have been published on HBS, with most extoling its virtues and the rest bemoaning its vices. Many have been written by people on the outside looking in, but in recent years we've seen some insider accounts too: from the student perspective (Delves Broughton, 2008), and faculty (Anteby, 2013). A prominent recent addition to the “genre” is *The Golden Passport*, an account from the author of *Last Man Standing*, a biography of banker Jamie Dimon, and *The Firm*, on the rise of global-consulting giant McKinsey & Company. McDonald says he began the project—to assess the extent to which HBS had made a positive contribution to business—with no axe to grind. That was before he was denied access by HBS to its faculty and to the last 50 years of the School's archives. He was shocked, but also liberated, freed from worry about whether his conclusions would be acceptable to HBS.

He takes the same position as one of HBS' own, Rakesh Khurana (2007), on the unfulfilled early promise of management as a profession that was lost as economists and financial analysts took control of the business school. But McDonald goes further, singling out HBS for blame, citing its failure to lead, or even engage with, debates about the role of business within a capitalist society.

How did it happen? The way it always does: The money got too good. The Harvard Business School became (and remains) so intoxicated with its own importance that it blithely assumed away one of the most important questions it could ask, which was whether the capitalist system it was uniquely positioned to help improve was designed properly for the long term. Today, in 2016, with economic inequality

at a hundred-year high and meaningful progress on climate change and other social and environmental issues embarrassingly paltry, the answer to that question is obvious. It is not (p. 5).

The 600 pages that follow are a sustained attack on the institution, accusing it not just of idly standing by as the problems mounted, but of being a primary cause, through the idolization of market forces and the associated demonization of an active role for government. HBS, according to McDonald, stoked “an unnecessarily antagonistic relationship between business and government” (p. 5) that prevented a concerted, coordinated response to the world's major threats.

McDonald's ire against HBS and many of its faculty makes *The Golden Passport* a compelling read. Economist Michel Jensen, who developed principal-agent theory, is subjected to a particularly withering attack. However, the book is more than a rant. It draws on extensive research already in the public domain, supplemented by interviews with alumni, executives, and faculty from other business schools. McDonald structures his case chronologically, starting with the establishment of the school in 1908 by Harvard University Presidents Charles Eliot and Abbott Lawrence Lowell. Many of the early chapters are focused on individuals: Deans Edwin Gay and Wallace Donham, Frederick Taylor, its most famous lecturer in the early days, and benefactors George Baker Sr. and Jr. As the book proceeds, more chapters are organized around particular topics (such as leadership, entrepreneurship, ethics) interspersed with chapters that review each decade.

McDonald pays particular attention to HBS' eponymous “case method” of teaching, devoting two chapters to it. He argues that the method started with good intentions (developing problem-solving skills and judgment), but has become just another money-making scheme through sales to other business schools. HBS cases misleadingly present management as an apolitical activity and offer no scope for asking critical questions about the capitalist system. Furthermore, by requiring approval from the firms featured in the cases, HBS is tied to them, restricting the school's ability to offer independent, critical commentary on business.

McDonald concludes by asking whether HBS can lead us toward a better world. His assessment is bleak, of a country so sick that it elected Donald Trump and

of a business school that “remains in its inward-facing huddle . . . relevant only unto themselves and the catalyzed careers of their graduates” (p. 578).

In reaching this conclusion, McDonald's assertions are eloquently stated and well supported with evidence. However, in advancing his polemic, he often skips over events that run contrary to his argument. Subsequently, there is a danger that *The Golden Passport* merely reinforces what has become a highly polarized debate about HBS, where the institution is *either* a force for evil, *or* a force for good. True to this dynamic, McDonald's twitter feed highlights vice, while HBS' feed highlights only virtue—and pretends that *The Golden Passport* does not exist. Can there be genuine debate when both backs are turned toward the other? Such polarization makes it easier for each side to engage only with those already predisposed to them, while either ignoring the other or accusing them of merely spreading “fake news.”

We agree with McDonald that we need to debate the future of the business school, and critical histories such as his can help by looking differently at the past, but such criticism should not be an end in itself. Its real value is as a source of creativity and hopefully of change for the present and the future. Here, McDonald's palpable cynicism becomes self-defeating. An example is his discussion of Donham's relationship with Alfred North Whitehead, which we interpreted in our histories of the case method (Bridgman, McLaughlin, & Cummings; In press; Bridgman, Cummings, & McLaughlin, 2016) as a moment in HBS' past when it did seriously and publicly challenge the state of U.S. capitalism. In the early 1930s, Donham, influenced by Whitehead, argued forcefully for restraints on free trade and a greater distribution of society's wealth. He wanted his students to study government, as well as business, to give them insight into the relationship between business and society. For McDonald, this was all just a ruse—Donham was a salesman who knew what the market wanted and was desperate to present HBS as having the answer to the world's pressing problems. The difficulty in McDonald taking this stance is that it undermines his call in the book's final pages for “the School to finally deliver on its founding premise, which is to produce enlightened businesspeople who make a positive difference in the world” (p. 577). By his own logic, any steps by HBS to take seriously an engagement with capitalism will likely only be regarded as clever public relations exercises, rather than the result of a genuine concern.

We believe a more nuanced view missing from most histories of the school, which highlights the

fragments of HBS' past such as Donham's interventions in the public arena, can be more productive. We suspect HBS does not celebrate this past because it contradicts their free-market commitments of today, but should they decide to change, it could provide legitimacy for a reassertion of an enlightened public role. In addition, realizing that HBS has not always been the way critics have portrayed it can help create a more meaningful dialogue about future possibilities.

Having noted the polarization trap that not only McDonald's history, but almost every history of HBS has slipped into, we do recommend this book to all with an interest in business education. McDonald does an excellent job of locating the twists and turns at HBS within the broader historical context: the labor unrest of the 1920s, economic crisis of the 1930s, through World War II and the economic expansion, Cold War and conformity of the 1950s, all the way to the present day. Sadly, this depth of contextual grounding is largely missing from the potted histories our students receive when studying management. The number of textbook pages devoted to the past of our field grow ever smaller, as precedence is given to presenting concepts, frameworks, and models that are completely divorced from the forces that led to their creation.

In short, sharing *The Golden Passport* with students will provide them with a better understanding of the past and help them recognize that the challenges faced by business schools within universities, and the societies they claim to serve are, in important respects, similar in nature to those we face today. In this way, *The Golden Passport* does us a great service.

## REFERENCES

- Anteby, M. 2013. *Manufacturing morals: The values of silence and business school education*. Chicago, IL: Chicago University Press.
- Bridgman, T., Cummings, S., & McLaughlin, C. 2016. Re-stating the case: How revisiting the development of the case method can help us think differently about the future of the business school. *Academy of Management Learning & Education*, 15(4): 724–741.
- Bridgman, T., McLaughlin, C., & Cummings, S. In press. Overcoming the problem with solving business problems: Using theory differently to rejuvenate the case method for turbulent times. *Journal of Management Education*, doi/10.1177/1052562917754236.
- Delves Broughton, P. 2008. *Ahead of the curve: Two years at Harvard Business School*. New York: Penguin Press.
- Khurana, R. 2007. *From higher aims to hired hands*. Princeton, NJ: Princeton University Press.