

## Chapter 8

**The Governance of Leadership I: Enterprise****§ 1. The Concepts of Governance and Management**

Most people misunderstand and mistake the word leadership to mean the *governance* of organized human cooperative associations. Although it is correct to regard the concept of the governance of an enterprising association in terms of the *management* of the association, a great many people mistake the concepts of governance or management for *rulership* of the association. The earlier chapters of this treatise have already shown that leadership is in no way a synonym for governance or management, both of which are pragmatically necessitated by human nature in regular and on-going cooperative associations. In this chapter we will see that to govern or to manage an association of people is not synonymous with ruling that association, nor with proprietorship of the association. Also in this chapter, we must ask and begin to answer: What are the real explanations of the concepts of governance and management? Do they differ from each other and, if so, how? How is an enterprising organization best structured to provide them? What conditions attend success in governance and management?

Almost every human association, formed for whatever purpose, is and historically has been organized using some form of political governance as the model for the organization's structure. We see this in private commercial businesses, in churches, in school systems, and, indeed, almost all organized human activity outside of pure socializing among friends. The models are as varied as the human experiments in political government have been: monarchy models; aristocracy models; Athenian assembly models; military models; tribal council models; &etc. In this chapter we will see that it is epistemologically and deontologically correct to regard the governance and the management of cooperative on-going human associations in terms of political governance, but we will also see that the concept of political governance itself requires Critical scrutiny. We will find that the essential character of organization governance and management is grounded upon just one general objective: *the actualization of leadership*.

**§ 1.1 Governance**

Webster's Dictionary defines governance as follows:

**governance**, *n.*, [ME. *governance*, *governaunce*; OFr., *governance*, *gouvernance*; ML. *gubernatia*, from L. *gubernare*, to govern, pilot.] exercise of authority; control; management; power of government.

We have already dealt with the Critical *Realerklärung* of the idea of authority. We will deal with

the concept of management in the next subsection. What, though, are we to understand by the word government and the idea of the power of government? From Webster's again, we have

**government**, *n.* [Fr. *gouvernement*, from *gouverner*; L. *gubernare*, to govern.]

1. (a) the exercise of authority over an organization, institution, state, district, etc.; direction; control; rule; management; (b) the right, function, or power of governing.
2. (a) a system of ruling, controlling, etc.; (b) an established system of political administration by which a state, district, etc. is governed.
3. all the people who administer or control the affairs of a state, institution, etc.; administration.
4. any territory which is governed.
5. in grammar, the influence of a word, in regard to construction, over the case or mood of another.

A Critical rule is: (1) an assertion under a general condition; or (2) that which is asserted in (1). But what does the verb *to rule*, as an action carried out by a person, mean? The objectively valid real explanation for this is *to render a ruling*, i.e., to pass and pronounce a judgment on a matter where a choice is to be made between two or more competing alternatives. This is an explanation congruent with but subordinate to our earlier *Realerklärung* of the concept of authority. However, the history of politics clearly demonstrates that a quite different connotation is often placed upon this verb, namely *to command*, to act as an *imperator*. One who possess the power to do so is called a *ruler*, and his exercise of that power is called *rulership*. It can hardly be more simply put than to say a ruler is one who makes the rules the members of an association (whether it be a state, a private enterprise, or etc.) are *forced* to obey.

This, however, is a merely nominal description of what a ruler does. The existence of rulers and rulership is a fact of experience, but is the grounding idea for these anything but a genus for a particular class of observable human relationships and interactions? More to the point, does it have objectively valid Relation to the other concepts stated in the dictionary definition above? To say that rulership is synonymous with the exercise of authority is without objective content unless the context of what it is that is to be made greater, increased, strengthened, or reinforced is specified. What sort of compulsion does rulership involve and how is this compulsion practiced? Under what conditions, if any, is rulership compatible with social compacts and contracts? These, too, are questions we must examine Critically.

We will take up the idea of governance as management in the next subsection. Let us here first examine governance as administration. What does it mean *to administer*? Webster's Dictionary lists both transitive and intransitive definitions for this verb:

**administer**, *v.t.*, [OE. *aministren*; Fr. *administrere*; L. *administrare*; *ad*, to, and *ministrare*, to serve.]

1. to have charge of as chief agent in managing, as in public affairs; conduct; direct.

2. to dispense; as, to *administer* justice.
3. to give or furnish; as, to *administer* relief, medicine, etc.
4. to give, as an oath.

**Syn.** – manage, conduct, minister, furnish, supply, dispense, distribute, direct, control, execute, superintend.

**administer**, *v.i.*

1. to act as manager or administrator.
2. to furnish help or be of service (with *to*); as, to *administer* to an invalid's needs.

The historical connotation of the ruler and rulership is absent from these definitions unless that connotation is hidden within the concepts of management and manager. To control is not the same thing as to rule although it is true that a successful ruler does exert control over those he rules in the imperator connotation of *to rule*. We will see in the next subsection that the rulership context is not hiding inside the dictionary definition of management. The Critical conclusion we must reach is, therefore, that the dictionary connotation of government as rulership is ontologically improper. It is merely a nominal and descriptive connotation by which government and rulership have been *historically* and *linguistically* associated in politics. There is an objective difference between government and rulership and, therefore, *governance does not imply rulership* because mere historical association is not sufficient to establish a *Realerklärung* for a concept (unless that concept be *wholly* a concept of history as a social science). To equate government with rulership is, as Aristotle would put it, a homonymous usage of the word government.

Governance *does* imply administration, i.e., *actions of administering*. Here it is important to observe that the Latin word *administer* meant *to serve as a helper or supporter*. This is an explanation wholly congruent with the *Realerklärung* of authority. What the dictionary definitions fail to make clear is: *to serve who?* We will later find that making this clarification is the key to understanding two distinct and opposite types of governance and administration in their connection to leadership. We will call these *republicanism* and *plutocracy*. What, though, of the connotation of governance as management? For that we turn to the idea of management.

## § 1.2 Management

Webster's Dictionary lists transitive and intransitive definitions for the verb *to manage*:

**manage**, *v.t.*, [It. *maneggiare*, from L. *manus*, hand]

1. originally, to train (a horse) in his paces; to cause to do the exercise of the manège.
2. (a) to handle; to wield (a weapon, instrument, etc.); (b) to control, guide or work (a vehicle, boat, etc.).
3. to have charge of; to direct; conduct; administer.
4. to handle or use (money, supplies, etc.) carefully. [Rare]
5. to get (a person) to do what one wishes, especially by skill, tact, flattery, etc.; to make docile or submissive to control.

6. to bring about by contriving; to contrive; to succeed in accomplishing; often used ironically; as, I *managed* to make a mess of it.

**manage**, *v.i.*

1. to direct or conduct affairs; to carry on concerns or business.
2. to contrive to get along; to succeed.

**Syn.** – administer, conduct, control, direct, regulate, wield.

It is rather difficult to distinguish these definitions from those of administer above other than for three additional contexts. The first is the specific application of this term to people; the second is the connotation of contriving or manipulating; the third is the connotation of succeeding at whatever the endeavor might be. In these contexts we can see that *to manage is to successfully act as a leader*. This is the link by which, through the series of connotations in manage, administer, and governance, we connect the ideas of governance and management with the idea of leadership. However, to remind ourselves once more, management and leadership are not the same thing. Leadership is a social dynamic. Management, on the other hand, has dictionary definitions as:

**management**, *n.*

1. (a) the act, art, or manner of managing, or handling, controlling, directing, etc.; (b) a being managed.
2. skillful managing; careful, tactful treatment.
3. skill in managing; executive ability.
4. (a) the person or persons managing a business, institution, etc.; (b) such persons collectively regarded as a distinct social group with special interests, characteristic economic views, etc.

**Syn.** – treatment, conduct, administration, government, address, skill, superintendence, control, handling.

We can see easily enough that in these definitions there is no equation of manager with ruler. Yet these distinct ideas are often confused by people, and young, newly appointed managers quite often fail to distinguish between them. In large part this can be explained by cultural habits. The manager-as-ruler is a stock character in uncounted stories, books, and movies. The boss (Pooh-Bah) who acts like a ruler is also an entirely common creature found throughout societies the world over. Rulership is characteristic of plutocrats and plutocrat aspirants in a plutocracy.

Historically, although it probably can never be proved, it seems likely that the concepts of management, managers, administration, and administrators came long after the concepts of rulers and kings were first made. History strongly suggests that the nation-state and the army came into being at the same time, and that it was the creation of armies that first produced nation-states. The first Mesopotamian civilizations in the historical record were all, without exception, military dictatorships ruled by a conqueror at the head of an army. It is nothing more and nothing less than the mental physics of human nature for later-formed new concepts to arise from reflective

inferences of analogy, and in many cases concepts of analogy are metaphors for other objects. Likely, so it was when the ideas of administrators and managers were new. Plutocracy is an analogy combining the concepts of monarchy and aristocracy.

There is, in addition, another factor often exhibited in experience by the *homo noumenon* aspect of being human. John Adams described it thusly:

We have all along contended that the predominant passion of all men in power, whether kings, nobles, or plebeians, is the same; that tyranny will be the effect, whoever are the governors, whether the one, the few, or the many, if uncontrolled by equal laws, made by common consent, and supported, protected, and enforced by three different orders of men *in equilibrio*. In Florence, where the administration was, by turns, in the nobles, the grandees, the commons, the plebeians, the mob, the ruling passion of each was the same; and the government of each immediately degenerated into a tyranny so unsupportable as to produce a fresh revolution. We have all along contended, that a simple government, in a single assembly, whether aristocratical or democratical, must of necessity divide into two parties, each of which will be headed by some one illustrious family, and will proceed from debate and controversy to sedition and war. In Florence, the first dissension was among the nobility; the second between the nobles and the commons; and the third between the commons and the plebeians. In each of which contests, as soon as one party got uppermost, it split into two; and executions, confiscations, banishments, assassinations, and dispersion of families, were the fruit of every division, even with more atrocious aggravations than in those in Greece. Having no third order to appeal to for decision, no contest could be decided but by the sword. – John Adams, *A Defense of the Constitutions*

Reflections of what Adams wrote here can be seen everywhere – in politics, in private sector clashes between a company's management and the rest of its labor force, in government agencies, in public school systems, and in universities. Yet, although it is widespread, it is not universal. One rarely, for example, sees it in the organization of a city softball league or in Little League Baseball associations. There are many small cities and towns where it is nearly or utterly absent. Obviously, then, experience teaches us that the mere fact of human association does not necessarily lead to riot, chaos, and violence. Why? What factor or factors in human relationships produces it in some cases but not in others? Inasmuch as no person every voluntarily joins in an association with other people for the purpose of engaging in internecine warfare, how is this preventable in human associations? Is it because of Adams' "three orders of men *in equilibrio*" or is this merely one tactic among many possible for preventing it? To ask these questions is to ask what is at the root of sustainable and peaceful human associations serving the divers purposes of their members.

What we will find is that at the root of all of this in any association – whether a small mini-community or a great nation – is *the type of leadership* that takes hold in that association. We will further find that the type of leadership that takes hold crucially depends on the *governance* of that leadership, i.e., ***management of leadership dynamics occurring in an enterprising association.***

## § 2. Authority and the Leader

Examination of the dictionary definitions of manage and manager clearly enough shows that the expectation of the organization in which a person holds a managerial appointment has implicit in its defining character *an expectation for the person to undertake effective leader's actions*. This in no way can extend so far that a manager or an administrator is expected to be the sole source of leader's actions. For the many reasons we have discussed earlier in this treatise, that is a most impractical expectation because the identity of the real leader at any given moment in the dynamics of leadership phenomena is fluid. It is both nominally as well as objectively correct to say that the manager or administrator *is expected to be the initiator of the leadership dynamic in service to the association*. Furthermore, he is expected to guide and shape the courses of action that leadership is producing, once the dynamic has been set in play by the first leader's action, so that the outcome of all these subsequent actions accomplishes the purpose for which the dynamic was set in motion. *It is upon this expectation that the concept of the manager or administrator as authority figure is grounded*. This is the Critical real explanation for connection of the concepts of manager (or administrator) and authority and is its metaphysical *nexus*.

That establishment of authority figures is needed in human associations is nothing else than an empirical observation of what appears to be needed for associations involving numerous people to succeed in accomplishing the purposes of its members in their capacities as associates in community with each other. Let that success consistently and chronically be not forthcoming, and individuals' duties to themselves will suffice for the formation of a Toynbee proletariat and the eventual disintegration of the association. As disintegration of an association is nothing else than the reversion by its members to state-of-nature mutual relationships, it is not at all marvelous that violence and bloodshed potentially accompanies it. No appeal to ontology-centered moral ideas has the least power to be preventative of this because the only *objectively real* moral codes that exist in the *homo noumenon* aspect of being human are the self-made and deontological practical structures of individual human beings' manifolds of rules.

A short while ago the question was raised, "*Who* is authority to serve?" To respond "authority obviously is to serve the association" and then stop at that is nothing but a glib sophism and not a real answer even if one provides a nominal definition of who, precisely, are members of the association.<sup>1</sup> Because real authority is nothing else than possession of the *Kraft* of causing

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<sup>1</sup> In the commerce of living even a nominal definition of "who is really a member of the association" is a topic of disagreement. Some hold that an association belongs to those who have invested tangible power in its creation (e.g. investment of capital). Some hold that an enterprising association includes everyone in it from its chief authority figure to its most junior employee. Historically, it has often been held that the

something to become greater, to increase, to be strengthened, or to be reinforced in some way, an objectively valid real answer to this question must have a ground set nowhere else than *the possibility of the Dasein of authority* because, clearly, if authority *as an object of relationship* does not really exist it is utterly pointless to ask who it is to serve. Before "all griffins are fierce" griffins must first really exist. Critically, the first question we must address is *what is necessary for the real possibility* for a person to possess the *Kraft* of authority?

*Kraft* is the notion of the ability of a Critical object to determine its accidents of appearance, i.e. the notion that the object contains the grounds of the determination of its accidents. *Kraft per se* is not an accident of an object (for that goes to our *understanding* of the phenomenal *Existenz* of the object). It is, rather, a *property* (specifically, a moving power) of the object said to possess it. The practical logic of this is that the notion of *Kraft* is a species of notion standing under the notion of change-in-general (*kinesis* or "motion" in the Greek sense) because *accident* is the notion in a cognition of the appearance of the *Existenz* of an object. The ground of objective validity for the notion of *Kraft* is the Critical notion of understanding called the notion of causality & dependency<sup>2</sup> because without change of appearance we have no real ground in experience for saying anything was determined at all. As may already be obvious, the notion of *Kraft* belongs to metaphysics and, particularly, to Critical metaphysics proper.

When the particular *Kraft* under consideration is the *Kraft* of authority, it is immediately clear that the possibility of possessing it is partly conditioned by the power of the individual person who is nominally an authority figure. Specifically this refers to the intellectual and persuasive powers of the individual because a person who is unable to provoke the correct sort of tensions in followers is incapable of effective leader's action (effective here understood in the context of accomplishing the purposes of the association). But this is not a sufficient condition for the possibility of real authority. In addition, the other members must minimally acknowledge the *right* of the authority figure to act in the authority role and they must be willing to presume that the authority figure's actions are made with the objective of strengthening or improving the collective power of the association, which is likewise a bedrock of their own personal powers. This is what is properly meant by the popular phrase *for the good of the organization*.

Without such a minimal acknowledgement and presumption, which is itself a *de facto* minimal social compact, a nominal authority figure has no authority and is thrown back upon dependency on physical and tangible power and any ability he has to persuade by threat. These are the tools of

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association is a monarch and his lieutenants or is a founding aristocracy and no others. Plutocracy in commercial entities is based on this conception.

<sup>2</sup> The reader who wishes to understand the notion of causality & dependency in all its metaphysical details must consult *The Principles of Mental Physics* and be prepared to encounter highly technical metaphysics.

state-of-nature leader's actions. Provocation of the followers' actions in this case depends, for any degree to which the leader is able to satisfy his purposes, upon pragmatic determinations made by the followers under precepts of duties they owe themselves, not duties to the association. That Sargon the Great was able to intimidate the subjugated people of Sumeria into purchasing their personal safety and protecting their possessions by submission to his edicts is undoubted. It can hardly be doubted that if the opportunity to further increase their safety by overthrowing him had been presented then they would have done so. It is an historical fact that Sargon's empire did not long endure after his death and his reign ended with all of his empire in revolt. Alexander's empire expired with his last breath as his lieutenants at once divided it among themselves and shortly afterwards were at war with one another.

Viewed from Critical epistemology, the term "authoritarian leader" is an oxymoron. The correct term is *petty despot*, when his sphere of influence is limited to part of an association, or *tyrant* when it extends over the whole. The common factor is that the actions of the followers flow out of private duties to self and not from reciprocal duties of association. A person can be given a mere title of authority figure-ship by higher authority figures in an organized association, but he is granted *real authority* by none but the followers. Why should they be willing to do so? Thomas Paine wrote,

Hitherto we have spoken only (and that but in part) of the natural rights of man. We have now to consider the civil rights of man, and to show how the one originates from the other. Man did not enter into society to become *worse* than he was before, nor to have fewer rights than he had before, but to have those rights better secured. His natural rights are the foundation of all his civil rights. But in order to pursue this distinction with more precision, it will be necessary to mark the different qualities of natural and civil rights. – Thomas Paine, *Rights of Man*, I

What Paine here calls *natural rights* this treatise calls *natural liberties* (in the connotation previously discussed). *Civil rights*, on the other hand, are matters of convention and presume a state of mutual relationship under some type of social contract. Paine goes on to say,

A few words will explain this. Natural rights are those which appertain to man in the right of his existence. Of this kind are all the intellectual rights, or rights of mind, and also all those rights of acting as an individual for his own comfort and happiness, which are not injurious to the natural rights of others<sup>3</sup>. – Civil rights are those which appertain to man in the right of his being a member of society. Every civil right has for its foundation some natural right pre-existing in the individual, but to the enjoyment of which his individual power is not, in all cases, sufficiently competent. Of this kind are all those which relate to security and protection.

From this short review, it will be easy to distinguish between that class of natural rights which man retains after entering into society, and those which he throws into the common

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<sup>3</sup> This qualifier reveals one of Paine's personal moral precepts; it is the basis for his dignifying natural *liberty* by the title *natural right*. Many a petty Sargon has grumped, "He has the right to do as he's told."



stock as a member of that society.

The natural rights which he retains are all those in which the *power* to execute is as perfect in the individual as the right itself. Among this class, as is before mentioned, are all the intellectual rights, or rights of the mind . . . The natural rights which are not retained are all those in which, though the right is perfect in the individual, the power to execute them is defective. They answer not his purpose. A man, by natural right, has a right to judge in his own cause; and so far as the right of mind is concerned, he never surrenders it: But what availeth it him to judge if he has not the power to redress? He therefore deposits this right in the common stock of society, and takes the arm of society, of which he is a part, in preference and in addition to his own. Society *grants* him nothing. Every man is a proprietor in society, and draws on the capital as a matter of right. – [*ibid.*]

There is a Critical observation that must be made here. Paine, like most people, takes it for granted that, at least within the boundaries of a specific nation, there is such a thing as *the* society. This, however, is nothing more than a mere nominal convention for an idea of aggregation rather than union. The individual American encounters never once in his lifetime *the* American society. What he encounters are the divers associations formed by specific groups of people in specific places, at specific times, for specific purposes. To say the tiny village of Elk River, Idaho, is part of the society of the United States of America is true in the context of the inhabitants of Elk River sharing some of the same outlooks and societal conventions, and being bound to some of the same civil and criminal laws, as the people of Boston. Yet "some" is far from the same thing as "all." The typical inhabitant of present day Elk River would despise the idea of living in present day Boston as much as the typical Bostonian would despise the idea of living in Elk River. As societies, Elk River and Boston are quite distinct. A nation is an aggregate of mini-communities loosely allied with, or presently tolerant of the existence of, each other. A real *union* – achievement of *one* real society under the banner of a single nation – is neither automatic nor necessarily self-sustaining. The greater the scale of the number of people involved, the more difficult realizing a true union becomes and the more restricted the possible scope of its civil laws, preservative of that union, becomes. In commercial associations, real community can be found, from time to time, in small business operations; it is very, very rare to find it in large corporations. If it is so difficult for a corporation to truly constitute itself as a community, how much more difficult is it for a nation of hundreds of millions to constitute itself as a *national* community, or even answer to everyone's satisfaction why it would wish to do so?<sup>4</sup>

Paine continues with,

From these premises, two or three certain conclusions will follow.

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<sup>4</sup> Few starker historical examples of this are better than the example set in the United States immediately after the Revolutionary War under the Articles of Confederation. The thirteen original states were bound to each other only by their common hostility towards Great Britain. The Articles were, for all practical intent, little more than terms of a peace treaty among the former colonies.

First, That every civil right grows out of a natural right; or, in other words, is a natural right exchanged.

Secondly, That civil power, properly considered as such, is made up of the aggregate of that class of the natural rights of man, which becomes defective in the individual in point of power, and answers not his purpose; but when collected to a focus, becomes competent to the purpose of everyone.

Thirdly, That the power produced from the aggregate of natural rights, imperfect in the power of the individual, cannot be applied to invade the natural rights which are retained in the individual, and in which the power to execute is as perfect as the right itself. – [*ibid.*]

A Pooh-Bah can wield tangible power, by immediately or mediately threatening the loss of tangible power for those who in an organization chart are supposed to be subordinate to him, and he may even delude himself into thinking that he has the *authority* to do so. But the real situation is that he has no authority at all, merely the brute power to coerce others from their own self-interested and pragmatic self-determinations. This can and does work in the short run, at least in those cultures where dueling is banned by the larger aggregate in which the smaller is embedded. But it is a precarious and even dangerous situation because its continuation depends on inactivity – lack of unified action – by the Toynbee proletariat such a state of relationships produces. There are often warning signs that the situation is becoming physically dangerous, but it is also often the case that such signs are not read for what they actually represent. In writing about the French Revolution, Paine tells us,

But there are many points of view in which this revolution may be considered. When despotism has established itself for ages in any country, as in France, it is not in the person of the King only that it resides. It has the appearance of being so in show, and in nominal authority; but it is not so in practice, and in fact. It has its standards everywhere. Every office and department has its despotism, founded upon custom and usage. Every place has its Bastille, and every Bastille its despot. The original hereditary despotism resident in the person of the King divides and subdivides itself into a thousand shapes and forms, till at last the whole of it is acted by deputation. This was the case in France, and against this species of despotism, proceeding on through an endless labyrinth of office till the source of it is scarcely perceptible, there is no mode of redress. It strengthens itself by assuming the appearance of duty, and tyrannizes under the pretence of obeying.

When a man reflects on the condition which France was in from the nature of her government, he will see other causes for revolt than those which immediately connect themselves with the person or character of Louis XVI. There were, if I may so express it, a thousand despotisms to be reformed in France, which had grown up under the hereditary despotism of the monarchy, and became so rooted as to be in a great measure independent of it. Between the monarchy, the parliament, and the church, there was a *rivalship* of despotism, besides the feudal despotism operating locally, and the ministerial despotism operating everywhere else. – [*ibid.*]

Most businessmen think – or would like to think – that none of these political considerations has the least bearing upon themselves or their associations. This, however, is mere ignorance of the human nature of our social atom attended by the comfort of presuming that custom and

tradition sanction and protect the fragile human relationships which are the real constituting factors of the association. Businessmen who often ignorantly boast of their allegedly superior leadership skills and understanding of free enterprise have an almost unbroken track record of ignoring and denying the frailty of the sand upon which their unstable castles are erected. Thomas Watson, Jr., in a warning almost universally ignored by other businessmen, wrote,

What we must always remember is that countries and systems exist for the benefit of their people. If a system does not measure up to the growing expectations of those people, they will move to modify or change it. To keep faith in our business system and to help build our country, the best thing we can do is to make our system work so that everyone shares fairly in it. We won't build good citizenship and we won't build a strong country by holding people back. We will build by helping people enlarge their goals and to achieve them. – Thomas Watson, Jr., *A Business and Its Beliefs*, 6

A leader – any leader – possesses authority *only to the extent that followers grant it*, and in human nature the sole ground for their so doing is the soil of reciprocal duties and obligation – *not to the person of the leader but to the association itself*, which is their common cause. This only happens under the umbrella of some sort of social contract. Every leader's action that pushes the followers away from association under a contract simultaneously erodes the leader's authority. Once lost, it is difficult for the authority figure to regain it. He creates his own enemies when his actions lead to the nucleation of a Toynbee proletariat within the organization.

### § 3. The Early Industrial Revolution and Plutocratic Tradition

The invention of agriculture first produced tangible goods worth well-organized efforts to steal. There followed the invention of armies to do the stealing. Next came the invention of administration to manage the rewards of plunder. We can probably never know with certainty that this was the way by which the modern state was born, for that birth is lost in the mists of prehistory. But what historical facts we do have are wholly consistent with this hypothesis. And it is beyond a shadow of doubt that the traditions of business organization and management were founded upon models of feudalism and monarchy. Sanctioned by custom and myth, protected by raw force – and its threat – when the sands of human nature shift under its pillars, these traditions evolved into plutocracy during the Industrial Revolution and continue today in many associations.

Most students of history will agree that the Industrial Revolution first gained its solid footing in Great Britain around the fifteenth and sixteenth centuries. From the fine old English tradition of muddling through change, we do not have a wealth of data on its birth and early genesis. But the Industrial Revolution came late to the shores of America and here we have more reliable evidence of its nature.

What we can know of the feel and flavor of industrialized Great Britain in the nineteenth

century we have mostly from literary sources and the moralizing social commentators of those days. One of the most graphic and vivid of these illustrators was Charles Dickens. Although his novels are works of creative fiction, the backdrop against which they were set is quite accurate. For purposes of illustration, let us take a look at Dickens' Coketown.

It was a town of red brick, or of brick that would have been red if the smoke and ashes had allowed it; but, as matters stood, it was a town of unnatural red and black, like the painted face of a savage. It was a town of machinery and tall chimneys, out of which indeterminable serpents of smoke trailed themselves forever and ever, and never got uncoiled. It had a black canal in it, and a river that ran purple with ill-smelling dye, and vast piles of building full of windows where there was a rattling and a trembling all day long, and where the piston of the steam-engine worked monotonously up and down, like the head of an elephant in a state of melancholy madness. It contained several large streets all very like one another, and many small streets still more like one another, inhabited by people equally like one another, who all went in and out at the same hours, with the same sound upon the pavements, to do the same work, and to whom every day was the same as yesterday and tomorrow, and every year the counterpart of the last and the next. . . .

You saw nothing in Coketown but what was severely workful. If the members of a religious persuasion built a chapel there . . . they made it a pious warehouse, of red brick, with sometimes (but this only in highly ornamented examples) a bell in a birdcage on the top of it. . . . All the public inscriptions in the town were painted alike, in severe characters of black and white. The jail might have been the infirmary, the infirmary might have been the jail, the town-hall might have been either, or both, or anything else, for anything that appeared to the contrary in the graces of their construction. Fact, fact, fact everywhere in the material aspect of the town; fact, fact, fact everywhere in the immaterial. The M'Choakumchild school was all fact, and the school of design was all fact, and the relations between master and man were all fact, and every thing was fact between the lying-in hospital and the cemetery, and what you couldn't state in figures, or show to be purchasable in the cheapest market and saleable in the dearest, was not, and never should be, world without end, Amen. – Charles Dickens, *Hard Times*, 1, v

Dickens set the few masters and the many workmen in starkest contrast as his novel moved from one character to another:

In the hardest working part of Coketown; in the innermost fortifications of that ugly citadel, where Nature was as strongly bricked out as killing airs and gases were bricked in; at the heart of the labyrinth of narrow courts upon courts, and close streets upon streets, which had come into existence piecemeal, every piece in a violent hurry for some one man's purpose, and the whole an unnatural family, shouldering, and trampling, and pressing one another to death; in the last close nook of this great exhausted receiver, where the chimneys, for want of air to make a draught, were built in an immense variety of stunted and crooked shapes, as though every house put out a sign of the kind of people who might be expected to be born in it; among the multitude of Coketown, generically called "the Hands" – a race who would have found more favor with some people if Providence had seen fit to make them only hands, or, like the lower creatures of the sea-shore, only hands and stomachs – lived a certain Stephen Blackpool, forty years of age.

Stephen looked older, but he had had a hard life. It is said that every life has its roses and thorns; there seemed, however, to have been a misadventure or mistake in Stephen's case, whereby somebody else had become possessed of his roses, and he had become possessed of the same somebody else's thorns in addition to his own. He had known, to use his words, a peck of trouble. He was usually called Old Stephen, in a rough homage to the fact. – [*ibid.*, 1, x]

As for Dickens' "masters" of Coketown, the mill owners, we find characters familiar to us here in the United States today:

A sunny midsummer day. There was such a thing sometimes, even in Coketown.

Seen from a distance in such weather, Coketown lay shrouded in a haze of its own, which appeared impervious to the sun's rays. You only knew the town was there because you knew there could have been no such sulky blotch upon the prospect without a town. A blur of soot and smoke, now confusedly tending this way, now that way, now aspiring to the vault of heaven, now murkily creeping along the earth, as the wind rose and fell, or changed its quarter; a dense formless jumble, with sheets of cross light in it, that showed nothing but masses of darkness: – Coketown in the distance was suggestive of itself, though not a brick of it could be seen.

The wonder was, it was there at all. It had been ruined so often, that it was amazing how it had borne so many shocks. Surely there never was such a fragile china-ware as that of which the millers of Coketown were made. Handle them never so lightly, and they fell to pieces with such ease that you might suspect them of having been flawed before. They were ruined when they were required to send laboring children to school; they were ruined when inspectors were appointed to look into their works; they were ruined when such inspectors considered it doubtful whether they were quite justified in chopping people up with their machinery; they were utterly undone when it was hinted that perhaps they need not always make quite so much smoke. Besides Mr. Bounderby's gold spoon, which was generally received in Coketown, another prevalent fiction was very popular there. It took the form of a threat. Whenever a Coketowner felt he was ill-used – that is to say, whenever he was not left entirely alone, and it was proposed to hold him accountable for the consequences of any of his acts – he was sure to come out with the awful menace, that he would "sooner pitch his property into the Atlantic." This had terrified the Home Secretary within an inch of his life on several occasions.

However, the Coketowners were so patriotic after all, that they never had pitched their property into the Atlantic yet, but on the contrary, had been kind enough to take mighty good care of it. So there it was, in the haze yonder; and it increased and multiplied. – [*ibid.*, 2, XVII]

There are some who will protest this as an unfair caricature of the honest and hard working businessman, that Dickens was a populist propagandist, and so on. And, it will be said, even if the caricature were true (which, in fact, it largely is), such conditions no longer exist. Your author lets IBM's Watson respond to this:

We all know that special power imposes special responsibilities on those who hold it. In asking ourselves how we can make business decisions with a proper regard for the public interest, let us examine the attitude and performance of some American business executives.

No one denies that the managers of our large organizations have acquired powers which extend far beyond their offices and plants. They exercise great influence in their communities, their states, the nation. Nor is there any reason why they should not . . .

Yet there is the businessman who, when he hears of a legislative proposal having to do with some domestic program of social welfare, too often stiffens his back and takes a position which is so predictable as to be almost automatic:

If the program costs money, he is against it.

If it means more government, he is against it.

And if the wrong party has proposed it, he is certain it's no good.

This is hardly the way for a leadership group to act if it wishes to command respect. Certainly we are never going to live up to our special responsibilities if we are doctrinaire rather than objective every time issues of this kind come up. If the American people ever come to believe that we businessmen can always be counted on to shout "No!" they will not only regard us as being against them – they will cease to have respect for our opinions. And should the time come when our opinions mean nothing, we businessmen will have forfeited our claim to leadership in the United States.

It's time we realized that a stubborn doctrinaire approach to these matters is not only bad for the country; it's equally bad for business. If we ever seem to oppose all forms of social welfare, then the American people can hardly be blamed if they seem insensitive to our pleas for the protection of our business system. . . .

Unfortunately, the American people have little reason to feel reassured by what they've been hearing from businessmen on social legislation during the last twenty or thirty years. More often than not the bills have been bitterly attacked – and the attacks have been anything but constructive.

In the mid-thirties, for example, when social security legislation was proposed, the business reaction was largely negative. A spokesman for one business organization went so far as to predict that social security would mean the "ultimate socialistic control of life and industry" in the United States.

And in the same period, when a law was proposed to regulate the activities of the stock exchange after the debacle of 1929, one business leader said flatly that the bill was designed to push the nation "along the road from Democracy to Communism."

Despite the great progress which has been made since the enactment of those laws and many others, we still hear echoes of the thirties in the voices of some businessmen. Only recently, when the Social Security Act was broadened to include more people and provide for increased benefits, too much of the reaction from business sounded as if it came from the past. – T.J. Watson, Jr., *A Business and Its Beliefs*, 7

If the time had come in 1963, as Watson said it had, to realize "that a stubborn doctrinaire approach to these matters . . . is bad for business," does that not imply that now, forty-seven years later, it is well past time for such a realization? Watson was himself sufficient proof that not all businessmen are Dickens' Coketown millers nor the reactionaries Watson criticized. Industrialists Bill Hewlett and Dave Packard were two more exemplary leaders whose success demonstrated that business-commercial aims need not conflict with social aims or with employees' aims and, indeed, all these can synergistically serve and strengthen each other.

Mental physics tells us it is quite wrong to assume the actions of authority figures always stem from an innate lack of conscience or morality when their actions seem to be determined with deliberate disregard for any social compact. This is to impute villainy to an individual on entirely subjective, ontology-centered premises that lack objective validity. It calls upon presumption of a universality in some ontology-centered moral code that does not actually operate in society. Mental physics tells us: if we are to seek objectively valid social-natural explanations for these types of phenomena, we must look to the presuppositions that go into how a person comes to

regard his actual relationships with other human beings. For the case we are discussing here, those premises are found to be those upon which the Industrial Revolution was originally based.

While these origins are enshrouded in the historical fog so far as the Industrial Revolution in Great Britain is concerned, the same is not true in the United States. As stated earlier, the Industrial Revolution came late to American shores. The catalyzing event was the War of 1812, when Americans found themselves cut off from their supply of manufactured goods imported from overseas. Prior to this, the existence of larger commercial associations in America was not entirely unknown; John Hancock, for example, was a ship owner and ran a large (for its time and place) import-export business not entirely uncolored, some allege, by occasional smuggling operations. Still, Hancock was an amateur compared to the commercial entrepreneurs who came along after 1812. As late as 1835 French historian Alexis de Tocqueville could write,

In America there are but few wealthy persons; nearly all Americans have to take a profession. Now, every profession requires an apprenticeship. The Americans can devote to general education only the early years of life. At fifteen they enter upon their calling, and thus their education generally ends at the age when our own begins. If it is continued beyond that point, it aims only towards a particular specialized and profitable business; and one takes up only those applications whose immediate practicality is recognized. – Tocqueville, *Democracy in America*, I, iii

Pre-Revolutionary America was an agricultural nation with townspeople engaged in various trades and set up by and large in their own business establishments. Even many farmers, and particularly those who had pushed out westward beyond the boundaries of the existing colonies (and, later, states) did not farm exclusively. Tocqueville wrote, in 1840,

In the United States the greatest undertakings and speculations are executed without difficulty, because the whole population are engaged in productive industry, and because the poorest as well as the most opulent members of the commonwealth are ready to combine their efforts for these purposes. The consequence is that a stranger is constantly amazed by the immense public works executed by a nation which contains, so to speak, no rich men. . . .

But what most astonishes me in the United States is not so much the marvelous grandeur of some undertakings as the innumerable multitude of small ones. Almost all the farmers of the United States combine some trade with agriculture; most of them make agriculture itself a trade. It seldom happens that an American farmer settles for good upon the land which he occupies; especially in the districts of the Far West, he brings land into tillage in order to sell it again, and not to farm it: he builds a farmhouse on the speculation that, as the state of the country will soon be changed by the increase in population, a good price may be obtained for it. – [*ibid.*, II, xix]

Historians Adams and Vannest provide us with a closer and more personal look at American commercial life before and after the Industrial Revolution.

For the most part the free white worker in colonial days was an artisan or a journeyman. When young he was an apprentice working at his master's side and usually living in his master's home as a member of the family. When older, he worked for himself. Even before

the machines came, however, some trades began to undergo a change. Men began to employ groups of workmen, whether they worked together in one building or not, and in such trades, notably shoemaking, quite a new social relation came to exist between the owner of the group business and his workmen. It was in such trades that dislike of the new conditions began first to result in strikes, chiefly with regard to hours and wages.

With the spread of the Industrial Revolution, however, large bodies of workmen were assembled in one place, and began to be more conscious of occupying a new position, and one by no means to their taste, in American society. As men do under such circumstances, they combined to protect their mutual interests. As unions were formed and strikes ensued, court after court invoked the law of conspiracy against them. A man, the courts ruled, might decline to work under certain conditions or for certain wages, but he had no right to prevent others from doing so or to form groups which would have such power. Both employers and the newspaper press were bitterly opposed to labor unions, and in one case, about 1835, merchants in Boston pledged themselves to drive striking workmen in that city into submission or starvation and subscribed a fund of \$20,000 for the purpose. – Adams and Vannest, *The Record of America*, IV.ii.2

There are many even today who agree with the court rulings cited above, and a number of states in the United States have passed so-called "Right to Work" laws that bar the formation of what are known as "closed union shops," where non-management people are required as a condition of employment to join the union at that shop. The *total* one-sidedness of the British-like alliance of courts, government and titled owners in the 19th century is a thing of the past since the days of the Franklin Roosevelt administration. But what has become a propaganda *myth* of free enterprise is widely believed by many Americans. It holds that free enterprise is engaged in by titled business owners and investors, and denies it is *also* engaged in by groups of workmen who are not titled owners. Tocqueville seems not to have seen this aspect of the Industrial Revolution taking place in America during his visit, but, nonetheless, even then Dickens-like conditions were taking shape. The Industrial Revolution first took hold in New England, and it was here where those conditions first began to be manifested. Adams and Vannest wrote,

The Northern workman might be "free" politically and legally, but economically he was far from being free. In New England mills in the 1830's the hours of work ranged from twelve to fifteen. The manager of one mill at Holyoke found that his operatives could produce 3000 more yards of cloth a week if he worked them without breakfast. In Paterson, New Jersey, the women and children were worked from 4:30 in the morning. Rhode Island mills were working children under twelve from ten to fourteen hours a day, six days a week, one of the managers proudly saying that he allowed them to go to school on Sundays. Their wages were one dollar and a half a week. Another Massachusetts owner stated that he considered his workers precisely as he did his machines. When either got old or out of order, he threw them out. Employees who made trouble were blacklisted and often could get no work elsewhere unless they carried a card of approval from the last mill in which they had worked. Under those conditions "freedom" was not freedom at all. – [*ibid.*, IV, ii.3]

This is indeed "free enterprise" but its freedom is that of the state of nature. Its coercive nature is the coercion of the jungle where no social compact exists between workmen and managers, where neither side has any grounds to expect loyalty and mutual interest to exist between the two



sides, and where all acts of self-determination are rooted solely in duties to self. It is free enterprise indeed, but it is not *civic* enterprise. It is *outlaw free enterprise*. That one side, namely that of titled owners and those employed as managers, has a significant advantage in tangible power in the relationship is due to the same economic source that makes possible the undeniable *benefits* to society that organized business association brings with it. This source is called *the division of labor*, and it is the social organization that is responsible for the advantages industrialized nations hold over non-industrialized nations. Adam Smith wrote,

The division of labor . . . occasions, in every art, a proportionable increase of the productive power of labor. The separation of different trades and employments from one another seems to have taken place in consequence of this advantage. This separation, too, is generally carried furthest in those countries which enjoy the highest degree of industry and improvement; what is the work of one man in the rude state of society being generally that of several in an improved one. . . .

This great increase of the quantity of work which, in consequence of the division of labor, the same number of people are capable of performing, is owing to three different circumstances; first, to the increase of dexterity in every particular workman; secondly, to the saving of time which is commonly lost in passing from one species of work to another; and lastly, to the invention of a great number of machines which facilitate and abridge labor, and enable one man to do the work of many. – Adam Smith, *The Wealth of Nations*, 1, 1

We should note that none of Smith's three conditions have any *necessary* objective grounding in a state of nature relationship between titled business owners, on the one hand, and workmen on the other. Nor, despite misleading propaganda to the contrary, did Smith advocate such a relationship in *The Wealth of Nations*. Quite the opposite, in fact, is found in the pages of that work of social-natural science. It is not the division of labor nor *liberty* of enterprise that has produced and still produces numerous instances of economic serfdom and even outright economic slavery in industrialized nations. Only the foolishly naive or ignorant person would oppose the division of labor or liberty of enterprise merely because of the many abusive practices that typify its history. The division of labor and liberty of enterprise undeniably work to the benefit of society at large. Smith tells us,

It is by the great multiplication of the productions of all the different arts, in consequence of the division of labor, which occasions, in a well-governed society, that universal opulence which extends itself to the lowest ranks of the people. Every workman has a great quantity of his own work to dispose of beyond what he himself has occasion for; and every other workman being exactly in the same situation, he is enabled to exchange a great quantity of his own goods for a great quantity, or, what comes to the same thing, for the price of a great quantity of theirs. He supplies them abundantly with what they have occasion for, and they accommodate him amply with what he has occasion for, and a general plenty diffuses itself through all the different ranks of the society. – [*ibid.*]

The "goods" of the workman Smith speaks of are nothing else than the *labor* the workman provides. He utilizes the power of his person to deliver a benefit to his employer in the form of

some sort of produce, whether this be tangible or intangible ("knowledge work").

We should not be so sanguine, however, as to think this "universal opulence" and diffusion of a "general plenty" is the general or even the common effect in industrialized societies. Smith has a *caveat emptor* qualifying this statement, namely the qualifier "in a well-governed society." If Smith's assertion be not empty speculation, then judging from the historical record of the industrialized West one would have to conclude that history has not yet revealed to us any well-governed society. One would likewise have to conclude that "general opulence" is a possibility grounded in the division of labor but that the division of labor is merely a necessary but not a sufficient ground for its actuality.

To at least American eyes, the juxtaposition in the historical record of the practices of outlaw free enterprise and the republican ideals of the American Revolution presents a paradox. How is it that a nation founded upon a principle of liberty with justice for all its people tolerated and institutionalized a culture of uncivic practices that for most cases in the historical record can correctly be called nothing else than economic serfdom and economic slavery? There is no historical-sociological mystery here. The Industrial Revolution first took root and flourished in England and a society which, at that time, was culturally accustomed to the precept of *rule* by monarchy and aristocracy. The earliest private-sector instances of modern business association were modeled and organized by analogy to monarchical government. The American culture of the colonial and post-Revolutionary days was in the main a transplanted British – and, more specifically, predominantly English – culture, brought with it the mores and folkways of this culture from the very beginning, and never once questioned this customary attitude as the Industrial Revolution took hold in America. It was effectively a British re-colonization.

That the organization and management of commercial association should be modeled along the lines of the foundationally outlaw state of nature relationship between monarchical power and the pragmatical prudence of subjugation reveals only the power of custom and the *ignorance* of material differences between un-republican rule by monarchy and aristocracy versus economic liberty of *civic* enterprise. It ignores human nature as to the compelling reasons individuals would ever determine themselves to accept a life of subjugation. Smith, however much he was a man of his time and culture, was not ignorant of this. He tells us,

In civilized society [man] stands at all times in need of the cooperation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of a few persons. In almost every other race of animals each individual, when it is grown up to maturity, is entirely independent, and in its natural state has occasion for the assistance of no other living creature. But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favor, and show them that it is for their own

advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow-citizens. Even a beggar does not depend upon it entirely. . . . The greater part of his occasional wants are supplied in the same manner as those of other people, by treaty, by barter, and by purchase.

As it is by treaty, by barter, and by purchase that we obtain from one another the greater part of those mutual good offices which we stand in need of, so it is this same trucking disposition which originally gives occasion to the division of labor. – [*ibid.*, 1, II]

What Smith describes here is nothing other than the seeking by each person for the advantage of an *economic social compact*. All else being equal, and offered a real choice between two different employers, a person has a natural predisposition, under the principle of happiness, to prefer the one which he can best use to supply his "occasional wants" – that is, those wants that circumstances stimulate him to satisfy – while at the same time retaining as much *liberty of action* for himself as possible. If his only choice is between accepting subjugation or starvation, he will accept subjugation out of his own self-determined duty to himself. But he who places him under subjugation should not be sanguine about the underlying savage nature of their relationship. No person *ever* accepts subjugation *except* under the compulsion of force of circumstances. When he does, there is no justice in the relationship, no deontological morality of obligation or duty, and no security for either party except whatever security the threat of raw force can provide. Adams and Vannest remind us,

The grievances of labor . . . were deep and real, and in 1894 about 750,000 workmen were involved in disturbances of one sort or another. In the early summer there was one of the most serious strikes in the history of our country. In May, 1894, the Pullman Palace Car Company cut wages twenty percent, although salaries of the high officials were untouched. The grievances of the men were treated with indifference. On the 11th a strike at the shops began, without violence. Two months earlier, many Pullman men had joined the American railway union. In June, the union threatened to go on strike and also to stop trains with Pullman cars unless the company would arbitrate with its men. This the company refused to do, although the mayors of about fifty cities urged Mr. Pullman to consent. Eugene V. Debs, head of the railway union, gave orders to start a railway strike but to avoid violence.

The governor of Illinois, John P. Altgeld, was not trusted by the large business interests, chiefly because, on reviewing the case of the anarchists still confined in jail for the Haymarket affair of 1886, he had decided they were innocent and had pardoned them. The best opinion of today supports Altgeld in his conclusion that those whom he pardoned in 1894 were innocent of the crime alleged against them. However, he was denounced with extreme rancor and was considered by many men as an enemy of society. Altgeld, although strongly in favor of a square deal for labor, was a conscientious public officer who was prepared to maintain law and order. He posted state militia where called for and had a force in Chicago. How violence began in the strike, which soon spread over a large territory, it is impossible to say. As in the Homestead strike, the employers engaged their own guards,

selecting and paying for 3600 deputy marshals.

Although the railway men had obeyed Debs' orders to keep the peace, violence broke out, and there was mobbing and destruction of railroad and other property on a large scale. The worst of this occurred after the Federal Government had obtained an injunction from the courts forbidding anyone to interfere with the moving of trains and the transportation of the United States mails. [President Grover] Cleveland, sensing in the case only the maintenance of law and order, made his famous pronouncement that he would see that the mails were carried if it took every soldier in the army and every dollar in the Treasury to deliver a single postcard in Chicago.

Federal troops were sent to that city and after their arrival on July 4 there were serious clashes with the mobs. Debs and three other labor leaders were arrested for conspiring to restrain trade, and were tried for contempt of court in disobeying the injunction. When the president of the American railway union was sent to prison for six months, the strike collapsed.

Altgeld as governor had objected to the sending of Federal troops into a state against the wishes of its governing authorities. He claimed there was nothing left of the Constitution if the President on his own initiative could interfere with the internal affairs of a state by use of the United States army. The laborers felt that by the use of the injunction and Federal troops the power of the national government was thrown on the side of the Pullman Company and the railway owners to break the strike. The employees had a sound case and at first public opinion was with them. They had offered to arbitrate their grievances but Pullman had refused. This brought about a situation in which many lives were sacrificed, about \$80,000,000 in property and wages was lost, and an extremely ugly feeling was developed between capital and labor.

The use of the injunction was later declared legal by the Federal Supreme Court and the owners of property were thus given an enormously powerful weapon in labor disputes. The strike was a landmark in the rising tide of opposition to wealth and "big business" among the laboring class. – Adams and Vannest, *The Record of America*, XII, i.2

I quote this excerpt in detail here to emphasize the following point: It is not merely the interest of the local mini-community of a private sector business that is threatened when state of nature relationships in economic associations erupt into civil war. The consequences easily spill over into the broader segments of a society that themselves had no prior direct interest in the affairs of that mini-community. State of nature free enterprise and its possible effects are not the sole private concern of any particular private organization. It is a *public* concern.

The other point, which should be somewhat obvious from the lesson of the Pullman strike, is that organization and direction of the leadership dynamic is extremely fragile when no social contract is in place to establish mutually reciprocal interests among the parties involved. There is little reason to think the strikers cared one whit about George Pullman's personal welfare and even less reason to think he cared about theirs. By any dispassionate empirical standard of judgment, wide-spread loss of life and the destruction of \$80 million worth of tangible goods can be judged as nothing else than a catastrophic failure in the governance of leadership.

If the Pullman strike had been an isolated incident it might have no more social-natural significance than an earthquake. But it was not. It was preceded by the so-called "Great Strike of

1877," which was the opening gong of violent labor-management disputes, and by the Leadville, Colorado, coal strike of 1880, the Gould strike of 1884, the Haymarket riots of 1886, and the Homestead strike of 1892. It was followed by the anthracite coal strike of 1902, a series of strikes in mines in Colorado and Idaho that amounted to nothing less than outright civil war, and the United States Steel strike of 1919. If nothing at the close of the twentieth century or thus far in the twenty-first matches these events, that is no evidence that the underlying root causes of civil violence have been laid to rest. Any strike – or even any formation of a labor union or the enrollment of a single new member in an existing union – is nothing else than a clear and objective empirical indication that a Toynbee proletariat has or is forming. The formation of a Toynbee proletariat within any economic association is an indicative signpost of nothing less than a failure of leadership governance in the management of that association. More ominously, the actions of the government during the Pullman strike cannot be reconciled with the fundamental objectives of American government detailed in the U.S. Constitution – in particular, the stated objectives of forming a more perfect union, establishing justice, insuring domestic tranquility, promoting the general welfare, and securing the blessings of liberty for *all* Americans. This is five out of the six general objectives of government in the United States; only the objective of providing for the common defense was not violated by the actions of the Cleveland administration. The implications of this for American society at large are only too clear.

Nor is the social-natural economic ground of danger to the civil compact of society at large the least mysterious. Adam Smith pointed this out, too:

We rarely hear, it has been said, of the combinations of the masters, though frequently of those of workmen. But whoever imagines, upon this account, that masters rarely combine is as ignorant of the world as of the subject. Masters are always and everywhere in a sort of tacit but constant and uniform combination not to raise the wages of labor above their actual rate. . . . We seldom, indeed, hear of this combination, because it is the usual, and one may say, the natural state of things, which nobody ever hears of. Masters, too, sometimes enter into particular combinations to sink the wages of labor even below this rate. These are always conducted with the utmost silence and secrecy till the moment of execution, and when the workmen yield, as they sometimes do, without resistance, though severely felt by them, they are never heard of by other people. Such combinations, however, are frequently resisted by a contrary defensive combination of the workmen; who sometimes, too, without any provocation of this kind, combine of their own accord to raise the price of their labor. . . . But whether their combinations be offensive or defensive, they are always abundantly heard of. In order to bring the point to a speedy decision, they have always recourse to the loudest clamor, and sometimes to the most shocking violence and outrage. They are desperate, and act with the folly and extravagance of desperate men, who must either starve, or frighten their masters into an immediate compliance with their demands. – Adam Smith, *The Wealth of Nations*, 1, VII

To those who might protest that such "combinations of the masters" (as titled business owners were known in Smith's England and in colonial America) no longer have society's sanction and

have passed into the pages of history, there is one telling point revealing the fallacy of that opinion. Business and government organizations make no secret whatsoever about the fact that salary and wage offers are calibrated and gauged according to what is known as "the market mean." Surveys are taken by economists every year and the salary/wage means and ranges are calculated, tabulated, and reported. Organizations make no secret whatsoever that they use these figures to set and determine salaries and wages. This *is* Smith's "tacit but constant and uniform combination." *The Wealth of Nations* is a work of social-natural science, far different from the stale and Platonic discipline bearing the name Economics today, and it nowhere loses touch with its social atom, the individual human being. One can only wonder why it is no longer required reading for every college student at every university in America (much less for every high school student in America), or why it is read by almost no one today.

Most of all, one can wonder and marvel over, and ask why, almost every executive in a high management position in most corporations in America is entirely ignorant of its contents. But management curricula in America are, in almost every instance, devoid of all social-natural doctrine of human nature and the graduates of these curricula are for the most part as ignorant of the economic foundations of enterprising associations as the most uneducated panhandler in the streets of San Francisco. Such is the enduring traditional legacy of monarchy-inspired Industrial Revolution models of leadership governance. It bequeaths to generation after generation the most foolish and ignorant prejudices of enterprising organization imaginable. That it results in state of nature dynamics in the economic workplace and actively promotes the enduring formation of the Toynebee proletariat should surprise no one.

Management is to enterprising organization what government is to a nation-state. What sort of homologous government it is viewed as sets the affective tone for the capital investors, the managers, and the non-managerial employees in the association. In most modern enterprising organizations, as in the 19th century, all three of these classes of involved parties unconsciously, and sometimes consciously, embrace the plutocratic attitude towards it. The capital investors most often tend to regard the association as their property and act as if they regard themselves as monarchs or aristocrats. The management personnel tend to regard it provincially and behave as if they regard themselves as the counterparts of burgomasters, Anglo-Saxon sheriffs, barons, viscounts, earls, marquises, or dukes. The non-managerial personnel also most often regard the association in this same way, which places their roles and often their attitudes as homologues to serfs or yeomen. These society titles are never used outright in any commercial association, nor is a conscious comparison but rarely made. Nonetheless, in attitudes and actions the behaviors of the various members of the enterprising organization varies little from their feudal analogues and

the tone and vitality of the association itself reflects that of feudal society. There is even a similar class distinction employed that uses the terms non-exempt employee, supervisor or foreman, clerk or junior executive, middle manager, functional manager, executive, and chief executive. It is mere custom plus a vague notion of the trouble it would cause that the members of such enterprising organizations don't simply call themselves by the corresponding feudal titles. It is the thinnest facade of distinction that the CEO of a large organization is called "Mr. Smith" instead of "your Excellency" or the titled owner of a car dealership is called "Mr. Jones" instead of "Squire" or "Milord." A great many act and are treated as such, and this is the mark of plutocracy.

Management training courses never point out the analogy, with good reason, but nonetheless tend to present and treat the tactics of management as one would instruct a young nobleman or varlet in a feudal society where the nobility is not allowed to have men-at-arms handy to lop off the offending head of a cheeky knave. Slogans and soothing propaganda phrases are taught as means to "manage interpersonal relations," and the virtues of mission statements, strategic plans, and performance evaluations are extolled. Regardless of how plutocratic management practices might be in actuality, the organization is, in order to be presented with a facade of democracy, idealistically extolled as if it were everyone's village or township. Consider Orwell's allegory:

Throughout that year the animals worked even harder than they had worked in the previous year. To rebuild the windmill, with walls twice as thick as before, and to finish it by the appointed date, was a tremendous labor. There were times when it seemed to the animals that they worked longer hours and fed no better than they had done in Jones' day. On Sunday mornings Squealer, holding down a long strip of paper with his trotter, would read out to them lists of figures proving that the production of every class of foodstuff had increased by two hundred per cent, three hundred per cent, or five hundred per cent, as the case might be. The animals saw no reason to disbelieve him, especially as they could no longer remember very clearly what conditions had been like before the Rebellion. All the same, there were days when they felt that they would sooner have had less figures and more food. – George Orwell, *Animal Farm*

The plutocratic administration of enterprising organization does suffice for the organization to accomplish some things, but generally far less than the combined capacities of its membership are potentially capable of achieving. An organization in which members' actions are grounded only in duties to themselves, with no self-determination from reciprocal duty, can dream of better accomplishments but, by disregarding (or, worse, seriously misunderstanding) human nature, can not realistically expect to achieve them.

However, the plutocracy method of enterprising organization is not the only possible method and this is fortunate because plutocracy is superior only to anarchy. Management *is* to enterprising organization what government is to civil society. Managers, competent ones at least, are usually not hesitant to set specific objectives for their parts of the organization to meet. But

what is the practical objective of management organization itself? What is the more effective political model for its organization and practice? This is what we shall look at next.

#### § 4. Republican Management and Moral Leadership

This treatise does not use the word "republican" in any context comparable to the present day political plutocracy in America called the Republican Party, nor indeed to the true but equivocal use made of that term when the present day United States is called a republic instead of a representative democracy. It *does* use this term in a context matching that which was used by the delegates who gathered in Philadelphia on Friday, May 25th, 1787 to begin the work of framing a new Constitution for the United States of America. The delegates did not begin by debating the meaning of the word "republic" at the opening of the Constitutional Convention. They arrived in Philadelphia already knowing what they meant by that term and, because they held that no true republic had ever existed anywhere in the world, they began their business with debate over how to achieve one. What they meant by the term was explained more explicitly by James Madison after the Convention had completed its work:

The two great points of difference between a democracy and a republic are, first, the delegation of government, in the latter, to a small number of citizens elected by the rest; secondly, the greater number of citizens, and the greater sphere of country, over which the latter may be extended.

The effect of the first difference is, on the one hand, to refine and enlarge the public views by passing them through the medium of a chosen body of citizens, whose wisdom may best discern the true interest of their country, and whose patriotism and love of justice will be least likely to sacrifice it to temporary or partial considerations. Under such a regulation, it may well happen, that the public voice, pronounced by the representatives of the people, will be more consonant to the public good than if pronounced by the people themselves, convened for that purpose. On the other hand, the effect may be inverted. Men of factious tempers, of local prejudices, or of sinister designs, may by intrigue, by corruption, or by other means, first obtain the suffrages and then betray the interests of the people. The question resulting is whether small or extensive republics are most favorable to the election of proper guardians of the public weal; and it is clearly decided in favor of the latter by two obvious considerations. . . .

The other point of difference is, the greater number of citizens, and extent of the territory, which may be brought within the compass of republican, than of democratic, government; and it is this circumstance principally which renders factious combinations less to be dreaded in the former than in the latter. The smaller the society, the fewer probably will be the distinct parties and interests composing it; the fewer the distinct parties and interests, the more frequently will a majority be found of the same party; and the smaller the number of individuals composing a majority, and the smaller the compass within which they are placed, the more easily will they concert and execute their plans of oppression. Extend the sphere and you take in a greater variety of parties and interests, you make it less probable that a majority of the whole will have a common motive to invade the rights of other citizens – James Madison, *The Federalist*, 10

Considering the semi-religious vehemence with which most people in Western societies today



react with to any disparagement of the word "democracy," given the general misunderstanding most people today have of the concept of a republic, and, not least of all, the knee-jerk reaction most capital investors in commercial associations have to any notion that they are *not in fact* the owners of these organizations, the unfamiliar-to-modern-ears concept of a republican Enterprise will require some very careful explaining. Customs and habits of thinking based on monarchy-aristocracy models sanction plutocracy organization of associations. This is not so for the concept of republican Enterprise, and so it is also required that the relevancy of such a model for enterprising associations be made clear. To do these are the purposes of this section. In section 4.1 we look at an actual case where the practical *possibility* of such Enterprise governance has been demonstrated, thus establishing that the concept *is practical* and, in the generalized sense, *profitable* for everyone involved in the Enterprise.

#### § 4.1 The Enterprise as a Community of Enterprises

"Good help is hard to find." – Anonymous

It has long been forgotten who first enounced this proverb, but it is a complaint uttered by small businessmen and managers for uncounted years. It is cousin to another American proverb, "If you want something done right, you have to do it yourself." In all but the very smallest associations the latter is an impractical maxim; but is the former actually true or is it more accurate to say, "Bad help is easy to find *or create*"? Entrepreneur David Packard wrote,

From the beginning, Bill Hewlett and I have had a strong belief in people. We believe that people *want* to do a good job and that it is important for them to enjoy their work at Hewlett-Packard. We try to make it possible for our people to feel a real sense of accomplishment in their work.

Closely coupled with this is our strong belief that individuals be treated with consideration and respect and that their achievements be recognized. It has always been important to Bill and me to create an environment in which people have a chance to be their best, to realize their potential, and to be recognized for their achievements. . . .

The way an organization is structured affects individual motivation and performance. There are military-type organizations in which the person at the top issues an order and it is passed on down the line until the person at the bottom does as he or she is told without question or reason. This is precisely the type of organization we at HP did not want . . . and do not want. We feel our objectives can be best achieved by people who understand and support them and who are allowed flexibility in working toward common goals in ways that they help determine are best for their operation and their organization.

The close relationships among HP people encouraged a form of participatory management that supported individual freedom and initiative while emphasizing commonness of purpose and teamwork. In the early years we were all working on the same problems. We solicited and used ideas from wherever we could get them. The net result was that each employee felt that he or she was a member of the team.

As the company grew, we could no longer take teamwork for granted. We had to try to emphasize and strengthen it. That's one of the reasons we didn't single out divisions or

groups that were doing particularly well. And why benefits such as profit sharing are provided not to selected individuals or groups but to all eligible employees. It's imperative that there be a strong spirit of helpfulness and cooperation among all elements of the company and that this spirit be recognized and respected as a cornerstone of the HP Way. – David Packard, *The HP Way*, 9

Packard's words here reflect a very old leadership maxim:

Unhappy is the fate of one who tries to win his battles and succeed in his attacks without cultivating the spirit of enterprise; for the result is waste of time and general stagnation. – Sun Tzu, *The Art of War*, XII, 15

Dave Packard and his partner, Bill Hewlett, founded the Hewlett-Packard Company in 1938 on a capital investment of \$538. Fifty years later HP was a ten billion dollar company and listed 49th on the *Fortune* 500 list of largest companies. Author Michael Malone, commenting on what some have called "the emerging model of 21st century business," wrote,

The HP Way, rather than being an anachronistic leftover from a slower, quieter age, is in fact the most avant-garde management model ever devised for a large company – and better suited for today than ever before.

The HP Way was not a technique, but an ethos of restraint, responsibility, and most of all, trust. . . . It sounds easy, but the HP Way is nearly impossible to execute because it demands forbearance by the very people most likely to aggrandize power, and almost infinite trust from the people least likely to give it.

When it works, as it did at Hewlett-Packard for decades, the HP Way creates a decentralized, cohesive, and intensely competent organization of stunning resilience – and a genius for innovating itself out of hard times. The HP Way resists empire building and eschews flash – which is why it is hated by CEO superstars and dismissed by the press. Yet, in the age of global organizations, independent work teams, and lightning decision cycles, the HP Way is better suited for modern organization than any other. – Michael Malone, *Bill & Dave*, pg. 390

This treatise will not write a valentine to Dave Packard and Bill Hewlett – although your author is tempted to; he knew both men and for eighteen incredible and profitable years was a citizen of the Hewlett-Packard Company – nor will it wax poetic, as Malone sometimes does, about the HP Way. What it will do is look at the social-natural political science and the social-natural economics of the paradigm of leadership governance that the example of the Hewlett-Packard Company illustrates. Malone remarks that the HP Way "is nearly impossible to execute." Mental physics disagrees. What is difficult is to break with the folkways of centuries of blind monarchy-inspired tradition and turn instead to republican governance of leadership.

This is not to say that there are not problems originating from fundamentally anti-social maxims that many people who seek power and aggrandizement follow – Malone's "CEO superstars" and the familiar little tin martinet of the bureaucracy, the small town bank, or the state legislature. The self-development of such maxims is favored by experience with state of nature

interpersonal relationships from childhood up. There is no essential difference in kind between its exhibition in government and its exhibition in any other sort of association. John Adams wrote,

The controversy between the rich and the poor, the laborious and the idle, the learned and the ignorant, distinctions as old as the creation and as extensive as the globe, distinctions which no art of policy, no degree of virtue or philosophy can ever wholly destroy, will continue, and rivalries will spring out of them. These parties will be represented in the legislature, and must be balanced, or one will oppress the other. There will probably never be found any other mode of establishing such an equilibrium than by constituting the representation of each an independent branch of the legislature, and an independent executive authority, such as that in our government, to be a third branch and a mediator or an arbitrator between them. Property must be secured or liberty cannot exist. But if unlimited or unbalanced power of disposing property be put into the hands of those who have no property, France will find, as we have found, the lamb committed to the custody of the wolf. In such a case, all the pathetic exhortations and addresses of the national assembly to the people, to respect property, will be regarded no more than the warbles of the songsters of the forest. The great art of law-giving consists in balancing the poor against the rich in the legislature, and in constituting the legislative a perfect balance against the executive power, at the same time that no individual party can become its rival. The essence of free government consists in an effectual control of rivalries. The executive and the legislative powers are natural rivals; and if each has not an effectual control over the other, the weaker will ever be the lamb in the paws of the wolf. The nation which will not adopt an equilibrium of power must adopt a despotism. There is no other alternative. Rivalries must be controlled, or they will throw all things into confusion; and there is nothing but despotism or a balance of power which can control them. – John Adams, *Discourses on Davila*

Let us generalize these political ideas. By "legislative power" let us understand the functions and agents of policy-making and objectives-setting. By "executive power" let us understand the hierarchy of managers (as understood and in the real context of our earlier discussion) charged with administering the operations of an association. By Adams' "third branch" (by which he meant specifically the judiciary in the context of political government) let us understand a function and its agents not found in most organizations, namely, a functional organization within the association *charged with responsibility for maintenance of whatever social contract is put into place as the common basis for the cooperative activities of all members of the enterprising organization and which is specifically consented to by every member of that organization.*

And by "property" let us understand *the individual powers of the person* – physical, intellectual, tangible, and persuasive – *of every individual who is a member of the enterprising organization.* Every association is an organization of a community, and what *generally* pertains to one kind of community pertains to all kinds. This is not idealistic wistfulness. It has, rather, a solid grounding in social-natural economics. Adam Smith tells us,

The general stock of any country or society is the same with that of all its inhabitants or members, and therefore naturally divides itself into the same three portions, each of which has a distinct function or office.

The first is that portion which is reserved for immediate consumption, and of which the

characteristic is, that it affords no revenue or profit. It consists in the stock of food, clothes, household furniture, etc., which have been purchased by their proper consumers, but which are not yet entirely consumed. . . .

The second of the three portions into which the general stock of the society divides itself is the fixed capital, of which the characteristic is, that it affords a revenue or profit without circulating or changing masters. It consists chiefly of the following articles:

First, of all useful machines and instruments of trade which facilitate and abridge labor;

Secondly, of all those profitable buildings which are the means of procuring a revenue, not only to their proprietor who lets them for a rent, but to the person who possesses them and pays that rent for them; such as shops, warehouses, workhouses, farmhouses, with all their necessary buildings; stables, granaries, etc. These are very different from mere dwelling houses. They are a sort of instruments of trade, and may be considered in the same light;

Thirdly, of the improvements of land, of what has been profitably laid out in clearing, draining, enclosing, manuring, and reducing it into the condition most proper for tillage and culture. An improved farm may very justly be regarded in the same light as those useful machines which facilitate and abridge labor, and by means of which an equal circulating capital can afford a much greater revenue to its employer. . . .

Fourthly, of the acquired and useful abilities of all the inhabitants or members of the society. The acquisition of such talents, by the maintenance of the acquirer during his education, study, or apprenticeship, always costs a real expense, which is a capital fixed and realized, as it were, in his person. Those talents, as they make a part of his fortune, so do they likewise of that of the society to which he belongs. The improved dexterity of a workman may be considered in the same light as a machine or instrument of trade which facilitates and abridges labor, and which, though it costs a certain expense, repays that expense with a profit.

The third and last of the three portions into which the general stock of the society naturally divides itself, is the circulating capital; of which the characteristic is, that it affords a revenue only by circulating or changing masters. It is composed likewise of four parts:

First, of the money by means of which all the other three are circulated and distributed to their proper consumers;

Secondly, of the stock of provisions which are in the possession of the butcher, the grazier, the farmer, the corn-merchant, the brewer, etc., and from the sale of which they expect to derive a profit;

Thirdly, of the materials, whether altogether rude or more or less manufactured, of clothes, furniture, and building, which are not yet made up into any of those three shapes, but which remain in the hands of the growers, the manufacturers, the mercers and drapers, the timber merchants, the carpenters, the joiners, etc.<sup>5</sup>

Fourthly, and lastly, of the work which is made up and completed, but which is still in the hands of the merchant or manufacturer, and not yet disposed of or distributed to the proper consumers<sup>6</sup>; such as the finished work which we frequently find ready-made in the shops of

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<sup>5</sup> In modern business language, Smith is talking about the stores or parts inventory of the business, i.e. the tangible capital stock of raw materials the business uses in carrying out its operations and which will be *used up* by the business during these operations but not *consumed* by the business. To put this in a broader context, it would include the pencils, paper, etc. used by a teacher in a *school*.

<sup>6</sup> Smith is talking about the finished goods inventory, i.e. the stock of tangible goods from which profit is to be derived. However, in a broader context it would also include *intangible* goods, such as the stock of prepared lectures a teacher possesses that will later be delivered to an audience of students.

the smith, the cabinet-maker, the goldsmith, the jeweler, the china-merchant, etc. The circulating capital consists in this manner, of the provisions, materials, and finished work of all kinds that are in the hands of the respective dealers, and of the money that is necessary for circulating and distributing them to those who are finally to use or consume them. – Adam Smith, *The Wealth of Nations*, 2, 1

This is not "capital" in the overly-narrow context in which the word is popularly used today. The modern usage is the direct historical product of nominal definitions made by industrialists during the Industrial Revolution – and, for that matter, further popularized by the Hegelian propaganda of Marx and Engels in *The Communist Manifesto* and *Capital*. But this modern usage is mere propaganda that serves only to prop up the plutocracy model of enterprising organization and which is and can only be founded upon an ontology-centered idea of property in general.

We have seen earlier: that the proper *Realerklärung* of property must be viewed deontologically; that it is defined by conventions of proprietorship and not mere possession; and that its security in the possession of a recognized proprietor rests on nothing else than a social compact establishing the proprietorship convention. The great industrialists (and, for that matter, the minor ones as well) were not philosophers – many of them had only the most rudimentary education – and they were men fully socialized into the folkways of their cultures. But these cultures, even in the United States, conventionally sanctioned state of nature relationships in private business that still exists to this day. Under such conventions, enterprise success and successful predation can be barely distinguishable. Nor is there any more "right" or "justice" to be found in the history of the labor unions, for this movement and its participants were no less in a state of outlaw relationship to management than management was to them.

Might can never make right, but naked force can certainly settle any issue once and for all if it is carried through to its final logical end. The Khans of the Mongol Empire suffered no further trouble from the people who lived in the territory known today as Iraq for the simple reason that after their armies moved on there were almost no people left behind to give them any. It took almost seven centuries for population levels in Iraq to return to what they were prior to the wholesale slaughter the Mongols carried out there in 1258-60 AD.

Probably no one who knew Dave Packard or Bill Hewlett would call them philosophers or political scientists. Your author would not and does not. But these two men did share a common paradigm of viewing the company they founded as a community. From the perspective of social-natural science the essence of the HP Way was simply this: that a business is *a community of enterprises* tightly knit together by a well understood social contract. The management structure of HP was not a democracy, but it *was a republic* in the direct sense that the Framers of the U.S. Constitution understood that term. Your author doubts if either Packard or Hewlett thought of it

in these terms, but there is no doubt or uncertainty in his mind at all that both men had a firm idea that HP people were the social science atoms of the Enterprise, and the governance of the Hewlett-Packard Company reflected it. It was not the governance of a management in the Industrial Revolution tradition but, rather, *a governance of leadership* that extended down the corporation's hierarchy from the boardroom on Page Mill Road in Palo Alto to the newest and most junior employee working in the smallest and most remote operation. The same cannot be said of that company today; the republicanism of HP did not long outlive its founders and today it is a plutocracy. But that fact has relevance only to what we will discuss in chapter 9. Packard had an anecdote he liked to tell that reflects this idea of governance of leadership:

Each person in our company is important, and every job is important. In the highly technical fields in which we operate, little details often make the difference between a quality product and one that isn't as good. So what we've tried to engender among all our people is the attitude that it is each individual's *business*<sup>7</sup> to do the best job he or she can. I recall the time, many years ago, when I was walking around a machine shop, accompanied by the shop's manager. We stopped briefly to watch a machinist making a polished plastic mold die. He had spent a long time polishing it and was taking a final cut at it. Without thinking, I reached down and wiped it with my finger. The machinist said, "Get your finger off my die!" The manager quickly asked him, "Do you know who this is?" To which the machinist replied, "I don't care!" He was right and I told him so. He had an important job and was proud of his work. – David Packard, *The HP Way*, 9

By this point in the treatise, it is likely unnecessary to point out who acted as the leader and who acted as the follower in Packard's anecdote; one merely needs to remember it is the follower who modifies his behavior from the interaction. Possibly more difficult to spot is the reflection, in the last two sentences of Packard's anecdote, of yet another very old leadership maxim:

The consummate leader cultivates the moral law, and strictly adheres to method and discipline; thus it is in his power to control success. – Sun Tzu, *The Art of War*, IV, 16

Sun Tzu tells us this notion of a moral law regulating an army is also the grounding principle for coherence of purpose in any enterprising organization:

The moral law causes the people to be in complete accord with their ruler, so that they will follow him regardless of their lives, undismayed by any danger. – [*ibid.*, I, 6]

For this principle to work it is, as this treatise has already pointed out, necessary for moral law – which provides neither more nor less than governing mores of a community – to be deontological. It is in fact the *general acceptability* of deontological mores that makes republican community possible in the first place. Failure to cultivate it disintegrates the community.

Let us examine this idea of the Enterprise as a community of enterprises in more detail. We

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<sup>7</sup> Packard did not italicize this word in his book. Your author, though, wishes to emphasize it because it is highly relevant to the idea of Enterprise as a community of enterprises.

will use a commercial business association to serve as an example of how to apply the paradigm. We will consider first Smith's "fourth article" of "general stock" from above and ask two fundamental questions: (1) Why does the proprietor of a business hire employees? and (2) Why does one person, by accepting employment, place himself under direction by another person? Understanding the fundamental answers to these two questions is the key to understanding the essential character of a real social contract *instituted* in an Enterprise.

#### § 4.2 The Social-Natural Economic Environment of Enterprise

The division of labor produces such an enormous advantage in economics that it is no surprise and no mystery that most people exploit it as a means of increasing their personal tangible power. The maintenance of one's life and the lives of one's family members necessitates the acquisition of consumable stocks of goods, and, once a society has moved past the hunter-gatherer stage of subsistence, trade and barter become the means for procuring this stock. It is not a linguistic accident that one's work occupation is called his trade. Once the means of subsistence come to rely upon barter and trade, what one has to trade in exchange for consumable stock finds many possible customers and it is human nature under the principle of happiness to seek the most profitable outcome in exchanging what one has to trade for what others have to trade in exchange. The invention of money brought greater flexibility and liberty of action to trade exchanges by making it easier for one person to trade what he has to offer for what he needs or wants. It does so by making it unnecessary for the purchaser of one's goods to simultaneously be a supplier of the goods he seeks to obtain. Adam Smith tells us,

When the division of labor has been once thoroughly established, it is but a very small part of a man's wants which the produce of his own labor can supply. He supplies the far greater part of them by exchanging that surplus part of the produce of his own labor, which is over and above his own consumption, for such parts of the produce of other men's labor as he has occasion for. Every man thus lives by exchanging, or becomes in some measure a merchant, and the society itself grows to be what is properly a commercial society.

But when the division of labor first begins to take place, this power of exchanging must frequently have been very much clogged and embarrassed in its operations. One man has more of a certain commodity than he himself has occasion for, while another has less. The former would consequently be glad to dispose of, and the latter to purchase, a part of this superfluity. But if this latter should chance to have nothing that the former stands in need of, no exchange can be made between them. . . . He cannot be their merchant, nor they his customers; and they are all of them thus mutually less serviceable to one another. In order to avoid the inconveniency of such situations, every prudent man in every period of society, after the first establishment of the division of labor, must naturally have endeavored to manage his affairs in such a manner as to have at all times, besides the produce of his own industry, a certain quantity of some one commodity or other, such as he imagined few people would be likely to refuse in exchange for the produce of their industry. . . .

In all countries, however, men seem at last to have been determined by irresistible

reasons to give the preference, for this employment, to metals above every other commodity. Metals can not only be kept with as little loss as any other commodity, scarce anything being less perishable than they are, but they can likewise, without any loss, be divided into any number of parts, as by fusion those parts can be easily reunited again – Adam Smith, *The Wealth of Nations*, 1, IV

This "quantity of some one commodity . . . such as . . . few people would be likely to refuse" is what we call *money*. Its primary role in economy is that of a lubricant of exchange, but it also, as a by-product, makes practical the easier and more convenient employment of capital stock. Smith provided a brief recap of the history of the use of metals as money. In his day paper money was not yet all that commonly in use, and today's logical extension of the money concept – where now neither coins nor paper bills change hands but, instead, exchanges are registered in computers and recorded by banks – was not yet technologically possible. Today money has indeed become a medium of exchange more intangible than tangible, and a person can amass a considerable stock of it, *by societal convention*, with very little of this personal stock having tangible *Existenz* as coin or paper bill.<sup>8</sup> Indeed, only lack of a better word leads your author to use the term "tangible power" for Relation in the individual's personal power in light of this relatively recent form money has assumed. If "ad-tangible" were an English word meaning "the union of intangible and tangible objects such that these objects have phenomenal effects," then "ad-tangible power" would be a far more accurate technical term to use.

The *produce of a person's economic labor* is whatever stock-object results from that labor another person will purchase through exchange or that the first person can choose to consume himself. The stock-object can be in either tangible or intangible form. The result of a lawyer's labor is an intangible stock such as a will, a contract, or a legal argument; the result of a farmer's labor is a tangible stock, typically an agricultural commodity. An individual might perform more than one kind of labor, e.g. a farmer who also barter real estate, or makes and sells catfish bait or jewelry ornaments, or provides handyman or carpenter services. Contrariwise, a person might engage himself in only one kind of economic labor, e.g. a carpenter or an architect or a lawyer

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<sup>8</sup> This transformation of money from tangible to intangible form is, ironically, contradictory to the reasons metal coinage first came to be preferred as money. It was not because a bronze, copper, silver, or gold coin was intrinsically valuable but because it was relatively indestructible that these coins came to be accepted by convention as a medium of exchange. Nearly whatever else happened, the coins still existed somewhere and could always be recovered. Today, with most money actually subsisting in nothing but electronic records kept in various finance houses, the catastrophic destruction of these bookkeeping agencies with loss of those records would instantly cost almost every person in society almost all of their consumable stock and every bit of their capital stock. Many people, ignorant of how the money and banking system works, think that banks are repositories of coins and bills and that, whatever else happens short of physical destruction of the facility, people could always go there and recover their money in this coinage-and-bills form. That is simply untrue. Most money – the greatest majority of it – has *no tangible Existenz* whatsoever today. Nothing better illustrates the merely conventional nature of possession of property.



who engages himself in no other sort of trade.

A person's specific labor actions may be either immediately or only mediately related to the exchangeable stock-object produced. For example, in countries where the residents are legally required to pay a tax on income, a part of every person's economic labor is the keeping of tax records, an action no one would undertake if it was not mandated and linked by law to the stock income resulting from his economic labor. Similarly, sweeping up the shop floor at the end of the working day is an example of mediate labor action. The direct objects of such labor actions are a species of *consumables* (consumed objects). In the typical case, these labor objects are consumed in the overall activities of the association itself. The labor actions, even though necessitated by the specific nature of the association, belong to a class of labor Smith called *unproductive* labor:

There is one sort of labor which adds to the value of the subject upon which it is bestowed; there is another which has no such effect. The former, as it serves a value, may be called productive; the latter, unproductive labor. Thus the labor of a manufacturer adds, generally, to the value of the materials which he works upon, that of his own maintenance, and of his master's profit. The labor of a menial servant, on the contrary, adds to the value of nothing. Though the manufacturer has his wages advanced to him by his master, he, in reality, costs him no expense, the value of those wages being generally restored, together with a profit, in the improved value of the subject upon which his labor is bestowed. But the maintenance of a menial servant never is restored. A man grows rich by employing a multitude of manufacturers; he grows poor by maintaining a multitude of menial servants. The labor of the latter, however, has its value, and deserves its reward as well as that of the former. But the labor of the manufacturer fixes and realizes itself in some particular subject or vendible commodity, which lasts for some time at least after that labor is passed. It is, as it were, a certain quantity of labor stocked and stored up to be employed, if necessary, upon some other occasion. . . . The labor of the menial servant, on the contrary, does not fix or realize itself in any particular subject or vendible commodity. His services generally perish in the very instant of their performance, and seldom leave any trace or value behind them for which an equal quantity of service could afterwards be procured.

The labor of the most respectable orders in the society is, like that of menial servants, unproductive of any value, and does not fix or realize itself in any permanent subject or vendible commodity which endures after that labor is past, and for which an equal quantity of labor could afterwards be procured. The sovereign, for example, with all the officers both of justice and war who serve under him, the whole army and navy, are unproductive laborers. They are servants of the public, and are maintained by a part of the annual produce of the industry of other people. Their service, however honorable, how useful, or how necessary soever, produces nothing for which an equal quantity of services can afterwards be procured. – [*ibid.*, 2, III]

Every now and again, one hears some self-coronated pundit of business decry unproductive labor (and only sometimes with the as-it-turns-out important qualifier "useless" prefixed to it). Such a declamation is really nothing else than a ridiculous display of appalling ignorance of basic economics on the part of the speaker. It takes nothing more than a quick glance back at the definition of "manager" to see that every manager in an association is employed in unproductive labor. One of Malone's "CEO superstars" who decries "unproductive labor" should, logically and

if he really was saying what he meant, take as his first action the abolishment of his own job on the grounds that, typically, he is the association's costliest unproductive laborer. Every executive, every manager, every lawyer, every accountant, every engineer, every scientist, every janitor, every delivery boy, every stockholder who is not also a laborer on the production line (Smith's "manufacturer"), every banker, every school administrator, every teacher, every police officer and fireman, every holder of political office, and every agent of government – in short, a vast number of all people in every industrialized society – is an unproductive laborer. A "service economy" – a popular propaganda phrase these days – is an unproductive economy by its very definition. A service economy has *no value-added product* resulting from its labors.

Nonetheless, unproductive labor is not synonymous with useless labor. Most associations require some number of unproductive laborers to provide the association with general aliments needed for the productive laborers to accomplish their work. By proper economic definition, your author has been an unproductive laborer his entire adult life and profited from it quite adequately. Ignórance of the economic utility of *useful* unproductive labor is one of the several fatal flaws in the Hegelian fantasy world of Marx and Engels, a foundational flaw in the ideology of Communism, and a primary reason why Communism as a system of governance has not and will never attain to the illusory ideals Marx and Engels held out to desperate people as a lure. There was never one single moment in history where Communist ideology held an atom of benefit for any society. There is an old Russian joke that quite appropriately characterizes the real nature of Communism; it goes thus: "What is the intermediate step between socialism and Communism?" Answer: "Alcoholism."

Unproductive labor *per se* is not an economic issue; *useless* unproductive labor is. Unproductive labor action is *useless unproductive labor* if it is not mediately of profitable benefit as an aliment to productive labor in the association. For example, your author employs a lawn mowing service to tend to the maintenance of his lawn. This puts him at liberty to engage in other activities that include what is, for him, income-producing labor that returns a profit over and above what he spends on the lawn mowing service. The labor of the young men who mow his lawn is *useful* unproductive labor. Yet it is not uncommon to find self-aggrandizing high officials in many organizations putting together large staffs of executives whose unproductive labor costs exceed the profitable benefit of their labor to the association. Such staffs do little else than ornament the chief Pooh-Bah in a display of how important and powerful he is. The *useless* (to the association) unproductive labor of his staff serves only to provide consumables (in the form of affective goods) to the Grand Panjandrum himself and not to the association in which he is one of the unproductive laborers. Every association can do without such a Grand Panjandrum. This is

merely the civilian homologue of another of Sun Tzu's maxims:

No ruler should put troops into the field merely to gratify his own spleen; no general should fight a battle simply out of pique. – Sun Tzu, *The Art of War*, XII, 18

Moving from the microeconomic to the macroeconomic perspective, every complete economic transaction involves a minimum of four separable and identifiable labor products. What these products are called depends upon the perspective of the observer of the transaction, and we will adopt the normative convention of a disinterested party standing to one side and watching the economic phenomenon unfold without taking part in it. This is called our *evaluative norm*.

The four labor products, whether tangible or intangible, are products within four types of economic activities: (1) extraction activities; (2) manufacturing activities; (3) marketing activities and (4) consumption activities. Like the products themselves, how each of these is viewed is relative to the observer. What is the beginning of, e.g., a manufacturing activity for one person or firm is looked at by the person or firm supplying the raw material going into that activity as a consumption activity. If I own a lumber yard and you are a contractor buying my lumber, to me you are consuming it. To you the lumber you purchased is raw material for your manufacturing activity (building a house) and the consumption activity will come when your buyer pays you and takes possession of that house-to-be. Thus, here too we encounter evaluative norms.

We will call the four identifiable activities extraction, manufacturing, marketing, and consumption activities. Extraction involves the withdrawal of natural resources or the discovery or creation of intangible resources such as new knowledge of an art or craft. Examples include mining, fishing, and agriculture. Manufacturing involves turning extracted resources in vendible tangible or intangible processed goods. Examples include assembly processes, fabrication processes, refinement processes, and, on the intangible side, technology development. Marketing activities are activities that normally do not alter a vendible good. Instead, marketing creates additional economic value in terms of time (e.g., by holding merchandise until it can more profitably be sold), place (e.g., moving a good from one place to another where it can more profitably be sold), or possession (e.g., by informing prospective buyers of the attributes, capabilities, or uses of the good). Examples include trucking, retailing, stock brokerage, banking, Internet service provision, and advertising. Consumption is the final using-up of a good, i.e. putting it to its final use in satisfying a want. Unlike the other three activities, consumption reduces economic value. However, consumption is the ultimate justification for the other three.

The sequence extraction → manufacturing → marketing → consumption represents one single complete economic transaction. An economic system is comprised of an immense number of these transaction sequences. The boundaries between them are frequently difficult to crisply

define. Indeed, even the concept of "a firm" or "a business" is an abstraction and convention. Economics' traditional view is that "the firm" or "the business" is owned by the person or persons who invested his or their capital in its buildings, machines, etc. (or who inherited these assets), and hires workers to work for the firm. By tradition and legal *convention*, such an owner is said to possess the firm rightfully and is granted by convention the civil liberty to choose who he will and will not employ to work in "his" firm. Under this same convention, the employee is said to have no possession of "the firm" and no liberty to challenge the decisions of the titled owners. He is not, however, regarded as being part of the property the owner possesses rightfully despite the modern propaganda of referring to a firm's employees as part of its assets.

This convention indeed institutionalizes Smith's class division between "masters" and "workmen" (*not* laborers; by Smith's definition, anyone who performs labor of any sort is a laborer, including the titled owner of a firm). That it *is* nothing more than a nominal convention finds illustration in the phenomena of business partnerships or alliances. For example, in the early years of their company Hewlett and Packard did not have the capital resources to set up an extensive marketing organization within the Hewlett-Packard Company. Instead, they formed partnerships with firms whose business was representation and sales of the products of other firms. As HP grew, in time their products came to represent what in some cases Packard called "a disproportionate share of the sales representatives' business." In the 1960s HP acquired, by exchange of stock or by cash purchase, most of these firms and they became sales divisions of the Hewlett-Packard Company. Even so, *prior to* these acquisitions Packard referred to these separate business enterprises as "our representatives" and they referred to HP as "our client." In exactly this same fashion, managers of a business firm often speak of "our employees" just as some of these people speak of "our company."<sup>9</sup>

This socio-economic convention tap dances at the edge of a very risky cliff so far as concerns the successful governance of the phenomenon of leadership. Nothing better illustrates this than the modern day practice in associations of referring to the workforce as its "human resources" – a propaganda phrase that took root in American businesses in the late 1970s and early 1980s, replacing the earlier phrase "personnel." It promotes equating the laborers in an association with its machinery and other capital assets. It really should come as no surprise to anyone, then, that the nineteenth century manager of that Massachusetts mill, in the Adams and Vannest quotation earlier, could consider the laborers "exactly as he considered its machines" under the influence of

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<sup>9</sup> It is not unusual to find people who always refer to the association they are employed by as "the" company and never as "our" company. Your author notes that this points out two things. First, it betrays the lack of any consciousness or understanding of a social compact between them. Second, it is often a symptom of the presence of a Toynbee proletariat or even an outlaw element within the association.

such a convention. The convention *invites* the metaphor and promotes maxims for acting accordingly. It is an antisocial habit of thinking promoting the imposition of economic serfdom and perverts monarchy-inspired organization models into despotic models. It is mere irony that a great many people who unflinchingly use the phrase "human resources" also, and quite without feeling the contradiction, regard themselves as humanitarian individuals.

The convention also overlooks a significant *investment* in the association made by its laborers. Every laborer in an association invests part of the span of his own *lifetime* in the association. In real effect, he trades part of his own possibilities in life in exchange for stocks of wages and benefits that he deems will better those parts of it he retains for his own consumption. Is this a less significant investment than the investment of financial stock in an association? One can perhaps argue that it is because "it is an investment anyone can make," but this argument is a sophism that overlooks something very fundamental in human nature. First, it is irrelevant that anyone can make such an investment. Second, and more importantly, the maxim of doing so responds to some fundamental duty to himself the person holds and that is grounded in the principle of happiness. The titled owner of the typical business firm makes such an investment, along with his investment of capital stock, in the association and is moved to do so under the compulsion of a duty to himself. Only a pure "market investor" – that is, a person who buys and sells stocks, bonds, etc. without ever undertaking labor in the operations of any of the associations in which he invests – is not said to make an investment of his life in those associations. In his case, he does make an investment of time, but it is an investment of time in his own private enterprise or else in an association, such as an investment bank, in which he *is* a laborer.

We may call this a *stock-of-time*. It is a limited stock of uncertain quantity for every person, obviously. The statistical average lifetime of a white American male is currently slightly in excess of seventy-six years. It is mere economic convention that this stock-of-time is not regarded as a good in the economic sense, and this is merely because people regard it as *the* good – what a philosopher is prone to call the end-in-itself – for the sake of which all other goods are sought. Is a person's other capital stock to be regarded as a greater good than *the* good in service of which he acquires whatever other capital stock he has? And if a person answers this question in the negative in reference to himself, is it anything but a logical absurdity to claim this same conclusion would not equally apply *universally* to the cases of all other persons? Homicide is an action depriving its victim of the entirety of the stock-of-time he would have had if the homicide had not occurred, and it is not an economic transaction because the person committing homicide acquires nothing of his victim's lost stock-of-time.

Stock-of-time is a most singular good because it is an intangible good that can be consumed

but can never *itself* be *directly* exchanged. No one can buy a second's worth of stock-of-time from the stock of another. Indeed, all other goods are so called only in Relation to stock-of-time as the unconditioned good for the sake of which all others are acquired. It is, in other words, the *absolute subjective and objective condition* for naming anything else "a good." Its investment in any association can never be *repaid in kind* and it is perhaps the only investment a person can make that has this peculiar character. It is always a personal investment aimed at improving the quality of the remaining and as yet unconsumed stock-of-time-good a person possesses, this latter being the sole possession of which it is *deontologically* correct to say a person *absolutely possesses* because it, this very same stock-of-time, can never be possessed by any other person. If the social science of economics were to be re-made into a social-natural science grounded in the mental physics of human nature, it would be able to recognize stock-of-time for the deontological economic good it is.

#### § 4.3 The Aims of the Employer and the Employee in Republican Enterprise

And in this concept of the employment of one's stock-of-time we find the underlying purpose both for why an employer hires employees and why a person chooses to accept employment and place himself under the direction of another. In both cases the purpose is the same: to act in the best way the person can find to most efficaciously invest that portion of his stock-of-time he expends in the service of improving the quality of life he can realize as an effect of the investment. Many people can find ways to invest this intangible capital in such a manner that the actions of the exchange themselves provide an affective beneficial return on the investment. This is what is generally meant when one says he *enjoys* his work or another says of him, "He lives to work." At the same time, many people do not find or discover means for making this investment such that the actions of exchange immediately offer such a return on investment. And if the return on his investment is too meager to answer the needs of his other duties to himself, and to those to whom he binds himself, a person can come to that point of Francis Quarles' lament,

And what's a life? – a weary pilgrimage,  
Whose glory in one day doth fill the stage  
With childhood, manhood, and decrepit age. – Francis Quarles, *What is Life?*

It is likewise so when the businessman forgets the purposes for which he ventured into business in the first place. Such is the essence of what Santayana called fanaticism: "fanaticism consists in redoubling your efforts when you have forgotten your aim." It is true, as Adam Smith wrote, that in the large the aims of the "masters" and the "workmen" are not the same. But even where no other common aim is discovered, yet both share in this one universal empirical aim of human nature Thomas Jefferson meant by his metaphor *the pursuit of happiness*.

There is a logical alternative economic paradigm that follows from this understanding of a common deontological purpose at the foundations of every business association. It is a paradigm of viewing every enterprising organization involving more than one person as an *Enterprise of enterprises*. In this model every person engaged in a common organized enterprise association is an independent entrepreneur in business for himself and choosing to carry out that business by means of association with other entrepreneurs. The night janitor is then not so much the employee of a company or one of its workmen as he is the supplier of a service providing an aliment the general organization decides it needs and is willing to purchase so that others within the organization can invest their stocks-of-time in other activities that are all, in one way or another, fecund for the nourishment of their divers purposes.

Would you have your business be an entrepreneurial enterprise and the people who have chosen to associate with one another in it *be* entrepreneurs? This becomes possible when all involved regard their common Enterprise as a coalescence of individual enterprises, and this is nothing else than the idea Packard was expressing in the earlier quotation. It is a model that runs contrary to established customs, folkways, and habits of thinking that arose in America following the Industrial Revolution, but it is also but a more generalized idea of the folkways of pre-industrial America. These folkways, indeed, were the germinal foundation of *American* republicanism in the framing of the U.S. Constitution in 1787.

Common knowledge of these folkways – which today is not so common – underlie what Madison seems to have regarded as a self-evident truth when he wrote,

The first question that offers itself is, whether the general form of aspect of the government be strictly republican? It is evident that no other form would be reconcilable with the genius of the people of America; with the fundamental principles of the revolution; or with that honorable determination which animates every votary of freedom, to rest all our political experiments on the capacity of mankind for self-government. If the plan of the convention, therefore, be found to depart from the republican character, its advocates must abandon it as no longer defensible. – James Madison, *The Federalist*, no. 39

This youthful and peaceful vision of America as a nation of self-governing entrepreneurs, no matter how hobbled and hindered it has become over the slow course of two centuries, is still the dimly apprehended ideal people refer to when someone enounces the ever-less-used phrase *the American Way*. This was a phrase much used in the 1950s and far less used in today's more cynical and antisocial times. Perhaps it reveals much of your author's age and upbringing when he says that this ideal of the American Way was and is the lodestone of his conceptions of duty and obligation as a citizen of the United States of America and to the Enterprises in which he participates.

This ideal, grounded in concepts of liberty with justice for all, can be the soul of a social

contract for a free people in a society and in any community. But it is an ideal that cannot be sustained when so important a factor as the economic folkways of a society are founded upon ideas of monarchy or aristocracy, even if people try to maintain it in the sphere of political folkways, because uncivic state of nature association opposes at its roots the preservation of liberty with justice for all and works contrary to practical circumstances under which men can commit themselves to deontological standards of civic morality under a social contract. It is illogical and irrational for a great nation to cling simultaneously to two such contradictory concepts; either the one or the other must be given up. If it is the ideal of republicanism that is given up, then in the march of time all enterprising relationships in the society will, by the pressure of human nature, devolve into uncivic outlaw relationships. Compulsion by force or threat then becomes the sole glue holding together a dying civilization, and its rulers will find, as John Stuart Mill wrote,

A government cannot have too much of the kind of activity which does not impede, but aids and stimulates, individual exertion and development. The mischief begins when, instead of calling forth the activity and powers of individuals and bodies, it substitutes its own activity for theirs; when, instead of informing, advising, and, upon occasion, denouncing, it makes them work in fetters, or bids them stand aside and does their work instead of them. The worth of a State, in the long run, is the worth of the individuals composing it; and a State which postpones the interests of *their* mental expansion and elevation to a little more of administrative skill, or of that semblance of it which practice gives, in the details of business; a State which dwarfs its men, in order that they may be more docile instruments in its hands even for beneficial purposes, will find that with small men no great thing can really be accomplished; and that the perfection of machinery to which it has sacrificed everything will in the end avail it nothing, for want of the vital power which, in order that the machine might work more smoothly, it has preferred to banish. – John Stuart Mill, *On Liberty*, 5

This is as true for an economic association as it is for a political State.

Yet there remains, as there does in every case of theory, the question of the real possibility of reducing principles to practices. Is the Enterprise of enterprises a practical idea? This is to ask if it can be successfully reduced to real practice in the governance of leadership. There is reason to think it is an idea with practical objective validity; Hewlett's and Packard's enterprise successfully maintained one for decades. Yet this character of civic Enterprise did not long last beyond the death of its founders and the business entity bearing the same name today differs *essentially* in its character. It can no longer be said there is an HP Way in the HP of today, just as it can no longer be said there is an IBM Way in the IBM of today or an American Way in America today. These entities cannot be objectively judged to be as successful and healthy today as each once was.

What went wrong? Were the republican principles and beliefs that once were present in these Enterprises flawed somehow at their foundations? Or were the principles merely allowed to atrophy and die under the blind pressure of custom and unexamined presuppositions? Why did



these civic communities revert to the outlawism of the state of nature in their internal organizational folkways? Could the devolution have been prevented? If so, how? Must an Enterprise always and eventually succumb to external and internal pressures, devolve into factions, and splinter itself in the formation of a Toynbee proletariat? Must its leadership lose its Way and the association its vitality? To reject submission to such an end and, in Thomas' words,

Do not go gentle into that good night . . .  
Rage, rage against the dying of the light  
– Dylan Thomas, *Do Not Go Gentle into That Good Night*

and to resolve to oppose it, if it be possible to do so, is to echo in Enterprise the spirit of Lincoln's words at Gettysburg:

It is rather for us to be here dedicated to the great task remaining before us – that from these honored dead we take increased devotion to that cause for which they gave the last full measure of devotion – that we here highly resolve that these dead shall not have died in vain – that this nation, under God, shall have a new birth of freedom – and that government of the people, by the people, for the people, shall not perish from the earth. – Abraham Lincoln, *The Gettysburg Address*, November 19, 1863

To ask these questions is to ask if republican governance of leadership is truly practical or if, instead, it is a mere phantom of idealism. To ask these questions is to ask the transcendental one: What is necessary for the possibility of governance of leadership in the real world of the practical experiences of humankind? This is the essential topic and issue of the next chapter in this treatise.

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