Chapter 10

The Rise and Fall of Enterprises

§ 1.   Metaphysical Issue I: The Real Meaning of "Successful Enterprise"

In the remaining chapters we discuss the two principal species of governance of leadership: plutocratic leadership and republican leadership. In both cases the main practical concern is the question, "Is one form *essentially* more successful than the other?" However, this question is utterly without context unless we understand what is really meant by "successful." Successful in whose view? Successful how? To make any kind of comparison between two objects, they must be commensurable by a common standard defining the comparison. Is a five-foot-tall, three hundred pound man a bigger man than a seven-foot-tall, one hundred sixty pound man? Obviously this depends on what the standard for "bigness" is.

A comparison is merely a nominal comparison if the chosen standard is a nominal standard. It is an *essential* comparison if the standard allows us to compare a quantity or degree of something in each comparand that is held to be necessary for the possibility of the *Dasein* of what we are comparing. In Critical epistemology **essence** (in German, *Wesen*) is *the first inner ground of all that belongs to the possibility of a thing*. The essence of a thing is an Object, the idea of which understands a complex of sufficient marks of the concept of its object. The Object of this complex is represented by a synthetical concept of a first ground for all predicates of the thing and is called the **real essence** of the thing. Real essence is a *noumenon* and so the objective validity of the idea of real essence subsists in a regulative principle of Reason as an Ideal for the structuring of the determinations of all necessary marks of the object.

As is no doubt evident, this is a technical explanation. To firmly grasp this explanation there is no other recourse than to study the theory of mental physics and its Critical metaphysics in much more depth. However, for our purposes in this treatise it will be adequate to offer a more concrete and specialized practical explanation in the context of human Enterprises and leadership. We have seen that an Enterprise is a community of individuals, each engaged in his own enterprise but cooperating and interacting with the other community members such that each individual is able to satisfy the purposes of his enterprise while at the same time promoting, and not hindering, the satisfaction of purposes by all the other members. Thus the Enterprise is the common Object of all the individual instantiations of personal enterprise activities. As such, the Enterprise is a *noumenon*, under which the individual enterprises stand as phenomena. The real idea of an Enterprise is fixed at the horizon of possible experience.

Because the Enterprise *per se* is a *noumenon*, the notion of the Enterprise being successful is

grounded in the idea of the successfulness of the individual enterprises. This latter, though, refers to the satisfactory realization by each member of the Enterprise community of his own enterprise purposes. From this we come at once to the *Realerklärung* we seek: **the essence of successful Enterprise is the realization of satisfaction by each member of the Enterprise community of his purposes that ground his individual enterprise activities**.

It is probably immediately apparent that this *Realerklärung* is not the same as what most people commonly mean when they say an organization is successful. In commercial organizations the nominal standards for gauging success include such things as profitability, growth, market share, and so on. But if one inspects these merely nominal aspects of success, one can easily see that these tangible indicators are, one and all, the by-product of the collective enterprise activities of all the people who are associating in a common cause: the productive laborers, the non-productive laborers, and non-laboring capital investors. A company shut down by a labor strike is not being successful during the strike. Indeed, it must be questioned whether or not the entity *actually* exists during the strike even if strikers and non-striking laborers and investors all claim that the organized entity continues to exist (have actual, not nominal, *Dasein*) during the strike.

We can see here an ontological quicksand present in the question. An ontology-centered metaphysic will plunge into this quicksand and be forced to *dictate* by fiat merely nominal definitions of when the Enterprise is to be said to exist or not to exist. From this one can define a *logical* essence but not a *real* essence. The difference between these is that the logical essence is a mathematical essence but the real essence is one in actual connection with human nature. A social-natural science *must* be concerned with the latter rather than the former. Ontology-centered metaphysics precludes the real possibility of grounding a social-natural science.

This is not the case with epistemology-centered Critical metaphysics. The essence of the Enterprise subsists in the common unity of purpose among the members – that is, in their common Desire to associate with each other through mutual relationships among their divers enterprises. So long as this common Desire is still expressed in the actions of the body of participants, the Enterprise has practical *Existenz* as an entity because the purpose of a strike is not to dissolve the Enterprise but, rather, to resolve differences in the terms by which the members of the community can amend a social compact and continue in their association. Their *actions* are *all* directed towards the realization of this common purpose, hence the *Existenz* of the Enterprise is a *practical* manner-in-which-it-exists.

If you, my dear reader, are experiencing some unease or discomfort with this quite different perspective demanded of your understanding by mental physics, it might perhaps be comforting to know that this unease is the product of long-taken-for-granted ontology-centered *habits* of how

you think about the world. Every human being – every one of us without exception – begins life as a naive and uncritical little *realist*. The grandest intellectual achievement of childhood is one's conceptualization of the world in which he finds himself, i.e. in the construction of a *world model* in which one's concepts accord well enough with one's experiences to "make sense of" this world *and to intelligently deal with it*. The groundwork of this demonstrable capacity is laid down in the very first years of life *through the development of practical action rules* – both for physical actions (motoregulatory expression) and mental actions (ratio-expression). These action rules are the matter of the manifold of rules in pure practical Reason and their sensible effects on experience are later conceptualized through representation in the manifold of concepts.

Because these fundamental rules for how we think, act, and deal with the world form so early in life, their expressions become habitual and are entirely taken for granted so long as nothing in experience confronts the individual to gainsay the expectations of his habitual actions. This substratum of habits and concepts forms what mental physics calls one's **personal system of pseudo-metaphysics** – and this term means nothing more and nothing less than "the way one looks at the world." The keystone of Kant's Copernican revolution in metaphysics is this: All that we come to know about objects we come to know through experience, and our *knowledge* of objects conforms to a human being's capacity to represent objective knowledge. "Reality" is not some *thing* that *does* something to us (namely, "impress itself upon us"). An object *is real* for an individual if and only if: (1) he has made a *concept* of that object; (2) this concept is connected (through determining judgment) to other concepts that provide it with *context*; and (3) among these concepts are some that connect the object concept to one or more actual (*sensuous*) experiences, by means of which the object concept is *given a meaning*. *All* things are *real* in some contexts and *unreal* in others.

Ontology-centered systems of metaphysics fail because these systems ultimately come to discover that the meaning of their ontological objects cannot be grounded in any actual sensuous experience. The ground passes beyond the horizon of possible experience, vanishes into an impenetrable fogbank of mysticism, and all further conceptions of it are illusory speculations. In the end, all ontology-centered systems of metaphysics either fall back upon reliance of a divine agent as their ultimate ground or else retreat into skepticism. But to the naive little realist playing with his toys on the living room floor, ontology-centered thinking *works well enough to satisfy his practical purposes* and therefore he builds his naive maxims and concepts into his manifolds and then later builds additional ones on top of them. He finds them to be fecund, and so when later experiences in life don't "fit" with them, his acts of ratio-expression in the motivational dynamic are directed to conserving them – accommodating his manifold as little as possible – to

restore the equilibrium experiences of paradox, paralogism, and antinomy disturb. To feel uneasy or uncomfortable with a new idea is nothing else than the reflection in affectivity of the motivational dynamic in action – a feeling of *Lust* for connection of the idea in familiar contexts *and* a feeling of *Unlust* for connection in other contexts and concepts that are played into the synthesis of imagination by ratio-expressive acts during the cycle of judgmentation.

Returning now to the question of comparison: There are those who might object to the real explanation of the essence of successful Enterprise stated above on the ground that explanations "shouldn't be subjective" – by which they will mean that affectivity should not be a feature of a real explanation. *But all comparison is ultimately grounded in acts of reflective judgment*. This, too, is something ontology-centered metaphysics tends to completely miss. Aristotle took the idea of "comparison" entirely for granted in his metaphysics, as do almost all other philosophers in the history of philosophy. But mental physics teaches us that the fundamental acts of comparison (*Comparation* and *reflexion*) are acts of understanding in the synthesis in sensibility. Let us recall our earlier illustration of this process with figure 10.1 below.

Comparation, *reflexion*, and abstraction are the steps in the three-fold synthesis of an intuition. All concepts, in turn, are re-cognized intuitions in the manifold of concepts. A concept is, itself, merely a rule for the reproduction of an intuition. Although every intuition is an objective perception (it represents an object of appearance) the synthetic process forming it is non-objective
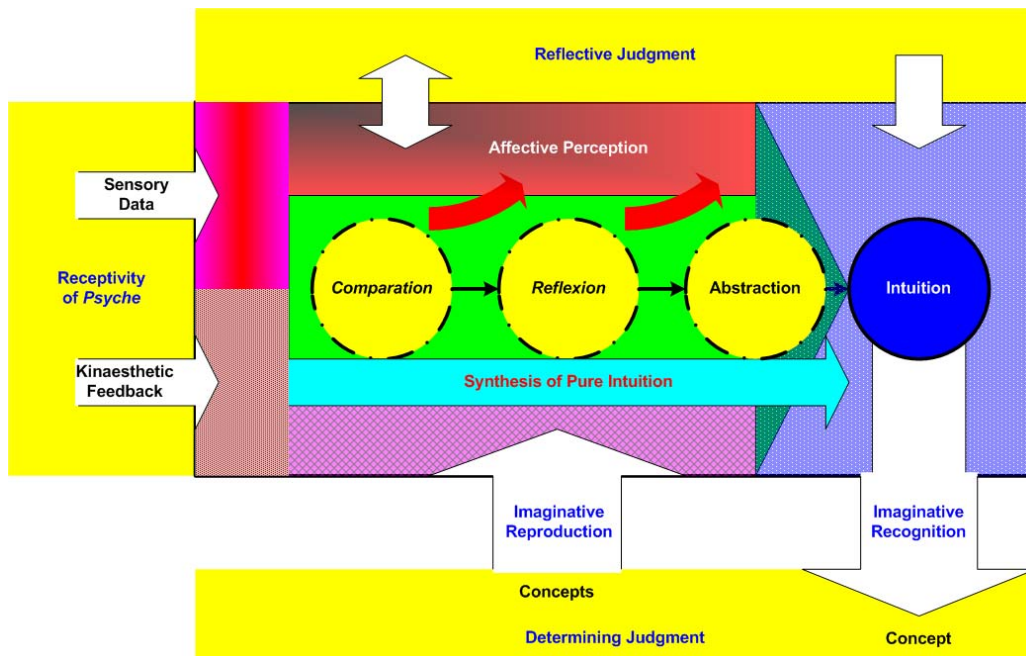
Figure 10.1: The synthesis in sensibility

and the synthesis in sensibility *makes no judgments* of any kind. But *to make* any logical comparison (*Comparation*) or any real comparison (*reflexion*) *requires* a judgment to be made. In this, the process of determining judgment plays no role whatsoever. Determining judgment judges the connection of concepts in the manifold of concepts, seeking particular concepts to subsume under given general ones. General concepts take their genesis from the free play of understanding and imagination, and this process is adjudicated by reflective judgment alone. And *all* reflective judgments are *affective* judgments and, therefore, are subjective judgments. Kant called that act of reflective judgment by which an intuition is made *a judgment of perception*.[1]

It is interesting to note – and, as it will turn out, pertinent to our discussions in this chapter – that historian Arnold Toynbee had to bring himself to a very similar conclusion in regard to antinomies that arise in the study of history when ontology-centered methods used in the physical sciences are applied to the study of history. The issue arose for him in asking "what causes civilizations to arise from primitive societies?" He examined and eventually had to reject two then-current hypotheses, namely that race or environment were causal factors. Toynbee wrote,

> In our search so far for the positive factor in the genesis of civilizations we have been employing the tactics of the classical school of modern physical science. We have been thinking in abstract terms and experimenting with the play of inanimate forces – race and environment. Now that these maneuvers have ended in our drawing blank, we may pause to consider whether our failures may not have been due to some mistake of method. Perhaps, under the insidious influence of the spirit of an outgoing age, we have fallen victim to what we will call the 'apathetic fallacy.' Ruskin warned his readers against the 'pathetic fallacy' of imaginatively endowing inanimate objects with life; but it is equally necessary for us to be on our guard against the converse error of applying to historical thought, which is the study of living creatures, a scientific method devised for the study of inanimate nature. – Arnold Toynbee, *A Study of History*, II.v(1)

Toynbee concluded that, "The fallacy in the two views already examined and rejected is that they apply the procedure of sciences which deal with material things to a problem that is really spiritual." Toynbee, who occasionally showed flairs of the mystical, used "spiritual" in contexts that we would say here are *affective* contexts. His recognition that a science of history must not lose contact with human nature or throw any of its factors to the side makes his study of history a treatment of history *as a social-natural science*. His metaphysics leaves a great deal to be desired, but his orientation is properly Critical despite his numerous pseudo-metaphysical handicaps.

§ 2. Metaphysical Issue II: The Ontological Problem of Corporate Identity

At any one particular moment in time it is not difficult to label an organization. Its defining trait is that it is an association of individual enterprises acting in mutual cooperation by common

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[1] Kant's *Prolegomena*, § 19.

consent of the individuals whose enterprises comprise it. In almost all cases, there is little or no change in this composition from one day to the next in the short run and so it is practically and objectively valid to say an organization today is the same as one identified yesterday. But over time some individuals leave the association, new individuals join it, and so its composition varies in the intermediate and long runs. Furthermore, the specific enterprises within it change over time. Some enterprises cease to be employed in the association, new ones are added, the goods exchanged by the organization (as a corporate body) in obtaining its revenue change, and the makeup of the sub-community of its capital investors changes. At what point, if any, is it objectively valid to say that the original corporate identity is abolished and a different entity has come into *Existenz*? Was the Roman Republic of 150 B.C. the same entity as the Roman Empire of 150 A.D.? Is the United States Steel Corporation of 2010 the same entity as the United States Steel Corporation founded by J.P. Morgan and Elbert H. Gary through the merger of the Carnegie Steel Company, the Federal Steel Company, and the National Steel Company in 1901? Is the United States of America in 2010 the same political entity as the political entity called the United States of America in 1786?

It takes only a moment of reflection to apprehend that every typical answer people give to questions like these are merely nominal definitions, i.e. definitions of social *convention*. Almost everyone will say that U.S. Steel today is "the same company" ("the same U.S. Steel") as the one in 1901. However, "U.S. Steel" as a distinct corporate entity vanished in 1991 when "its" holdings were reorganized and the reorganized entity was named the USX Corporation (with the steel-making operations renamed as a subsidiary, USS, Inc.). U.S. Steel "reappeared" as a distinct corporate entity in 2001 after USX shareholders spun off the USS, Inc. subsidiary. If we say that U.S. Steel "as the same entity" still existed from 1991 to 2001, what shall we say of the Carnegie Steel Company? Carnegie's Edgar Thomson Works are still in operation (as "part of U.S. Steel") today. If it was spun off tomorrow, would we say the Carnegie Steel Company "still existed" all during the intervening years, or would we say that the Carnegie Steel Company "had been reincarnated," or would we say that an entirely new corporate entity had appeared?

The United States of America in 1786 was a confederation of independent states "united" under the Articles of Confederation. Was this "United States" replaced by another "United States" reformed under the new Constitution ratified in 1788? When South Carolina seceded from "the Union" in 1861, and was followed by the other states that formed "the Confederate States of America," did the other states that remained "in the Union" comprise "the same" United States of America? Or was the outbreak of the Civil War of 1861 to 1865 really an action that constituted the disappearance of one country and the appearance of two new countries ("the Union" and "the

Confederacy")?

Is the political entity called "the United States of America" today "the same" political entity as the one recognized in 1870? Not one single person who was a citizen of the U.S.A. in 1870 is alive today. Thirteen of the current fifty "united states" did not exist as states in 1870. Some of them were not even territories of the U.S. in 1870. In 1870 the period known as "the Reconstruction" after the U.S. Civil War (1867-1877) had not yet been completed. Was "the" United States of America from 1867-1877 "the same" United States of America as before the Civil War or "the same" United States of America as "the one" after the Reconstruction?

These are examples of what we will call *the ontological problem of corporate identity*. The practical problem that accompanies the ontological problem comes forth when we talk about "success vs. failure" or "genesis vs. disintegration" of an Enterprise. We should like to say that successful leadership in an Enterprise is leadership that maintains the association and promotes the success of its individual enterprises, and that failed leadership in an Enterprise leads to the disintegration of the Enterprise or its failure to realize the objectives of the individual enterprises within it. But, obviously, we face a practical problem in understanding the meaning of this if we cannot state an objectively and practically valid *Realerklärung* of what "the identity of the Enterprise" *means* in actuality. A merely nominal definition of the corporate *Dasein* of an Enterprise leads to nothing but a merely nominal definition of "success vs. failure" of leadership.

We face no similar problem in the case of the individual human being – our "social science atom." The fundamental acroam of identification for the identity of a specific human being in Kant's Critical metaphysics is an *epistemological* rather than an *ontological* acroam. The technical term for this is "the *I* of transcendental apperception" and it can best be put into words by saying it is the *a priori* knowledge of one's own *Dasein* **without** any *a priori* knowledge of one's own *Existenz*. Each one of us is, for himself, his own ultimate standard for judging the reality and existence of every other thing. Whatever doubts or questions I might have in regard to the nature of my own *Existenz*, I am at no time in any doubt whatsoever about my own *Dasein*. (This is one reason why the Critical distinction between *Dasein* and *Existenz* is crucial). So it is for each one of us individually. When you think any thought *x*, the *complete* description of this action is *I think x*. When you experience any feeling *y*, the *complete* description is *I feel y*. When you determine yourself to commence any practical action *z*, the *complete* description is *I will z*. I predicate the reality of *your Dasein* by a reflective judgment of analogy to my knowledge of my own *Dasein*. In this context, the ancient Greek philosopher Protagoras was correct to say, "Man is the measure of all things."

All the other well-known historical theses and debates among philosophers regarding "the

nature of individual existence" are debates over an utterly meaningless and empty question. Each of them, without exception, is predicated upon a logical subreption of context that springs out of the ontology-centered metaphysical prejudices held by the philosopher himself. It is vain for one to protest that "I put no metaphysics in my argument." A metaphysic is nothing else than the system used by a person for thinking about and judging the world. For the great majority of all human beings, this system is nothing else than a personal and accidental pseudo-metaphysic – a system of habits and prejudices formed in very early childhood. A person who claims to "put no metaphysics" into his judgments and opinions is a person utterly unaware of his own pseudo-metaphysical prejudices. The answer of Critical metaphysics to "the question of individual existence" is simple, practical, and epistemological: *I am because I know I am*. No other answer has the least real objective validity. Every one of us bases every predication he makes concerning the existence of every other thing (including all predications regarding the nature of his Self, i.e. predicates of his own *Existenz*) on the ground of his *practical* and *a priori* knowledge of his own *Dasein*.

Empirical evidence from psychological studies is congruent with this Critical theory. All the behaviors of a newborn infant are consistent with the hypothesis that the baby has utterly no knowledge of anything distinct from himself – not even the awareness that he has a body. The development of concepts of objects as things separated from "himself" takes many months in forming. Piaget put it thusly:

> The symmetry between the representation of things and the functional development of intelligence enables us from now on to glimpse the directional line of the evolution of the concepts of object, space, causality, and time. In general it may be said that during the first months of life, as long as assimilation remains centered on the organic activity of the subject, the universe presents neither permanent objects, nor objective space, nor time interconnecting events as such, nor causality external to the personal actions. If the child really knew himself, we should have to maintain that solipsism exists. At the very least we may designate as radical egocentrism this phenomenalism without self-perception, for the moving pictures perceived by the subject are known to him only in relation to his elementary activity. – Jean Piaget, *The Construction of Reality in the Child*

There is no shortage of psychologists, especially in the United States, who dispute this conclusion and argue to the contrary. However, in every case these arguments vividly display, to one who understands Critical metaphysics, the most egregiously obvious ontology-centered metaphysical prejudices. The so-called "counterevidence" is generally flimsy, is open to many different interpretations, and, in the final analysis, the conclusions resort to nothing more than ontological fiat from pseudo-metaphysical grounds. If that is science, then so is astrology.

The concept of "the individual Self" is understood by determining judgment through the representation of connections-in-context under the *a priori* functional notions of {unity, reality,

substance & accident, actuality & non-being}[2]. This is not the case, on the other hand, for the concept of an Enterprise as an entity. Here the entity concept is understood as {totality, limitation, community, possibility & impossibility}. It is an entirely different sort of *Existenz* concept. An Enterprise has no transcendental *I* of apperception, no mind-of-its-own, and, *as an entity*, makes no judgments of any kind. Its *Existenz* and even its *Dasein* is judged by human beings. We must examine the nature of the problems encountered in making such judgments and do this from epistemology-centered grounds. We shall do so in § 6. First we must do some preparation for it.

§ 3. The Toynbee Society

The problem we face in this treatise belongs to the same class of problems as a problem the historian Toynbee encountered in his study of history. It is therefore instructive to look at Toynbee's problem and the answers Toynbee found himself logically compelled to conclude.

Toynbee used the word "society" in a manner different from its employment by sociologists. In order to distinguish his term from theirs, we will use the term "Toynbee society" when we refer to his context. Toynbee's *A Study of History* begins with the observation,

> Historians generally illustrate rather than correct the ideas of the communities within which they live and work, and the development in the last few centuries, and more particularly in the last few generations, of the would-be self-sufficient national sovereign state has led historians to choose nations as the normal fields of historical study. But no single nation or national state of Europe can show a history which is in itself self-explanatory. If any state could do so, it would be Great Britain. In fact, if Great Britain (or, in the earlier periods, England) is not found to constitute in herself an intelligible field of historical study, we may confidently infer that no other modern European national state will pass the test. – Arnold Toynbee, *A Study of History*, I.1

As this opening hints, Toynbee found that Great Britain did not "pass the test." What, then, is the proper "unit of history" serving as the Object for a scientific study of history? Would it be "the individual," the famous characters in history? There are, indeed, many historical works that center upon one person – an Alexander, a Caesar, a Napoleon, etc. – and accounts of their lives must be called "histories" in some sense of that word. However, we commonly call works of this sort "biographies" rather than "histories." From what more general Object, then, is the biography, as a type of history, drawn and distinguished? This is a question to which we shall return shortly.

Kant defined **science** as *a doctrine constituting a system in accordance with the principle of a disciplined whole of knowledge*. This "whole" for which a science is the doctrine is called the *topic* of that science and this is always an idea of some what-it-is-that-scientific-knowledge-is-knowledge-of. It is that which provides for a special science the peculiar unity of knowledge that is characteristic of every science – what Kant called the *system* of the science.

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[2] See *Principles of Mental Physics* for the *Realdefinition* of these terms.

Toynbee used the term "intelligible field of study" to denote the topic of history. His finding that the history of Great Britain – and of other nation-states as entities – could not be "intelligibly understood" when taken in isolation led him to question what the correct topic of history as a science should be. He sought and found his answer in the idea of "societies":

> The chapters which caught our eye in our glance backward over the course of English history were real chapters in some story or other, but that story was the history of some society of which Great Britain was only a part, and the experiences were experiences in which other nations besides Great Britain were participants. The 'intelligible field of study', in fact, appears to be a society containing a number of communities of the species represented by Great Britain – not only Great Britain herself but also France and Spain, the Netherlands, the Scandinavian countries and so on – and the passage quoted from Acton indicates the relation between these parts and that whole. – [*ibid*.]

The "passage quoted from Acton" to which he refers is,

> General history naturally depends on the action of forces which are not national but proceed from wider causes. The rise of modern kingship in France is part of a similar movement in England. Bourbons and Stuarts obeyed the same law though with different results. – Lord Acton

These "forces in action," Toynbee wrote, "are not intelligible in their partial operations unless a comprehensive view is taken of their operation throughout the society."

A ***Toynbee society***, then, *is a community of nations interacting with one another and in which are found common cultural features that enable us to define them as composing a cultural unit*. We may note at once the similarity between this idea and the idea of an Enterprise as a community of individual enterprises closely interacting with one another. Toynbee, of course, did not interest himself in Enterprises. Nonetheless, the idea of the Toynbee society contains the mark of this similarity inherently. He wrote,

> What then is the right way of describing the relation between human societies and individuals? The truth seems to be that a human society is, in itself, a system of relationships between human beings who are not only individuals but are also social animals in the sense that they could not exist at all without being in this relationship to one another. A society, we may say, is a product of the relations between individuals, and these relations of theirs arise from the coincidence of their individual fields of action. This coincidence combines the individual fields into a common ground, and this common ground is what we call a society. – Toynbee, *A Study of History*, XI.1

We may at once draw several objectively valid logical conclusions from this. First, Toynbee societies and Enterprises are merely two distinguishable exemplars of a more general idea. This idea has been given no distinguishing name – indeed, it is probably correct to say that the *Dasein* of this idea has long been unsuspected – but we can remedy that with a label easily. The idea is *the idea of human relationships*. This is the Object under which both Toynbee societies and Enterprises stand as members of a disjunction. Indeed, the nations composing Toynbee's societies

might well enough be called *political enterprises*.

A second logical conclusion we may draw pertains to the relationship between biography and greater history. If the intelligible field of study for Toynbean history is the Toynbee society, biographies in relationship to it are to be seen in much the same way as physical scientists regard the relationship between atomic physics and the classical physics of ponderable bodies. In much the same way as atoms are the fundamental entities making up ponderable dead matter, the individual human being is our social-natural science "atom." Toynbee's thesis of the correct "intelligible field of study" for history is a thesis for history as a social-natural science. We might well say that a biography could be called a "living history" while greater history – the history of societies in Toynbee's context – could be called "public history." Both, if studied under the discipline of a *proper* Critical science, can equally be called "natural history."

There are many historians who find fault with Toynbee's work. In many cases these amount to disputes concerning Toynbee's specific interpretations of the historical record. Disputes such as these are of no concern to us in this treatise; they will be found to flow from the differing ontology-centered pseudo-metaphysical presuppositions of the individuals involved (including those of Toynbee). Of more concern are those criticisms leveled by historians who dispute Toynbee's main thesis, namely that Toynbee societies are the proper topic of greater history. These disputes strike deeper because they strike at the very issue of what is to be the fundamental paradigm of a social science of history. In the absence of a unifying paradigm – in the absence of what Kant called the one Idea that brings unity to a science as a system – there is little or no remedy for overcoming the disunity and legionary shortcomings characteristic of modern day history *as* a science. Indeed, there are historians who deny it is possible for history to *be* a science and some who go further and argue that even if it was possible, history should *not* be one.

At first glance it is something of a puzzle to the impartial outsider how these fundamentalists of orthodox history reconcile their blunt and immediate rejection – without hearing or debate – of Toynbee's model with the opening lines of Herodotus (acclaimed by the entire Western world as "the father of history"):

> What Herodotus of Halicarnassus has learned by research is here set forth, in order that the memory of the past may not be blotted out from among men by time, and that great and marvelous deeds done by Greeks and Barbarians and especially the reason why they warred against each other may not lack their due meed. – Herodotus, *Herodotus' History*

But on second glance, it is not so much a puzzle. Even by the late 1940s the disintegrating effects of a disastrous educational experiment in speciation – called "the open inquiry model" by the movement's founders in the beginning of the twentieth century – were already being felt in every corner of American higher education. The disciplines had been placed in their isolated

silos, cut off from each other, and each cut-branch of specialists was left to narrow and sterilize the scopes of the inquiries as their own training – your author does not call it "education" – had taught them was proper when they were themselves students. This catastrophic misstep in what should be, but is not, the social-natural science of education took America – and those other parts of the world that followed America's lead – into a chaotic anarchy of disciplines in which man, the social science atom, was utterly displaced in favor of what Toynbee contemptuously called "methods devised for the study of inanimate matter."

By the time one becomes a professor, the habits endorsed and enforced by the mores of one's discipline have become almost reflex, they are usually not re-visited and re-challenged to demonstrate their fecundity or even their utility, and the process of judgmentation has become biased to favor dogma over inquiry. As predicted *before the fact* by psychologist William James, and confirmed by the theory of mental physics, there is nothing open about the "open inquiry" program. If there has been, at any time since the burning of the Library of Alexandria, any one action more hostile to understanding the accumulated experience of humankind than the open inquiry program, your author is at a loss to name it. The open inquiry program *is* what Bloom called its aftermath – a prescription that closes one's mind. Bloom wrote,

> But where [physical][3] science ends, trouble begins. It ends at man, the one being outside of its purview . . . All that is human, all that is of concern to us, lies outside [physical] science. That should be a problem for [physical] science, but it is not. It is certainly a problem for us that we do not know what this thing is, that we cannot even agree on a name for this irreducible bit of man that is not body. Somehow this fugitive thing or aspect is the cause of science and society and culture and politics and economics and poetry and music. We know what these latter are. But can we really, if we do not know their cause, know what its status is, whether it even exists?

> The difficulty is reflected in the fact that for the study of this one theme, man . . . and his activities and products, there are two great divisions of the university – humanities and social science – while for bodies there is only [physical] science. This would all be very well if the division of labor were founded on an agreement about the subject matter and reflected in a natural articulation within it, as do the divisions between physics, chemistry and biology, leading to mutual respect and cooperation. . . . While both social science and humanities are more or less willingly awed by [physical] science, they have a mutual contempt for one another, the former looking down on the latter as unscientific, the latter regarding the former as philistine. They do not cooperate. And most important, they occupy much of the same ground. . . .

> The social sciences and the humanities represent the two responses to the crisis caused by the definitive ejection of man . . . from nature, and hence from the purview of natural science or natural philosophy – Allan Bloom, *The Closing of the American Mind*, pp. 357-358

Toynbee's *Study* is not without flaws; *no* major work of *any* science is without flaws because

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[3] Bloom actually wrote "natural science" but, as this treatise asserts, this is a misuse of the term. (Bloom was no less subject to habits of thinking and speech than any other man). When he says "natural science" he means the physical sciences of dead matter: physics, chemistry, and biology.

science as an activity is the pursuit of new knowledge, and new knowledge is not so easy to come by. But his paradigm of the Toynbee society *does* maintain connection with the human element and is, by that fact alone, a possible paradigm for history *as a social-natural science*. It is hard to overstate the importance of obtaining a true social-natural science of history. George Santayana's most famous quote,

> Progress, far from consisting in change, depends on retentiveness. . . . Those who cannot remember the past are condemned to repeat it. – Santayana, *The Life of Reason,* vol. I, *Reason in Common Sense*

enounced a fundamental truth for our understanding of human affairs.

Let us then push deeper into the characteristics Toynbee found for societies and for the relationships among human beings that realize in actions the Toynbee society.

§ 4.   The Toynbee Classes

§ 4.1   Toynbee's Classes of Societies

Toynbee studied history on a grand scale – the scale of nations and Toynbee societies. What we are about to see, however, will show us that the differences between his societies and smaller microcosms of human associations are differences in degree rather than differences in kind. If we look at Rome or at a Mexican village or at a commercial business, the essential human factors remain the same and only the number and individuality of people involved is different. This is in itself a clue that our idea of the Enterprise as a community of enterprises speaks to something very basic in the nature of human relationships.

Toynbee, like most historians, sociologists and anthropologists, tried to distinguish between something called "civilizations" and something else called "primitive societies." Within his historian's context, Toynbee declared that the civilization and the primitive society were the only two species under the genus of the Toynbee society. He identified a total of either twenty-one or twenty-three different full civilizations[4] that had appeared in history over the course of roughly the past six thousand years. Of the twenty-one, sixteen have disappeared and the remaining ones he called the Western Christendom, Orthodox Christendom, Islamic, Hindu, and Far-Eastern civilizations. The vanished ones are said to have "fallen" and Toynbee is most remembered today for his assertion that these vanished civilizations *fell from within*.

Alongside these, Toynbee placed his other major group, the so-called primitive societies. These, he noted, were much more numerous and were comprised of many fewer people than the

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[4] The difference in number is due to an argument he makes that the "Orthodox Christian society" can also be regarded as comprised of two societies (Orthodox-Byzantine and Orthodox-Russian) and the "Far Eastern society" can also be regarded as comprised of a Chinese society and a Japanese-Korean society.

Toynbee civilizations. However, this seemingly-crisp division quickly ran into difficulties. What is the *essential* difference between a primitive society and a civilization? Toynbee, apparently to his own surprise, found this to be an *insurmountably* difficult question to answer, and this seems to be one of the major deciding factors that eventually led him to define society in terms of the relationships among people rather than by other more traditional nominal descriptions such as race or environment. Toynbee's difficulties in attempting to make a crisp division between primitive societies and civilizations were compounded when he found himself also forced to concede that there is at least one other classification needed to take in the whole of humankind. He called this third classification the "arrested civilization." He identified the Polynesians, the Eskimos, and the nomads (nomadic people) as representatives of this third grouping. He described the arrested civilization as a society that had "achieved existence but then failed to grow." By "achieved existence" we must presume he meant it could not properly still be called a primitive society but that in terms of population and progressiveness it fell well short of what are usually taken to be the trademarks of an "advanced" or "full" civilization.

Toynbee was eventually forced to conclude that the difference between a "civilization" and a "primitive society" was nothing more than a merely nominal difference. He could find *no factors at all* that could serve to mark any *essential* difference between them. Toynbee wrote,

> What is the essential difference between the primitive and the higher societies? It does not consist of the presence or absence of institutions, for institutions are the vehicles of the impersonal relations between individuals in which all societies have their existence, because even the smallest of primitive societies is built on a wider basis than the narrow circle of an individual's direct personal ties. Institutions are attributes of the whole genus 'societies' and therefore common properties of both its species. . . .

> Nor are civilizations distinguished from primitive societies by the division of labor, for we can discern at least the rudiments of the division of labor in the lives of the primitive societies also. Kings, magicians, smiths and minstrels are all 'specialists' . . .

> An essential difference between civilizations and primitive societies *as we know them* (the *caveat* will be found to be important) is the direction taken by mimesis or imitation. Mimesis is a generic feature of all social life. Its operation can be observed both in primitive societies and in civilizations, in every social activity from the imitation of the style of film-stars by their humbler sisters upwards. It operates, however, in different directions in the two species of society. In primitive societies, as we know them, mimesis is directed towards the older generation and towards dead ancestors who stand, unseen but not unfelt, at the back of the living elders, reinforcing their prestige. In a society where mimesis is thus directed backwards toward the past, custom rules and society remains static. On the other hand, in societies in process of civilization, mimesis is directed towards creative personalities who command a following because they are pioneers. In such societies . . . society is in dynamic motion along a course of change and growth.

> But if we ask ourselves whether this difference between primitive and higher societies is permanent and fundamental, we must answer in the negative; for, if we only know primitive societies in a static condition, that is because we know them from direct observation only in the last phases of their histories. Yet, though direct observation fails us, a train of reasoning informs us that there must have been earlier phases in the histories of

> primitive societies in which these were moving more dynamically than any 'civilized' society has yet moved. . . .
>
> Primitive societies, as we know them by direct observation, may be likened to people lying torpid upon a ledge on a mountainside, with a precipice below and a precipice above; civilizations may be likened to companions of these sleepers who have just risen to their feet and have started to climb up the face of the cliff above . . . [But] the recumbent figures cannot be paralytics in reality; for they cannot have been born on the ledge, and no human muscles but their own can have hoisted them to this halting-place up the face of the precipice below. On the other hand, their companions who are climbing at this moment have only just left this same ledge and started to climb the precipice above . . . And we can observe that, for every single one now strenuously climbing, twice that number (our extinct civilizations) have fallen back to the ledge, defeated.
>
> We have failed to find the immediate object of our search, a permanent and fundamental point of difference between primitive societies and civilizations – Toynbee, *A Study of History*, II.1

This empirical failure to identify any essential factor as marking the difference between a civilization and a primitive society is important in relationship to our topic-at-hand in this treatise. Why is it that Toynbee and other Westerners call the bellicose collection of city-states in Hellenic Greece a "civilization" but call the Zulu Empire of Chaka a "primitive society"? There is, after all, very little room to doubt that Chaka saw himself as every bit the equal of the King of England and the Zulus certainly showed no great eagerness to "Anglicize" themselves. If the nineteenth century British were snobbish with "the Zulu savages," they also paid a rather steep price for that snobbishness at Isandhlwana on January 22, 1879.[5] The answer to the question is now rather obvious: the distinction is a merely nominal one, not a *real distinction* of society-nature.

The same answer applies, unaltered, to our earlier questions regarding U.S. Steel. It is unscientific to employ merely nominal entities *as fundamentally essential* Objects in any science. Too many convenient and equally nominal reasons for denying the definition can always be found. The tendency to base systems and theories on nominal definitions is a tendency promoted by ontology-centered prejudices, and the irresolvable vagueness that results from this tendency is the price ontology-centered social science pays for this indulgence. The same is true for the academic habit of nominally dividing itself up into little independent disciplines secure in their cozy little silos with shades drawn and shutters closed. A classification fecund for some purpose at some time that does not stay fecund for present purposes in present times is a classification that has, quite literally, *outlasted its usefulness*.

A quite reasonable protest that can be registered against this finding is this: "How, then, is a

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[5] Anticipating some opponents of Toynbee's theory who might be inclined to point out that the British won the Zulu war, here is the appropriate counterpoint: The Zulu Empire was, at the time, already nearing the brink of a civil war, in which the two primary factions were the Usutu and the Zibebu. The Empire of Chaka was already teetering towards disintegration by the time the British arrived.

social science ever to compete with physics in terms of predictive success?" But this protest is based on misunderstanding what physics is and is not capable of achieving. Physicist and Nobel laureate Richard Feynman said,

> If you insist upon a precise definition of force, you will never get it! First, because Newton's Second Law is not exact, and second, because in order to understand physical laws you must understand that they are all some kind of approximation.
>
>   Any simple idea is an approximation; as an illustration, consider an object, . . . what *is* an object? Philosophers are always saying, "Well, just take a chair for example." The moment they say that, you know that they do not know what they are talking about any more. What *is* a chair? Well, a chair is a certain thing over there . . . certain?, how certain? The atoms are evaporating from it from time to time – not many atoms, but a few – dirt falls on it and gets dissolved in the paint; so to define a chair precisely, to say exactly which atoms are chair, and which atoms are air, or which atoms are dirt, or which atoms are paint that belongs to the chair is impossible. So the mass of a chair can be defined only approximately. In the same way, to define the mass of a single object is impossible, because there are not any single, left-alone objects in the world – every object is a mixture of a lot of things, so we can deal with it only as a series of approximations and idealizations. – Richard Feynman, *The Feynman Lectures on Physics*, vol. I.12-1

If it is so impossible to define a chair, other than nominally, what does this say about defining a thing called "U.S. Steel" crisply as an object?

To speak of any *thing* with *practical objective validity*, to be able to distinguish between an idealization and a real phenomenon, or to find scientific laws for understanding Nature in any natural manifestation, we can only begin from an epistemological center – that is, from Critical metaphysics. Physics has enjoyed extraordinarily good press relationships in the community of scientists. Even Bloom willingly conceded to it a superiority of place. But the assertion, of which physicists tirelessly remind us again and again, that physics is *the* fundamental science – the Queen of the Sciences – is nothing but pseudo-metaphysical hubris and as without real foundation as the so-called Theory of Divine Design for scientific explanations. Physics is *not* the most fundamental of the sciences; it never has been and it never will be. It is merely the most highly developed of the sciences at present. If scientific disciplines were civilizations, it would be the Rome of our day. But nothing in the paradigm of physics touches in even the most remote way on mental objects. There are no happy or sad electrons, no pontifical cells, and there is no mind dust. Physics cannot explain psychology or sociology or economics or political science or anthropology or history or human nature. It cannot do so today, and it never will be able to do so.

§ 4.2   Toynbee's Classes of Individuals

After failing to be able to find what we might call a "physics factor" around which to focus the study of history, Toynbee turned to a perspective of viewing societies in the context of human interrelationships. In doing so, he employed a four-fold division of different "types of people" he

could specify in arranging and organizing his doctrine of history. In social science parlance, he "typed" different classifications of people.

Now, it is important for us to recognize at the outset that typing is merely another example of what Feynman called an "idealization." An object defined by typing has limitations in the scope to which it can be productively employed. The Critical theory tells us that every such kind of limitation has objective validity only to the extent that and in the context for which *it is practical*. Every science has its objects of study, every science requires some means by which these objects can be distinguished one from another, and every such means of distinction must produce a *meaningful* distinction. But, again as mental physics informs us, *all meanings are at root practical*. Ultimately the meaning of an object comes down to what can be done with that object and, co-equally, what cannot be done with it. For each one of us there is one and only one Object we can truly distinguish as uniquely individual, and the Object is different for each of us. It is none other than one's own *I* of transcendental apperception, the objective *Existenz* of which subsists in those predications one makes in defining one's *Self*. The representation of all other objects is always a judgment call. Seen in this light, *scientific method is at root nothing else than methodology for making such judgment calls in a manner that enlists other people in coming to agreement with the judgment*. Every science is *uncertain in some degree* of its judgments of its objects, and we call this *the empirical aspect of science*. Mathematics is no exception to this. If you desperately lust after absolute certainty, *do* not-become a scientist or mathematician. Your affective neurosis will cause our community more harm than the good you will do for it.

It is perhaps the case that psychologists are more aware of, and more comfortable with, the many issues attending the practice of typing that psychology (like every science) must undertake. In his 1976 best seller, *The Gamesman*, psychologist Michael Maccoby wrote,

> A word about typing people: the very mention of types embarrasses those with simplistic democratic and egalitarian values who want to believe that everyone is at once different from and equal to everyone else. Although we all should recognize that we share the same human rights . . . no one can avoid the cognitive necessity of typing people. We commonly classify people stereotypically according to differences in age . . ., sex . . ., and race . . .
>
> Bureaucracies tend to type people to fit the requirements of their hierarchies; teachers type students as bright, average, or retarded; police type criminals and law abiders; psychiatrists type normals, neurotics, and psychotics. Factory managers typically type workers and managers into categories of hardworking, lazy, incompetent, responsible, irresponsible, etc. – all according to how well they serve the organization. In contrast, the types we developed cut across demographic classifications . . . and they are based on emotional attitudes – frame of orientation shared by a large number of people.
>
> A true social character type cannot be labeled simply as good or bad. It describes a syndrome of traits that are adaptive to the requirements of physical and psychic survival. If circumstances are favorable, such adaptation allows creative development, especially in gifted members of the type. When social conditions are no longer adaptive for a type,

negative traits become stronger. . . .

But most important, the purpose of studying social character is to understand the real possibilities for progressive social change. Any new program or project must take into account social character types if it is to engage the support of the people affected. Otherwise, even the most idealistic plans may conflict with emotional attitudes rather than being supported by them. In this sense, social character types are an approximation of the human reality that must be considered together with the economic, technical and social factors that determine work organization. – Michael Maccoby, *The Gamesman*, 1

With this *caveat* in mind, we can go ahead and look at Toynbee's typing of classes of people in a Toynbee society as well as his four phases of a society's *Existenz*. These four phases are: (1) the initial emergence of a new society (a "civilization") out of some pre-dating static condition; (2) the growth of that society to some pinnacle of achievement; (3) the breakdown of that society when it loses its creative vigor and ceases to grow; and (4) the disintegration and disappearance of that society.

His four identified types of people are: (1) a minority, which: (i) at the genesis of a new society he calls **the creative minority** because its members undertake novel and creative actions that stimulate a following, and (ii) in the later stages of breakdown and disintegration has become merely **the dominant minority** because it has lost its creative spark and degenerated into a caste of rulers rather than leaders; (2) a **majority** of people who follow the lead of the creative minority through mimesis (imitation) but whose active and willing participation is necessary for the new society to come into being; (3) an **internal proletariat** that arises within the body of the society during its later stages of breakdown and disintegration and which constitutes a prostrate and uncooperative segment *in* but not regarding itself as members *of* that society; and (4) an **external proletariat**, which is a group of people outside the body proper of the society, although nonetheless having interactions with it, who violently resist being incorporated into that society. As Toynbee's usages of these terms differs from conventional usages, we will call them the Toynbee minority, the Toynbee majority, and the two types of Toynbee proletariats.

Toynbee wrote,

We have now completed our investigation of the process through which civilizations grow and, in the several instances which we have examined, the process seems to be one and the same. Growth is achieved when an individual or a minority or a whole society responds to a challenge by a response which not only answers that challenge but also exposes the respondent to a fresh challenge which demands a further response on his part. But although the process of growth may be uniform the experience of the various parties that undergo the challenge is not the same. The variety of experience in confronting a single series of common challenges is manifest when we compare the experiences of the several different communities into which any single society is articulated. Some succumb, while others strike out a successful response . . . while others neither succumb nor succeed but manage to survive until the member which has succeeded shows them the new pathway, along which they follow tamely in the footsteps of the pioneers. Each successive challenge thus produces differentiation within the society, and the longer the series of

challenges the more sharply pronounced will this differentiation become. Moreover, if the process of growth thus gives rise to differentiation within a single growing society where the challenges are the same for all, then, *a fortiori*, the same process must differentiate one growing society from another where the challenges themselves differ in character. – Toynbee, *A Study of History*, XII

It is important to keep in mind that Toynbee's society is not a nation but a community of nations or smaller units (e.g., independent villages, city-states, distinct tribes, etc.). When he speaks of parties succumbing or responding successfully to the challenge, he speaks as though he is referring to individuals, but this is inconsistent with his main thesis and was probably a mere habit of speech. However, when he talks about a minority, he means a subgroup of individuals in one or more of the communities making up the Toynbee society as a whole.

Toynbee's remark about "a whole society" responding to a challenge also requires additional notation. He was not able to identify any specific set of traits or factors that distinguish the members of the creative minority as individuals other than the one common fact that their actions produced a following. His simile was that the members of the creative minority were likened to pioneers while the much larger majority were likened to settlers following in their footsteps. He also made frequent use of similes to myths and legendary figures and often described the members of the creative minority as "mystics" – a literary tack that probably accounts for at least some of the resistance other historians have had to Toynbee's thesis.[6] Although there is no known reason *a priori* why a whole society could *not* respond uniformly and together to *some* initial challenge requiring a response, the empirical historical fact is that this has not happened within the historical record. Whether or not this was ever so in so-called "primitive" societies, by whatever pathways they took *en route* to the invention of the village or tribe out of some earlier and probably familial condition, is unknown to the historical record. So far as we know, the genesis of a new "civilization" has been marked by leaders' actions from a creative minority of people within one or more communities that stimulated a following by the much larger majority of individuals comprising many communities. The members of Toynbee's creative minority are leaders of a transformation process rather than necessarily being rulers of their communities. He tells us,

> The creative personality is impelled to transfigure his fellow men into fellow creatures by re-creating them in his own image. The creative mutation which has taken place in the microcosm of the mystic requires an adaptive modification in the macrocosm before it can

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[6] Toynbee himself seems to have been an interesting character not free of seemingly contrary behavioral traits: part scholar, part mystic, part spiritualist, and part ethnocentric adherent to Western civilization's self-made and self-promoted claim of "manifest destiny" and what British imperialism once smugly called "the white man's burden." If Rousseau was a riddle wrapped in a mystery inside an enigma, Toynbee was a Magian in a justice's robe astride a stallion.

become either complete or secure; but *ex hypothesi* the macrocosm of the transfigured personality is also the macrocosm of his untransfigured fellow men, and his effort to transform the macrocosm in consonance with the change in himself will be resisted by their inertia, which will tend to keep the macrocosm in harmony with their unaltered selves by keeping it just as it is.

   This social situation presents a dilemma. If the creative genius fails to bring about in his milieu the mutation which he has achieved in himself, his creativeness will be fatal to him. He will have put himself out of gear with this field of action; and in losing the power of action he will lose the will to live – even if his former fellows do not harry him to death, as abnormal members of the swarm or hive or herd or pack are harried to death by the rank and file in the static social life of gregarious animals or insects. On the other hand, if our genius does succeed in overcoming the inertia or active hostility of his former fellows and does triumphantly transform his social milieu into a new order in harmony with his transfigured self, he thereby makes life intolerable for men and women of common clay unless they can succeed in adapting their own selves, in turn, to the new social milieu that has been imposed on them by the triumphant genius' masterfully creative will. – [*ibid*., XI]

Toynbee overreaches in these remarks. There is, for instance, no basis for saying that the frustrated "genius" who fails to enlist a following will "lose his will to live." In one or another individual case, this might be so; but it is more likely that this frustrated "creative" person who "has transfigured himself" will revert to a state-of-nature attitude towards the other members of his political or social community. No longer sharing their values and folkways, he will make himself an outlaw or a criminal in their midst – a Toynbee internal proletariat-of-one. Or, on the other hand, he might withdraw from their midst, becoming a voluntary exile from his original community seeking some new place from which he can carry forward his new way of life. Toynbee is also rather easy with the term "genius" and tends to over-romanticize and mystify it. Is a crackpot a genius? The unsuccessful innovator is, to his fellows, the former rather than the latter. Toynbee's rhetoric is o'er-heavy in applying the glandular seasoning of Nietzsche.

It is true the radical reformer within a community incurs risks to himself. He is undertaking to act as a leader, and all leaders' actions are fraught with risk for the leader. One can as easily lead others to stone the leader as to persuade them that well-cooked pork is safe to eat. It is likewise true that radical changes tend to be opposed by the majority. Change, as Leavitt points out, produces tension; the untried is the unknown and adults generally learn to distrust and dislike the unknown. This is why political demagogues usually seek to gain the trust of others by presenting themselves as the "Everyman" who is "one of us." It is also why labeling one's opponent as an "elitist" or a "sectarian" or a "foreigner" or an "outsider" is an effective propaganda tactic.

If the original creative minority succeeds in effecting major change that spreads across a large enough number of different communities – as Toynbee might have put it, in creating a larger "civilization" out of static "primitive societies" – then a "new order" – a new set of mores and folkways – takes hold and forms a common culture that is an identifying mark of a Toynbee

society. Even if the originating minority of creative leaders are not rulers of their communities within the new society, over time that minority of individuals who most successfully adapt to the new order tend to become its recognized leaders and eventually constitute a ruling class. It is here where another transformation process within this class often does occur: a metamorphosis from a *creative* minority to a *dominant* minority that has, as Toynbee put it, lost the "creative spark" and the ability to enlist *civil* followership. This dominant minority usually tends to conservatism; change is no longer their goal, but preservation instead – especially the preservation of their own positions, personal powers, and privileges. The majority ceases to follow them out of self-benefit and rather submits to them out of self-preservation. Here is where the majority itself begins to split up into two groups: (1) a subjugated plurality; and (2) an internal proletariat that increasingly tends to express itself through resistance and, eventually, revolution. This, Toynbee tells us, is what marks the onset of the *breakdown* of the Toynbee society and can lead (and, historically, has led) to the eventual *disintegration* of that society.

A Toynbee society – which, again, is a community of communities with similar cultures – is usually situated within a larger environment of *other* Toynbee societies. One very commonly seen historical pattern in this larger sphere is the absorption or takeover of parts of other societies by some one or few stronger ones. In the days of growth, these takeovers do not necessarily involve warfare; in the world of commerce they are usually called "mergers." But in the days of breakdown, the spread of one Toynbee society is usually violently resisted by the others. This is what Toynbee means when he refers to the external proletariat. Western Europe and North America constituted an external proletariat to the old Soviet bloc, and it to them. One example of this in the business world is exhibited by what have come to be called "hostile takeovers." In the state of nature, most small groups of people constitute external proletariats in relationship to other small groups of people. This is common in those societies Toynbee chose to label as "primitive"; indeed, a small population seems to have been Toynbee's main yardstick for nominally defining one culture as primitive and another as a civilization – an old prejudice Western civilization inherits from the classical Greek propensity of thinking "if some is good, more is better."

§ 4.3   The Creative Minority and the Dominant Minority

Every leader's action is taken for the purpose of effecting some change of behavior by the followers. Toynbee's creative minority and dominant minority groups can, in this context, be called societal leaders since their leaders' actions affect large numbers of community members. Behind the usually-self-serving rhetoric of Andrew Carnegie and the other large industrialists of the late nineteenth and early twentieth centuries – and, in point of fact, into day – there is a germ

of truth when it is said that extraordinary leaders are rare individuals. This does not grant them a special license for behaviors that are censurable if others perform them, nor does it justify any special privileges or liberties being granted to such individuals. They are *extra*ordinary *because* they succeed without these. The creative minority needs no special civil liberties not extended to others; the decadent dominant minority *must* obtain them because they are *not* leaders succeeding by persuasive allegiances but, rather, rulers succeeding, for a time, by means of increasingly more despotic applications, or threats of application, of raw force, by the legal sanction of special privileges they alone can wield, and by appropriating for themselves the power to decide who will and who will not be admitted to their ranks.

The ranks of the creative minority are self-filled and followership happens afterwards. In the case of the dominant minority, the followership (of an older leaders' order) is already established and the dominant minority merely seeks to keep its own position secure. The creative minority forges a new social compact altering, and sometimes ameliorating, state of nature relationships. The actions of the dominant minority tend to produce the resurgence of a more widespread state of nature among the members of the Toynbee society and within its particular communities. It is this alteration of basic human relationships that brings stagnation and breakdown to the society. Duties of reciprocity are gradually abandoned and duties to self become paramount in the self-determinations of individuals' actions under the dominant minority. Eventually the dominance of duties to self entirely displaces civic duties, and when this happens the Toynbee society does not merely break down but goes into disintegration. On the grand scale of greater history, the period between disintegration and the emergence of a new order in a new Toynbee civilization is called a dark age. With the brief exception of the empire of Charlemagne, there was no Toynbee European civilization between the fall of the western Roman Empire and the re-emergence of what is today called Western European civilization around the late twelfth and early thirteenth centuries. What there was instead was an aggregation of small societies – what consistency with Toynbee's usage of the term would have to be called an aggregation of primitive societies whose interactions were by and large state-of-nature relationships.

The leaders' actions of a creative minority are often only clearly discernible during the period of genesis and growth[7] of a new Toynbee society. He wrote,

> The truth seems to be that the intrinsic uniqueness and individuality of any act of creation
> is never counteracted to more than a trifling extent by the tendency towards uniformity

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[7] How one properly defines "growth" is, of course, a non-trivial question and one that is meaningless in the absence of some context. Critically, any proper context for growth must involve some identifiable benefit realized by the wider membership of the Toynbee society because without this factor in the context we lose connection with our social atom, the individual human being.

which arises from the fact that every individual is a potential creator and that all these individuals are living in the same atmosphere; so that the creator, when he arises, always finds himself overwhelmingly outnumbered by the inert uncreative mass, even when he has the good fortune to enjoy the companionship of a few kindred spirits. All acts of social creation are the work either of individual creators or, at most, of creative minorities; and at each successive advance the great majority of the members of the society are left behind. . . It is the same with the recent achievements of our material civilization. Our Western scientific knowledge and our technique for turning it to account is perilously esoteric. The great new social forces of Democracy and Industrialism have been evoked by a tiny creative minority, and the great mass of humanity still remains substantially on the same intellectual and moral level on which it lay before the titanic new social forces began to emerge. In fact the main reason why this would-be Western Salt of the Earth is in danger, today, of losing its savour[8] is because the great mass of the Western body social has remained unsalted.

  The very fact that the growths of civilizations are the work of creative individuals or creative minorities carries the implication that the uncreative majority will be left behind unless the pioneers can contrive some means of carrying this sluggish rear-guard along with them in their eager advance. . . . We should now say that growing civilizations differ from static primitive societies in virtue of the dynamic movement, in their bodies social, of creative individual personalities; and we should add that these creative personalities, at their greatest numerical strength, never amount to more than a small minority. In every growing civilization the great majority of the participant individuals are in the same stagnant quiescent condition as the members of a static primitive society. More than that, the great majority of the participants in a growing civilization are, apart from a superimposed veneer of education, men of like passions with primitive mankind. – [*ibid*.]

The undemocratic flavor of Toynbee's words here tends to make him unpopular with many people. Yet, what he says enjoys a greater degree of truth than the pious counterarguments of those individuals who would like to see "man" – by which they really refer to nothing but some Platonic ideal, the abstract unperson who is the fictitious entity embraced by many so-called liberal thinkers – as something more noble than Toynbee's "lump of ordinary humanity." It is true that each of us is an individual, that this uniqueness of personality can be said to make each of us "special," and that there is nothing wrong with this. (Even if there were, there is really nothing anyone could do about it anyway; every person is self-determining and, while others can be influential stimuli in the process of self-determination, still the determination is a personal one). Yet all this is irrelevant to whether or not an individual's actions are effective leader's actions. Toynbee's creative minority are effective leaders for at least a time.

   Toynbee is far from alone in recognizing both the reality that the number of creative leaders in genesis and growth of a Toynbee society is a very small fraction of the population, and that the much larger majority who do choose to follow them do so to a degree and for a time by mimesis. Hence the common proverb, "A good leader is a role model." Something John Stuart Mill wrote is at least as pertinent to the governance of leadership – and perhaps even more so – as it is to political government:

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[8] power to excite interest, zest, etc.

What is suggested by the term Progress is the idea of moving onward, whereas the meaning of it here is quite as much the prevention of falling back. The very same social causes – the same beliefs, feelings, institutions, and practices – are as much required to prevent society from retrograding as to produce a further advance. Were there no improvement to be hoped for, life would not be the less an unceasing struggle against causes of deterioration . . . The natural tendency of men and their works was to degenerate, which tendency, however, by good institutions virtuously administered, it might be possible for an indefinite length of time to counteract. Though we no longer hold this opinion; though most men in the present age profess the contrary creed, believing that the tendency of things, on the whole, is towards improvement; we ought not to forget that there is an incessant and ever-flowing current in human affairs towards the worse, consisting of all the follies, all the vices, all the negligences, indolences, and supinenesses of mankind; which is only controlled, and kept from sweeping all before it, by the exertions which some persons constantly, and others by fits, put forth in the direction of good and worthy objects. It gives a very insufficient idea of the importance of the strivings which take place to improve and elevate human nature and life, to suppose that their chief value consists in the amount of actual improvement realized by their means, and that the consequence of their cessation would merely be that we should remain as we are. A very small diminution of those exertions would not only put a stop to improvement, but would turn the general tendency of things towards deterioration; which, once begun, would proceed with increasingly rapidity, and become more and more difficult to check, until it reached a state often seen in history, and in which many large portions of mankind even now grovel; when hardly anything short of superhuman power seems sufficient to turn the tide, and give a fresh commencement to the upward movement. . . .

The first element of good government, therefore, being the virtue and intelligence of the human beings comprising the community, the most important point of excellence which any form of government can possess is to promote the virtue and intelligence of the people themselves. The first question in respect to any political institution is, how far they tend to foster in the members of the community the various desirable qualities, moral and intellectual; or rather . . . moral, intellectual, and active. The government which does this the best has every likelihood of being the best in all other respects, since it is on these qualities, so far as they exist in the people, that all possibility of goodness in the practical operations of the government depends.

We may consider, then, as one criterion of the goodness of a government, the degree in which it tends to increase the sum of good qualities in the governed, collectively and individually; since, besides that their well-being is the sole object of government, their good qualities supply the moving force which works the machinery. – John Stuart Mill, *Representative Government*, 2

Substitute the term "ability to lead" for "government" and you have the point of connection between the governance of leadership and Toynbee's creative minority. These individuals are extraordinary because: (1) their actions lead to other actions *from which* the establishments of the institutions and practices necessary for what the society, at least for a time, regards as good progress are organized; and (2) their actions and other consequent actions, whether taken by themselves or by their early followers and imitators, spread engagement in participation on the part of others. It is when this dynamical spark is lost that, as Mill quite properly notes from history, breakdown and disintegration under a dominant minority begins.

We should not, however, blithely or idealistically presume that Toynbee's creative minority is a conclave of saints. Historical fact – though not mental physics necessity – tells us most of the

individuals who fall into Toynbee's classification have been hard and even despotic people. Michael Maccoby aptly termed such individuals "jungle fighters." The members of Toynbee's creative minority seek to overthrow the old social order and put a new one in its place. They are, by practical definition, *outlaws* in relationship with the old order, and it is therefore not to be marveled at or puzzled over that so many of them should employ the tactics of jungle law in the state of nature as they seek to satisfy their purposes.

We can observe this over a vast panorama of human cooperating, if not always cooperative, associations from the smallest undertakings to the largest and grandest scale of entire nations and regions. Maccoby provides us with an example of this from a study he and his colleague, Fromm, once carried out in a Mexican village.

> Historically, the jungle fighter has been an entrepreneur and empire builder. In the Mexican village we studied, Fromm and I found that a small group of bold and innovative jungle fighters was the first to break away from the traditional practices; these villagers were the first to buy tractors, which they also rented out to others, the first to try out new farming methods with chemical fertilizers, and were the most likely to become middlemen.
>
> Some of the most successful also operated by means of force, blackmail, and bribes to gain wealth and political influence. The sadistic attitude . . . was behaviorally acted out in their ruthless suppression of opponents and castrating domination of subordinates by their own force or aided by *pistoleros*.
>
> In the "developing" village society, such jungle-fighter entrepreneurs were the new men and were known as the "progressives." They were the ones who opposed traditional fiestas as a waste of money and a temptation to drunkenness. They argued that the money would be better spent for new roads useful for their agribusinesses, and for schools, which gave their children a chance to prepare for university careers. When the small landowners or artisan-craftsmen spoke for the traditional ways, the entrepreneurs accused them of opposing progress. Their wealth, new values of material accumulation, and modern methods deepened class divisions in the village and destroyed traditional limits and protections against envy. Eventually, the entrepreneurs succeeded in dominating the village economically, politically, culturally, and ideologically. Yet, despite their material success, the jungle fighters seemed to enjoy life less than other people in the village. They distrusted the people they controlled and feared revenge from those whose land they had gobbled up. They had no comrades, only accomplices and servants. They did not like the fiestas, and were uninterested in the welfare of the poor, condemning the landless day laborers they exploited as lazy and stupid. Most of these men had destructive effects on their wives, children, and others in the village. – Michael Maccoby, *The Gamesman*, 3

Here, apparently, is a case where the transition from creative minority to dominant minority took place within the lifetimes of the originating minority members. It is probably well-advised to take some of Maccoby's comments with a large grain of salt because he does exhibit a tendency in *The Gamesman* to read situations through the lenses of his own political and moral viewpoint and demonstrates a habit of labeling the motives of particular individuals without presenting any objective evidence to support this labeling. Nonetheless, the main point that can be taken from the example cited above is simply this: the situation of the Mexican village he describes differs only

in scale of the number of people involved and limited geographic extent from the necessarily more abstracted and greater sweep of Toynbee's study of civilizations.

We can take only so much from this example. The quote above was used by Maccoby as an *en passant* illustration of the characteristics exhibited by those he typed as "jungle fighters" in *The Gamesman*. He leaves us with no answers to a number of obvious follow-up questions. It is not clear what Maccoby meant by calling this creative/dominant minority of jungle fighters the "new" men – were they newcomers to the village or merely men who had adopted a new outlook on things? Maccoby implies, by placing of the word "developing" in quotes, that he did not look upon the changes to the village culture as progress in the well-being of the majority of villagers; but what *was* the wider effect on the majority of the villagers? Did their economic stock increase, decrease, or remain static? Were more of their children able to take advantage of the new schools and subsequently benefit? Were the new roads beneficial to people other than the entrepreneurs or were there some who were actually harmed by them, e.g. through land seizure under a legal doctrine of "eminent domain"? What was the "Toynbee challenge" – the situation that serves to help motivate the followership to follow particular leaders during the growth of a society – that the Mexican village was responding to? Was it merely the challenge posed by the presence of a creative minority of ambitious and ruthless entrepreneurs in their midst, or were there wider challenges posed by, e.g., poverty, drought, or other factors? We would like to have answers to all these, and to other questions, if we would carry forward with additional scientific investigation, using a social-natural scientific methodology, in regard to Maccoby's village.

Nonetheless, the following point is sufficiently well made: The same reasons that prevented Toynbee from being able to find any distinction between civilizations and primitive societies that is not a mere nominal distinction also prevents us from drawing any crisp and objectively valid marker boundary in the spectrum of scales of populations to find some population number below which the validity of Toynbee's analysis of societies at the scale of "civilizations" ends. The nineteenth century period of those who some call "the great industrialists" and others call "the robber barons" in the United States presents another example of the Toynbee thesis of great societal change at the hands of a creative minority with a return to more static conditions afterwards that endures for a significant length of time. Once one begins looking for evidence of Toynbee's thesis on different scales of organizations, or for analogs to his "civilization" vs. "primitive society" distinctions, one encounters no particular difficulty in finding them.

For example, in eastern Iowa there is a little town named Maquoketa. It lies about halfway between the small cities of Dubuque and Davenport astride U.S. Highway 61. Maquoketa is by and large a rural town populated by small shopkeepers, a few lawyers and doctors, a larger body

of productive laborers, teachers, bankers, insurance brokers, and municipal agents. It functions as the county seat and has a typical number of public and parochial schools, churches, bars, and small eateries. Its population has held steady at around six thousand people for the past fifty years and in most respects – other than for the specific identities of its individual residents – there is very little difference between its culture today and as it was in 1960.

It neither grows nor shrinks, expands nor contracts, gains nor diminishes economically in relationship to standards of living. It has no dominant minority, although it does have its own local cast of "prominent" citizens whose preening, strutting, and posturing is usually a source of amusement to most of its residents. Its citizens are neither especially rich nor especially poor.

It is a community more or less self-contained, tends to ignore and to be unaffected by most affairs going on in the wider world-at-large. Its residents, with a few exceptions, do not seek for change to come to Maquoketa and most of its residents are very conservative on the topic of any major community changes. Life is Maquoketa is probably as contented as can be found anywhere on earth, neither exceptionally good nor exceptionally bad. It accepts neither right-wing nor left-wing political ideas and its residents tend to subscribe to attitudes proverbially described as "live and let live" and "mind your own business and I'll mind mine." Its young "progressives" tend to grow up and leave town to pursue their entrepreneurial impulses elsewhere.

It is a more or less close-knit community and has a local Historical Society that keeps track of the town's and county's history. Its citizens are proud of their town, and they recognize no other place as superior in quality of life. Maquoketa can be called idyllic without being called ideal. Its residents do not seek any different ideal and tend to be contemptuous of those found elsewhere.

According to Toynbee's usage of the term, it can nominally be called part of an arrested civilization embedded within the geographical borders of the United States, although its citizens, one and all, fiercely resent being labeled "arrested" in any way and will not hesitate to correctly point out both that they enjoy all the benefits of modern life in the U.S. and that their community does not suffer from what they see as besotted idiocy prevailing in cities elsewhere.

There appears to be a great many towns like Maquoketa scattered across the United States, and they are culturally distinct from the urbanized areas of the country. They can be said to be socially insular but technologically connected to external developments; they are economically independent to a significant degree but economically affected by macroeconomic phenomena and political policies in the greater units in which they are embedded. These pose the main challenges they face. Once in their histories they were founded by members of a Toynbee creative minority, but since have had no impelling cause for a dominant minority to develop. It is in this sense that they are representative of what Toynbee called an arrested civilization. A smug and ethnocentric

cosmopolitan would probably lampoon them as "Eskimos of the lower forty-eight."

Larger cities, in contrast, frequently do display a dominant minority – asset owners of large commercial firms that employ many local people; career local politicians; very rich private individuals whose wealth provides them with the tangible power to exert great influence on the local politics. In the United States the contrast between the Maquoketas and the Pittsburgs could hardly be more pronounced. A new socio-political-economic organization is one of the legacies left in the wake of the creative minority in founding a new social order. These usually develop in an *ad hoc* fashion and with no attention or concern paid to civic considerations of how their institutions will affect human community relationships. Once in place, however, apathy is sufficient to keep it going for a long period of time and, as most such institutions are hierarchical, their managers and authority figures can succeed to their positions within them possessing no more than personal power successfully effective in state-of-nature relationships. Under these conditions, the original creative minority gives way to a dominant minority. Toynbee wrote,

> We have seen, in fact, that when, in the history of any society, a creative minority degenerates into a dominant minority which attempts to retain by force a position that it has ceased to merit, this change in the character of the ruling element provokes, on the other side, the secession of a proletariat which no longer admires and imitates its rulers and revolts against its servitude. We have also seen that this proletariat, when it asserts itself, is divided from the outset into two distinct parts. There is an internal proletariat, prostrate and recalcitrant, and an external proletariat beyond the frontiers who now violently resist incorporation.
>
> On this showing, the nature of the breakdowns of civilizations can be summed up in three points: a failure of creative power in the minority, an answering withdrawal of mimesis on the part of the majority and a consequent loss of social unity in the society as a whole. – Toynbee, *A Study of History*, XIII

A few years ago, the Walmart Corporation proposed to build a large "box store" operation in the small town of Moscow, Idaho. Local opposition to this proposal was amazingly intense. Not only the local merchants but also a much broader cross-section of the town joined in protesting against the issuing of any licenses or building permits to Walmart (this protest being effected more or less by the expedient of threatening local politicians with being turned out of office if any permits were issued), and by some legal injunctions on various grounds, including provisions of the Idaho Code, that were filed to block the move. In the end, Walmart moved its intention eight miles west, to the other side of the Idaho-Washington border, and undertook to place its "box store" in the town of Pullman. The actions of the Moscow citizens were nothing else than those of Toynbee's external proletariat resisting "incorporation" of their local economic situation under the tangible power of a large non-local entity regarded by many "Moscow-vites" as despotic. Their passions, although not their actions, could indeed be characterized as "violent."

§ 5.   Breakdown and Disintegration of Enterprises

§ 5.1   The Universal State

The Walmart vs. Moscow incident illustrates in the sphere of commerce a phenomenon Toynbee found to be characteristic of civilizations undergoing disintegration: the establishment or attempt to establish what Toynbee called a ***universal state***. The commercial counterpart of this is called a monopoly by economists and businessmen. The attitude indicative of this inclination by managers in commercial entities is voiced in the phrase "market share." Toynbee wrote,

> One of the most conspicuous marks of disintegration . . . is a phenomenon in the last stage but one of the decline and fall, when a disintegrating civilization purchases a reprieve by submitting to forcible political unification in a universal state. For a Western student the classical example is the Roman Empire into which the Hellenic Society was forcibly gathered up in the penultimate chapter of its history. . . .
>
> We have already defined the nature of these breakdowns of civilizations. They are failures in an audacious attempt to ascend from the level of a primitive humanity to the height of some superhuman kind of living, and we have described the casualties in this great enterprise by the use of various similes. . . . We have also described the nature of the breakdowns in non-material terms as a loss of creative power in the souls of creative individuals or minorities, a loss which divests them of their magic power to influence the souls of the uncreative masses. Where there is no creation there is no mimesis. The piper who has lost his cunning can no longer conjure the feet of the multitude into a dance; and if, in rage or panic, he now attempts to convert himself into a drill-sergeant or a slave-driver, and to coerce by physical force a people he can no longer lead by his old magnetic charm, then all the more surely and swiftly he defeats his own intention; for the followers who had merely flagged and fallen out of step as the heavenly music died away will be stung by the touch of the whip into active rebellion. – [*ibid*.]

Ignoring the mystic melodrama in Toynbee's classification of various civilizations, the Roman Empire (and its predecessor, the Roman Republic) was part of what he called Hellenic civilization. As is well known, the Roman Empire became the dominating political entity in this civilization during the last phase of its existence. A Toynbee society is an aggregate of separate but culturally similar communities interacting with one another. A universal state results when one of these members gains supremacy over all the rest. In the commercial sphere, the corresponding homologue is the giant conglomeration. Its dominant minority displaces and removes from rulership the dominant minorities of the broken down communities over which it has gained ascendancy. However, far from being a sign of strength in the Toynbee society, the universal state is, historically, merely the last hoorah of the dying civilization. Its ruling minority becomes the target of resentment and rebellion and, as the last bastion of the power class of the society, its fall brings the extinction of that civilization.

> The first of these [tokens of a predecessor civilization with which Western Society is affiliated] was a universal state (the Roman Empire), incorporating the whole Hellenic Society in a single political community in the last phase of Hellenic history. This

phenomenon is striking because it stands out in sharp contrast to the multiplicity of local states into which the Hellenic Society had been divided before the Roman Empire arose, and in equally sharp contrast to the multiplicity of local states into which our own Western Society has been divided hitherto. We found, further, that the Roman Empire was immediately preceded by a *time of troubles*, going back at least as far as the Hannibalic War, in which Hellenic Society was no longer creative and was indeed patently in decline, a decline which the establishment of the Roman Empire arrested for a time but which proved in the end to be the symptom of an incurable disease destroying Hellenic Society and the Roman Empire with it. Again, the Roman Empire's fall was followed by a kind of *interregnum* between the disappearance of the Hellenic and the emergence of the Western Society. – Toynbee, *A Study of History*, II

In the story of nations the most frequent historical examples of incorporation into a universal state are effected by military force. In the commercial world the counterpart is incorporation by means of economic force (a form of communal tangible power). The Moscow merchants and their allies who fought against permitting Walmart to establish a larger local presence were driven primarily by their realization that their own enterprises would be unable to survive the price-cutting pressures Walmart could bring to bear upon them, and by their observation that in other communities the pre-existing local merchantmen had indeed gone out of business when Walmart came to town.[9] If it is to survive, any Enterprise must succeed in attracting a sufficient revenue – in whatever forms of exchanged goods is pertinent to the nature of that Enterprise – from outside sources. The drawing away of this revenue by another entity constitutes the economic counterpart of military intrusion (in the extreme case, the homologue of conquest).

That military and economic tangible powers are interlinked in the survival or fall of nations has long been known. Sun Tzu wrote,

7. It is only one who is thoroughly acquainted with the evils of war who can thoroughly understand the profitable way of carrying it on.

8. The skillful soldier does not raise a second levy, neither are his supply wagons loaded more than twice.

9. Bring war material with you from home, but forage on the enemy. Thus the army will have food enough for its needs.

10. Poverty of the State exchequer causes an army to be maintained by contributions from a distance. Contributing to maintain an army at a distance causes the people to be impoverished.

11. On the other hand, the proximity of an army causes prices to go up, and high prices cause the people's substance to be drained away.

12. When their substance is drained away, the peasantry will be afflicted by heavy

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[9] There was, in point of fact, a smaller Walmart store already located in Moscow prior to the local battle over the larger Walmart operation. Local merchants had already felt the bite of its competitive pressures and justifiably feared for their own survival if their giant competitor should gain an even stronger local presence. Their non-mercantile allies, likewise, feared what the resulting loss of competition, which would follow from Walmart gaining a local monopoly, would mean for their own pocketbooks and employment opportunities, and of what economic dependency upon one large employer would mean for their town.

exactions.

13. With this loss of substance and exhaustion of strength, the homes of the people will be stripped bare and three-tenths of their incomes will be dissipated while

14. Government expenses for broken chariots, worn-out horses, breast-plates and helmets, bows and arrows, spears and shields, protective mantlets, draught-oxen and heavy wagons, will amount to four-tenths of its total revenue.

15. Hence a wise general makes a point of foraging on the enemy. One carload of the enemy's provisions is equivalent to twenty of one's own, and likewise a single *picul* [10] of his provender is equivalent to twenty from one's own store. – Sun Tzu, *The Art of War*, II

War, and its analog in that peculiar form of economy we call state-of-nature free competition, is expensive for both sides. Sun Tzu merely points out that it is better to recover one's own costs by making the other side pay for them. This, in point of fact, is what "gaining market share" means for an economic organization and it is the aiming point for the tactic of engaging in what are called price wars. The short run damage to economic revenue incurred during the competition is to be made up for later after the opponents are unable to continue and the victor has established his monopoly presence. Adam Smith wrote,

> The price of monopoly is upon every occasion the highest which can be got. The natural price, or the price of free competition, on the contrary, is the lowest which can be taken, not upon every occasion, indeed, but for any considerable time together. The one is upon every occasion the highest that can be squeezed out of the buyers, or which, it is supposed, they will consent to give: the other is the lowest which the sellers can commonly afford to take and at the same time continue their business.
>
> The exclusive privileges of corporations, statutes of apprenticeship, and all those laws which restrain, in particular employments, the competition to a smaller number than might otherwise go into them have the same tendency, though in a less degree. They are sort of enlarged monopolies[11], and may frequently, for ages together, and in whole classes of employments, keep up the market price of commodities above the natural price, and maintain both the wages of the labor and the price of the stock employed about them somewhat above their natural rate.
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> Such enhancements of the market price may last as long as the regulations of police which give occasion for them. – Adam Smith, *The Wealth of Nations*, 1. VII

There is a certain insidious deception in the propaganda of proponents of unlimited state-of-nature free enterprise that we must deal with here – not the least reason for which being that the passage just quoted is one of those from *The Wealth of Nations* most often taken out of context and twisted. This propaganda holds that "free enterprise" (state-of-nature enterprise) is best for the whole of society. The reason this is not true is because the long term destination of this sort of economic conflict is the monopoly or, at least, the oligopoly. It is certainly to the immediate benefit of the eventual victor, but it is far from benefiting the much greater number of losers. The

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[10] An oriental weight varying from 130 to 140 pounds.
[11] In modern economic terminology, this situation is called the oligopoly.

effect is most immediately felt by the asset capitalists of the losing organizations, but in the long run it is also felt by all those others whose enterprises were once part of the failed entities. With the arising of a universal commercial state (the commercial monopoly or oligopoly) comes a net reduction in the number of entrepreneurs whose enterprises are needed to compose the overall enterprise of the monopoly. To put this less abstractly, the pool of available jobs shrinks and the monopoly entity also tends to become the monopoly supplier of jobs. For those organizations displaced by the fall of their former associations, the market for their labor has become the opposite of monopoly – which modern economics terms the monopolistic competition market[12], and in which the conditions Smith describes as "free competition" above prevail.

Smith's line about maintaining "both the wages of the labor and the price of the stock employed about them somewhat above their natural rate" must also not be taken out of context. It is not because the dominant minority in a monopolistic entity cheerfully maintains this for the benefit of the majority enterprises that make up the entity, but rather because labor unions, labor laws, etc. produce a kind of monopoly for the *supply* of labor enterprise. *This* is the significance in the innocent little phrase, "Such enhancements of the market price may last as long as the regulations of police which give occasion for them." The deception inherent in the usual state-of-nature-free-enterprise propaganda lies with this distinction. The same people who are proponents of *natural* liberty (in opposition to *civil* liberty) for the dominant minority are also, at the very same time, those who oppose this same natural liberty for the majority of other people. If one can sell his product into a monopoly market yet purchase his supply from a perfect competition or a monopolistic competition market, he has the very best advantage on both ends of the economic world – and everyone else has the very worst disadvantage.

If the prevailing condition in a Toynbee society – of whatever kind – is one dominated by state of nature relationships rather than mutual relationships of duties tempered by civil liberty constraints, the resulting personal determinations based upon duties-to-oneself dominant the behaviors of the members, and the long term trend from these behaviors takes that society in the direction of the eventual establishment of the universal state. This is the course charted by those entities in which the governance of leadership is named *plutocratic* in the next chapter.

§ 5.2   Breakdown of Successful Governance of Leadership: Historical Basis

This is the outcome, but it does not speak to the causes that produce the effect. We must

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[12] This "job market" is monopolistic competition rather than perfect competition because the different skills in the division of labor are differentiable yet, at the same time, are close substitutes for one another, the number of offering suppliers of these labors is quite large, and the individual entrepreneurs must compete against one another to sell their labor product.

examine these next. Toynbee expends a lot of monologue in his analysis of this subject, during which his mysticism, Nietzsche-like presuppositions, and amateurism in matters of psychology are often prominently displayed. There is a key truth buried in all this, but his overall presentation containing it makes up some of the dreariest and most noxious parts of *A Study of History* and contributes in no small way to the opposition his thesis has aroused among historians. Many of his interpretations are very questionable and, epistemologically, quite groundless. He manages to lay his fingertips on the identity of the correct social-natural phenomenon, but does not correctly apprehend it. We shall set this right in the following section.

Toynbee's central pseudo-metaphysical prejudice, and the source of his error in interpretation, is found in his appraisal of the majority as a lumpish class of unimaginative followers fit only to be led or driven by Nietzsche-like "superman" minority members. Like many people, Toynbee thinks leadership is a personal trait rather than a social dynamic, and he is entirely ignorant of the fact that the identities of leaders change from moment to moment in every complex set of human interactions. We will see in § 5.3 that this popular non-understanding is the root of the historical phenomenon he correctly identified.

But first we must look at the facts while compensating for the distorting lens of Toynbee's quack psychological commentary in which he dressed his presentation. We begin with the most troubling of Toynbee's historical observations:

> Our inquiry into the cause of the breakdowns of civilizations has led us, so far, to a succession of negative conclusions. We have found out that these breakdowns are not acts of God – at any rate in the sense that lawyers attach to that phrase; nor are they vain repetitions of senseless laws of Nature. We have also found that we cannot attribute them to a loss of command over the environment, physical or human; they are due neither to failures in industrial or artistic techniques nor to homicidal assaults from alien adversaries. In successively rejecting these untenable explanations we have not arrived at the object of our search; but the last of the fallacies we have just cited has incidentally given us a clue. In demonstrating that the broken-down civilizations have not met their death from an assassin's hand we have found no reason to dispute the allegation that they have been victims of violence, and in almost every instance we have been led, by the logical process of exhaustion, to return a verdict of suicide. – Toynbee, *A Study of History*, XVI. 1

Let us take care to be very clear about the context of this. In the Argument section of the Somervell edition of *A Study of History* this context is recapitulated as follows:

> Of the twenty-eight civilizations that we have identified (including the arrested civilizations in the list) eighteen are dead and nine of the remaining ten – all, in fact, except our own – are shown to have already broken down. The nature of a breakdown can be summed up in three points: a failure of the creative power in the creative minority, which henceforth becomes a merely 'dominant' minority; an answering withdrawal of allegiance and mimesis on the part of the majority; a consequent loss of social unity in the society as a whole. – [*ibid*., Argument, IV. xiii]

To this it should be added that Toynbee's exclusion of Western Society from the roll call of

broken down civilizations does not mean he regarded its state as healthy. He dances gingerly around this point somewhat, but still manages to convey a message that Western Society, if not already in a state of breakdown, at least appears to be entering into one. It would not have been popular to say so outright in 1946, on the heels of the Allied victory in World War II, just as it is not popular to say so today. Unpopular or not, ignórance of unpleasant facts does not make them go away. Popular-poster-children-to-the-contrary favored by propagandists and deniers, such as the formation of the European Union, the collapse of the Soviet Union, or the discernible arousal of nascent longing for democracy in China, do not counter-speak to Toynbee's main finding. Rather, these developments all reinforce his hypothesis – as does the current day political schism in the United States where at least three mutually hostile groups are identifiable: an illiberal left (popularly mislabeled the liberals), a reactionary right (popularly mislabeled the conservatives), and an intensely dissatisfied but disunited Toynbee proletariat (popularly if inaccurately labeled the independents). Whether or not the existing social trends now in play will culminate in a new Dark Age – a Toynbee 'interregnum' – remains to be seen but cannot be ruled out.

What is the cause of breakdown? Toynbee misreads this but does unveil the symptom:

> What is the weakness which exposes a growing civilization to the risk of stumbling and falling in mid-career and losing its Promethean *élan*? The weakness must be radical; for, although the catastrophe of a breakdown is a risk and not a certainty, the risk is evidently high. We are faced with the fact that, of the twenty-one civilizations that have been born alive and proceeded to grow, thirteen are dead and buried; that seven of the remaining eight are apparently in decline; and that the eighth, which is our own, may also have passed its zenith for all that we as yet know. On an empirical test, the career of a growing civilization would appear to be fraught with danger; and, if we recall our analysis of growth, we shall see that the danger lies in the very nature of the course which a growing civilization is bound to take.

> Growth is the work of creative personalities and creative minorities; they cannot go on moving forward themselves unless they can contrive to carry their fellows with them in their advance; and the uncreative rank and file of mankind, which is always the overwhelming majority, cannot be transfigured *en masse* and raised to the stature of their leaders in the twinkling of an eye. That would be in practice impossible . . . The leader's task is to make his fellows his followers; and the only means by which mankind in the mass can be set in motion towards a goal beyond itself is by enlisting the primitive and universal faculty of mimesis. For this mimesis is a kind of social drill; and the dull ears that are deaf to the unearthly music of Orpheus' lyre are well attuned to the drill sergeant's word of command. When the Piper of Hamelin assumes King Frederick William's Prussian voice, the rank and file, who have stood stolid hitherto, mechanically break into movement, and the evolution which he causes them to execute brings them duly to heel; but they can only catch him up by taking a short cut, and they can only find room to march in formation by deploying on the broad way which leadeth to destruction. . . . Moreover, there is a weakness in the actual exercise of mimesis, quite apart from the way in which the faculty may be exploited. For, just because mimesis is a kind of drill, it is a kind of mechanization of human life and movement. – [*ibid*., XVI. 1]

Here in this noxious passage of *A Study of History* resides Toynbee's root error in analysis. His

presumptive pseudo-metaphysical prejudices regarding the "creative superman" vs. the "non-creative" individual, his amateur-psychologist misinterpretation of the role and nature of mimesis (imitation), his employment of the idea of "mechanical" reactions by people (even if he were to mean by this no more than "unthinking response"), his undue high regard for the *Übermensch* qualities of those he calls "the creative minority," his undisguised contempt for those he calls "the uncreative rank and file," and his mistaking of leadership for some personal trait, combine to produce *the* root error in his quest for a causal explanation of the breakdown and disintegration of civilizations. We will see the proper Critical answer to this in the next section. Here your author will just say that in this passage Toynbee himself *personifies* the root cause.

What *is* true in this passage is that Toynbee's *attitude* is one that is often adopted by would-be rulers of organizations, that this attitude brings them to commit basic leaders' errors, and that these errors then bring on the social dynamic Toynbee next goes on to describe and, at the same time, to mis-describe:

> Thus a risk of catastrophe is inherent in the use of the faculty of mimesis which is the vehicle of mechanization in the social relationships of human beings; and it is evident that this risk will be greater when mimesis is called into play in a society which is in dynamic movement than in a society which is in a state of rest. The weakness of mimesis lies in its being a mechanical response to a suggestion from outside, so that the action performed is one which would never have been performed by the performer on his own initiative. Thus mimesis-action is not self-determined, and the best safeguard for its performance is that the faculty should become crystallized in habit or custom[13] . . . But when 'the cake of customs' is broken, the faculty of mimesis, hitherto directed backward towards elders or ancestors as incarnations of an unchanging social tradition, is reoriented towards creative personalities bent upon leading their fellows with them towards a promised land. Henceforth the growing society is compelled to live dangerously. Moreover the danger is perpetually imminent, since the condition which is required for the maintenance of growth is a perpetual flexibility and spontaneity, whereas the condition required for effective mimesis, which is itself a prerequisite of growth, is a considerable degree of machine-like automatism. The second of these requirements was what Walter Bagehot had in mind when . . . he told his English readers that they owed their comparative successfulness as a nation in large part to their stupidity. Good leaders, yes: but the good leaders would not have had good followers if the majority of these followers had determined to think everything out for themselves. And yet, if all are 'stupid,' where will be the leadership? – [*ibid*.]

Where, indeed? Toynbee's rationalization of this obvious antinomy is interesting:

> In fact, the creative personalities in the vanguard of a civilization who have recourse to the mechanism of mimesis are exposing themselves to the risk of failure in two degrees, one negative and the other positive.
>
> The possible negative failure is that the leaders may infect themselves with the hypnotism

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[13] In these two sentences we find Toynbee's most profoundly egregious pseudo-metaphysical error decked out in gaudy display. *All* human actions are self-determined and in the absence of *tension* will follow the tenets of the individual's own manifold of rules without provocation of any feeling of disequilibrium – which might be described in mildly oxymoronic terms as "personal custom" and more concretely as personal habit.

which they have induced in their followers. In that event, the docility of the rank and file will have been purchased at the disastrous price of a loss of initiative in the officers. This is what happened in the arrested civilizations, and in all periods in the histories of other civilizations which are to be regarded as periods of stagnation. This negative failure, however, is not usually the end of the story. When the leaders cease to lead, their tenure of power then becomes an abuse. The rank and file mutiny; the officers seek to restore order by drastic action. Orpheus, who has lost his lyre or forgotten how to play it, now lays about him with Xerxes' whip; and the result is a hideous pandemonium, in which the military formation breaks down into anarchy. This is the positive failure; and we have already, again and again, used another name for it. It is that 'disintegration' of a broken-down civilization which declares itself in the 'secession of the proletariat' from a band of leaders who have degenerated into a 'dominant minority.'

This secession of the led from the leaders may be regarded as a loss of harmony between the parts which make up the whole *ensemble* of the society. In any whole consisting of parts a loss of harmony between the parts is paid for by the whole in a corresponding loss of self-determination. This loss of self-determination is the ultimate criterion of breakdown; and it is a conclusion which should not surprise us, seeing that it is the inverse of the conclusion, reached in an earlier part of this Study, that progress towards self-determination is the criterion of growth. – [*ibid*.]

Toynbee almost gets it right here. To speak of "self-determination" of a corporate body might be good metaphor, but it is bad metaphysics; the correct term is *mutual co-determination*, which is the objectively valid idea for both Toynbee's criteria of growth and breakdown. Toynbee's idea that the "leaders" (Pooh-Bahs) lose their "creative spark" through self-hypnosis is an entertaining but groundless idea. What they do instead is lose patience with the usually difficult process of building consensus among those who they would lead, and react to the resulting recalcitrance that lack of consensus guarantees as the reaction from the non-obedient followers. Breakdown *begins* when the Pooh-Bahs react to this reaction by adopting Toynbee's attitude, see themselves as "leaders" (when they are really adopting the attitude of *rulers*), and try to *force* those who they would have follow into following "for their own good." The *only* reactions this can stimulate are those grounded in individuals' duties to themselves, and thus the social coherence – which depends on tenets of *reciprocal* duties – vanishes almost at once.

Toynbee is correct in assessing the role of institutions in a society as a coordinating means. The establishment of new or better social institutions is, indeed, one of the identifying marks of any well-organized Enterprise. But, as Mill repeatedly points out, the machinery of institutions is worked by people. When social coherence begins to be lost, these same institutions, which every Enterprise *initially* establishes *to serve the general welfare* of its community, can be and are turned against that general welfare. Toynbee writes,

One source of disharmony between the institutions of which a society is composed is the introduction of new social forces – aptitudes or emotions or ideas – which the existing set of institutions was not originally designed to carry. The destructive effect of this incongruous juxtaposition of things new and old is pointed out in one of the most famous of the sayings attributed to Jesus [*Matthew* ix. 16-17, the parable about not putting new wine

into old bottles].

In the domestic economy from which this simile is taken the precept can, of course, be carried out to the letter; but in the economy of social life men's power to order their affairs at will on a rational plan is narrowly restricted, since a society is not, like a wineskin or a garment, the property of a single owner but is the common ground of many men's fields of action; and for that reason the precept, which is common sense in household economy and practical wisdom in the life of the spirit, is a counsel of perfection in social affairs.

Ideally, no doubt, the introduction of new dynamic forces ought to be accompanied by a reconstruction of the whole existing set of institutions, and in any actually growing society a constant readjustment of the more flagrant anachronisms is continually going on. But *vis inertiae*[14] tends at all times to keep most parts of the social structure as they are, in spite of their increasing incongruity with new social forces constantly coming into action. In this situation the new forces are apt to operate in two diametrically opposite ways simultaneously. On the one hand they perform their creative work either through new institutions that they have established for themselves or through old institutions that they have adapted to their purpose; and in pouring themselves into these harmonious channels they promote the welfare of the society. At the same time they also enter, indiscriminately, into any institutions which happen to lie in their path – as some powerful head of steam which had forced its way into an engine-house might rush into the works of the old engine that happened to be installed there.

In such an event, one or other of two alternative disasters is apt to occur. Either the pressure of the new head of steam blows the old engine to pieces, or else the old engine somehow manages to hold together and proceeds to operate in a new manner that is likely to prove both alarming and destructive.

To translate these parables into terms of social life, the explosions of the old engines that cannot stand the new pressures – or the bursting of the old bottles which cannot stand the fermentation of the new wine – are the revolutions which sometimes overtake anachronistic institutions. On the other hand, the baneful performances of the old engines which have stood the strain of being keyed up to performances for which they were never intended are the social enormities which a 'die-hard' institutional anachronism sometimes engenders. – [*ibid*., XVI. 2]

Perhaps it is unnecessary to point out that institutions do not become baneful; only the actions of the agents of an institution can be so described. Toynbee draws a subtle distinction here between "revolutions" as something that *destroys* an institution and "enormities" as something the agents of an institution now begin to do that harms the members of the society. He writes,

Revolutions may be defined as retarded, and proportionately violent, acts of mimesis. The mimetic element is of their essence; for every revolution has reference to something that has happened elsewhere already, and it is always manifest, when a revolution is studied in its historical setting, that its outbreak would never have occurred of itself if it had not been thus evoked by a previous play of external forces. An obvious example is the French Revolution . . . which drew its inspiration in part from the events which had recently occurred in British America . . . and in part from the century-old achievement of England which had been popularized and glorified in France by two generations of *philosophies* from Montesquieu onwards.

The element of retardation is likewise of the essence of revolutions, and accounts for the violence which is their most prominent feature. Revolutions are violent because they are the belated triumphs of powerful new social forces over tenacious old institutions which

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[14] the tendency to remain inactive or unprogressive

have been temporarily thwarting and cramping these new expressions of life. The longer the obstruction holds out the greater becomes the pressure of the force whose outlet is being obstructed; and the greater the pressure, the more violent the explosion in which the imprisoned force ultimately breaks through.

As for the social enormities that are the alternative to revolutions, they may be defined as the penalties which a society has to pay when the act of mimesis, which ought to have brought an old institution into harmony with a new social force, is not simply retarded but is frustrated altogether.

It is evident, then, that, whenever the existing institutional structure of a society is challenged by a new social force, three alternative outcomes are possible: either a harmonious adjustment of structure to force, or a revolution (which is a delayed and discordant adjustment) or an enormity. It is also evident that each and all of these three alternatives may be realized in different sections of the same society – in different national states, for example, if that is the manner in which the particular society is articulated. If harmonious adjustments predominate, the society will continue to grow; if revolutions, its growth will become increasingly hazardous; if enormities, we may diagnose a breakdown. – [*ibid.*]

It is indeed evident. Toynbee over-emphasizes the role of "mimesis" however. It is to this, and to the Critical explanation of the ideas "creative" and "non-creative" we will now move.

§ 5.3   Breakdown of Successful Governance of Leadership: Mental Physics Analysis

It is difficult to fairly judge Toynbee's idea of "mimesis" (imitation) because one cannot ask a dead man for clarification of his words. He seems to regard it as a necessary growth attribute for any civilization (and, therefore, for an Enterprise) and, at the same time, there is at least the strong hint of contempt for "imitators" coupled with admiration of the "innovators" for their lack of imitative behavior. If so, he is partially right on the first point and, epistemologically, entirely off base on the whole of the second.

What *is* "creativity"? Psychology has always had difficulty coming to grips with this idea, and there have even been psychologists who argue that the term is scientifically meaningless. Reber's *Dictionary of Psychology* says of it,

> **creativity**   A term used in the technical literature in basically the same way as in the popular, namely to refer to mental processes that lead to solutions, ideas, conceptualization, artistic forms, theories, or products that are unique and novel.

A term used in technical literature synonymously with its use in popular literature is a term that is scientifically nontechnical. Non-psychologists like Toynbee often tender to creativity some type of mysticism or another and tend to regard it as an extraordinary gift of some sort, a kind of possession that most people do not have. Psychologists do somewhat better with it, although not a great deal better. Psychological theory usually attempts to tie this idea to the process of how one thinks. This is reflected in what psychologists call "divergent thinking." Reber's *Dictionary* defines this term and sets it against a second, "convergent thinking," in the following way:

> **thinking, convergent** Thinking which is characterized by a bringing together or synthesizing of information and knowledge focused on a solution to a problem. Such thinking is often associated with problem-solving, particularly with problems that have but a single correct solution. Compare with DIVERGENT THINKING.
>
> **thinking, divergent** Thinking that is characterized by a process of 'moving away' in various directions, a diverging of ideas to encompass a variety of relevant aspects. Such thinking is frequently associated with creativity since it often yields novel ideas and solutions. Compare with CONVERGENT THINKING.

These dictionary definitions are not real explanations but merely attempts to describe. They are speculative guesses not quite so crisply developed as to deserve to even be called mini-theories. They might be regarded as peculiar habits of thinking in some respects, and this would come closer to the Critical *Realerklärung* of the idea of creativity. But a real explanation has to be an explanation in terms of mental processes and capacities. In chapter 5 (§ 6.2) we discussed the synthesis of the aesthetic Idea as Quality in the synthesis in continuity. It is a function of sense and functions to produce continuity in perception. Creativity, understood properly in the context of Critical epistemology, is a power of this function. Critically, **creativity** is *the power of the aesthetic Idea to stimulate the process of thinking by summoning concepts from the manifold of concepts into the synthesis of reproductive imagination in such a way that these concepts become partial representations and* materia ex qua *for the synthesis of productive imagination*.

Mental physics teaches us that the power called creativity is instantiated by every concept a person forms as an inference of analogy or an inference of induction. As a mental capacity in the continuity between reflective judgment and *psyche*, it is a capacity (a *Vermögen*) *that every human being possesses*. The degree to which one utilizes this capacity (as a *Kraft*) depends entirely on how much one habitually uses inferences of analogy and induction in the synthesis of judgmentation. Infants and young children exhibit a pronounced tendency for syncretism in their thinking – a mental processing William James once described as "everything that *can* be fused together *is* fused together." Ask a small child why the sun is hot and he might reply, "Because it is yellow." *This*, and not what psychology describes in the terms above, is the real exhibition of creativity. It must be said that, in a very real sense, young children exhibit far more creativity in almost every manner of thinking than do older children and adults. That childish logic usually produces naive concepts that fail to stand up under the test of real experience later in life in no way diminishes the degree of creativity childish thinking exhibits.

But thinking – cognition through concepts – is a mental action under the regulation and control of the process of pure Reason through ratio-expression. This means that the employment of the process of determining judgment is under regulation of the non-cognitive manifold of rules in practical judgment. Why do adults exhibit less creativity than small children? It is because over

time their manifold of rules has been constructed so that some particular actions of thought are rarely or never expressed through ratio-expression. In other words, people become *customized* to placing limits on the degree to which they will permit themselves to think creatively. In most cases this personal custom is an unintended outgrowth of accidents of experience. In other cases – and particularly so in scientific or technical training – non-creative habits of thinking are deliberately developed. We are taught to distrust and avoid metaphor and analogy, that "critical thinking skills" must eschew such "unreliable" ways of coming up with ideas or solutions. Nearly everything in our system of education from primary school through graduate school is set up, unintentionally, to stifle creative thinking *and promote rote thinking*. Mimesis is a symptom of it.

If as a species we seem dull-witted beings, it is because our social institutions *train* us to be so. This was as true in ancient societies – long before any practice of formal public education began – as it is today. The classical Greeks praised and encouraged *orthodóxa*, "right opinion," and scorned and belittled the person who did not practice it. Religions have insisted upon *dogma* for as far back as the historical record shows. In the present day, formal education's reliance upon drill, *without taking care to also nourish the habit of seeking to understand the real meaning* (that is, the *practical* meaning) of the object of the drill, produces – again unintentionally – the formation of practical rules in the pupil's manifold of rules that will later veto mental actions of, as today's slang puts it, "thinking outside the box." Over-stimulate the development of these kinds of practical rules in childhood and nothing short of severe psychological trauma later on will change them. To re-quote the Jesuits, "Give us the boy, and the man is ours for life."

The other side of the picture, however, is this: *All people are creative to a degree within at least a limited set of contexts*. Cultural mind molding tends to stifle creative thinking in most situations, but it is never so complete as to stifle it in every situation. William James wrote,

> With the child, life is all play and fairy-tales and learning the external properties of 'things'; with the youth, it is bodily exercises of a more systematic sort, novels of the real world, boon-fellowship and song, friendship and love, nature, travel and adventure, science and philosophy; with the man, ambition and policy, acquisitiveness, responsibility to others, and the selfish zest of the battle of life. . . . In all pedagogy the great thing is to strike the iron while hot, and to seize the wave of the pupil's interest in each successive subject before its ebb has come, so that knowledge may be got and a habit of skill acquired – a headway of interest, in short, secured, on which afterward the individual may float. There is a happy moment for fixing skill in drawing, for making boys collectors in natural history, and presently dissectors and botanists; then for initiating them into the harmonies of mechanics and the wonders of physical and chemical law. Later, introspective psychology and the metaphysical and religious mysteries take their turn; and, last of all, the drama of human affairs and worldly wisdom in the widest sense of the term. In each of us a saturation-point is soon reached in all these things; the impetus of our purely intellectual zeal expires, and unless the topic be one associated with some urgent personal need that keeps our wits constantly whetted about it, we settle into an equilibrium, and live on what we learned when our interest was fresh and instinctive, without adding to the store. Outside

> of their own business, the ideas gained by men before they are twenty-five are practically the only ideas they shall have in their lives. They cannot get anything new. Disinterested curiosity is past, the mental grooves and channels set, the power of assimilation gone. If by chance we ever do learn anything about some entirely new topic we are afflicted with a strange sense of insecurity, and we fear to advance to a resolute opinion. But with things learned in the plastic days of instinctive curiosity we never lose entirely our sense of being at home. There remains a kinship, a sentiment of intimate acquaintance which, even when we know we have failed to keep abreast of the subject, flatters us with a sense of power over it, and makes us feel not altogether out of the pale. – William James, *The Principles of Psychology*, XXIV

Each person learns something about some things, nothing about other things; no one learns everything about all things. In his youth a person might be curious about all things, but that time soon ends and his interests begin to congeal and focus upon matters more specific. If I wished to set up a shop for prototyping mechanical contrivances under contracts to other firms, I would not ask my neighbor the stock broker for ideas; I would ask my friend the machinist how to make the operation successful and I would listen carefully to his advice. It would be an enterprise of mine I would establish, but in these matters of detail I would take my friend the machinist as *my* leader.

I was once production engineering manager of a $300 million/year factory. Sometimes I would order the production line to be shut down because of some problem that had to be fixed. After it was and it was time to restart production, I would turn to the production supervisors for the tactical plans and decisions for bringing the factory back up. When it came to restarting operations and recovering from the down time, *they* were the leaders and *my* job was to see they were provided with needed assets, to meet the expectations of the Enterprise, and to shield the supervisors from any well-intended but uninformed interference from the general manager.

In most specific circumstances, *the real task of the manager is to identify who the real leader should be*, and only rarely and briefly should he choose himself. His role is *not* to be the leader *but to govern the leadership*. His role is not to rule *but to make rulings*. There is an *essential* difference here and it is the difference between being a *king* who commands and being a *judge* who coordinates cooperations *in accordance with a social constitution*. Done competently during challenging circumstances, a successful manager's leader's-actions merely manipulate followers into stepping forward to act as *heroes* responding to their own tenets of *duty to the Enterprise*. Between challenges, his actions *manipulate the development and maintenance* of these tenets.

Failure to understand this is Toynbee's fundamental error. His *is* the Critical fallacy that leads to the historical pattern of breakdowns in previously successful Enterprises and underlies failures of nascent Enterprises to succeed. It is the Critical and ultimately fatal error of social caste systems. As true as it is that the point of origin for an Enterprise of any kind is some "creative minority" whose Critical creativity first forged the ideas, it is wholly false to suppose that this

same minority can or should afterwards be expected to *lead* the Enterprise as *governors*. It is a Critical and ultimately fatal error to suppose that none among the majority who did not have the original idea will have the subsequent ones its growth and its maintenance of successful actions call for. To invent and to govern are not remotely the same thing.

What, then, of Toynbee's theory of mimesis? His thesis is that the majority is fit only to imitate and, behaviorally, it is true enough that examples of behaviors that can properly be called imitative far outnumber the examples that can properly be called creative. Where his thesis goes wrong is in supposing that the originating "creative minority" somehow loses their "creative spark." The error is in supposing that there was ever any sort of extra-special creativity present in this minority to begin with. Specialized creativity does not imply universal creativity.

Ideas get called creative because most people find them non-obvious and in fact would not have thought of them themselves. Mental physics teaches that these kinds of ideas, one and all, are products of the process of thinking and the formation of intuitions through *reflective* inferences of analogy or induction. The capacity for this is conditioned by and dependent upon the individual's structure of concepts in the manifold of concepts as well as upon the structure of practical rules in his manifold of rules. *All people are creative from time to time about some things and no person is universally creative at all times about all things*.

This is because all learning of more general concepts begins with particular and initially unconnected concepts that are made to serve as examples. A general concept is the product of a synthesis of abstracting from particulars a representation of an object contained in each of them with discarding of the *materia* of their differences. This is the *function* of the three-step synthesis of *Comparation*, *reflexion*, and abstraction in the synthesis of apprehension during the free play of imagination and understanding. The general concept comes out of the synthesis of re-cognition in imagination from an intuition judged by the process of reflective judgment. Only *after* the more general concept has been synthesized does it become possible to employ it to bring additional lower concepts under it by means of determining judgment, which is to say that only afterwards can that general concept be used to understand other concepts that had not been involved in the original synthesis of the general concept.

Human beings *learn and create* by proceeding *from* examples *to* a general concept (reflective judgment) and *comprehend* by then reversing the direction and bringing more examples under the general concept (determining judgment). We all do this – every one of us – and that is why *all people are creative to the extent that experience has supplied them with baselines of particular examples*. A person is creative in the scope of things his experience has prepared him to generalize after he builds his baseline. All persons are *uncreative* in situations for which they lack

baselines in particular examples *expedient for their habits* of inference by analogy or induction. All baselines begin from immediate *practical* experience, and *all root meanings are practical*.

What Toynbee – and the common Pooh-Bah or management theorist – fails to recognize is: what he calls the "inertia of the majority" is nothing else than what Leavitt called ***satisficing behavior***. Change in behavior is response to affective tension because it is this tension that signals a disturbance of equilibrium to which pure practical Reason, by mental Nature, *must* respond. But Reason does not seek solutions, nor does it seek Truth, nor does it seek Justice. It seeks nothing but the reestablishment of equilibrium in the most expedient manner it can discover. *This is true of every human being*. Successful experiences in re-equilibration produce maxims of expedience in the manifold of rules, and it is to his practical store of such maxims that the individual confronted with a problem turns. Failure produces negative maxims, i.e. maxims we could characterize as "don't do that!" maxims. It is an evolving process, at once experience-driven *and* driving-experience, that is inherent in the development of human mental structures.

Toynbee's dominant minority does not evolve into a dominant minority because they somehow "lose their spark." They do so because they self-develop practical maxims that lead to behaviors destructive to the maintenance of the fragile human relationships established by self-determined duties of reciprocity – which is to say the duties of a social compact. The stimulus for their change in behavior is, as it is in all cases of behavior change, tension. What produces even more extreme antisocial behavior on their part is mounting frustration because of their failures to stimulate others into following as they once *seemed* to follow. They devolve because the practical maxims they have built in themselves for themselves are inadequate to respond to the further challenges the Enterprise must face. *Their own satisficing behaviors bring on the breakdown*.

Toynbee's creative minority does not initially succeed because of "mimesis" but because the examples in experience they presented to others stimulated those others to adopt their concepts and precepts. Initially and for a short while they were leaders. But once this one stimulation of behavior change in the followers was accomplished, that task was done. If they are to maintain the prestige of being looked to for leadership – of retaining authority-figurehead granted to them by others – this can be accomplished in no other way than by the governance of leadership. *They must stimulate effective leader's actions from those who were originally the followers* because they *cannot* supply the entire demand for sound leader's-actions by themselves.

This brings us at once to the other problem Toynbee identifies: How do the original leaders develop the ability for and stimulate the practices of *good social leadership* in the Enterprise they seek to establish? This is not accomplished by the drill, as Toynbee presupposes. All that such a maxim can accomplish is promote among the other people practical maxims for satisficing

behaviors sufficiently expedient for satisfying duties-to-oneself. It does not lead to maxims of reciprocal duties necessary to forge even an implicit social compact. Seeds of failure are planted when the seeds of self-determined mutual obligation are not sown. The successful governance of leadership requires communal planting of these social seeds. Success is the later harvesting.

In the different language of a different day, Mill came to this same conclusion. He wrote,

> We have now, therefore, obtained a foundation for a twofold division of the merit which any set of political institutions can possess. It consists partly of the degree in which they promote the general mental advancement of the community, including under that phrase advancement in intellect, in virtue, and in practical activity and efficiency; and partly of the degree of perfection with which they organize the moral, intellectual, and active worth already existing, so as to operate with the greatest effect on public affairs. A government is to be judged by its actions upon men and by its actions upon things; by what it makes of its citizens and what it does with them; its tendency to improve or deteriorate the people themselves, and the goodness or badness of the work it performs for them and by means of them. Government is at once a great influence acting on the human mind and a set of organized arrangements for public business: in the first capacity its beneficial action is chiefly indirect, but not therefore less vital, while its mischievous action may be direct. . . .

> Of the two modes of government by which a form of government or a set of political institutions affects the welfare of the community – its operation as an agency of national education, and its arrangements for conducting the collective affairs of the community in the state of education in which they already are; the last varies much less, from difference of country and state of civilization, than the first. It also has much less to do with the fundamental constitution of the government. . . . It is true that these doctrines [for conducting public affairs] could not be applied without some modifications to all states of society and of the human mind: nevertheless, by far the greater number of them would require modifications solely of details, to adapt them to any state of society sufficiently advanced to possess rulers capable of understanding them. . . .

> It is otherwise with that portion of the interests of the community which relate to the better or worse training of the people themselves. Considered as instrumental to this, institutions would need to be radically different according to the stage of advancement already reached. . . . The state of different communities, in point of culture and development, ranges downward to a condition very little above the highest of beasts. The upward range, too, is considerable, and the future possible extension vastly greater. A community can only be developed out of one of these states into a higher by a concourse of influences, among the principal of which is the government to which they are subject. In all states of human improvement ever yet attained, the nature and degree of authority exercised over individuals, the distribution of power, and the conditions of command and obedience, are the most powerful of the influences except their religious belief . . . They may be stopped short at any point in their progress by defective adaptation of their government to that particular stage of advancement. And the one indispensable merit of a government, in favor of which it can be forgiven almost any amount of other demerit compatible with progress, is that is operation on the people is favorable, or not unfavorable, to the next step which it is necessary for them to take in order to raise themselves to a higher level. – John Stuart Mill, *Representative Government*, 2

Mill's remarks above fully apply to the governance of leadership. Their application to political governance in the usual context is merely one special case of leadership governance. The devil-in-the-detail here is tactical: how should the establishment *and evolution* of governance be carried out? On this point he writes,

> To determine the form of government most suited to any particular people, we must be able, among the defects and shortcomings which belong to that people, to distinguish those that are the immediate impediment to progress; to discover what it is which (as it were) stops the way. The best government for them is the one which tends most to give them that for want of which they cannot advance, or advance only in a lame and lopsided manner. We must not, however, forget the reservation necessary in all things which have for their object improvement, or Progress; namely, that in seeking the good which is needed, no damage, or as little as possible, be done to that already possessed. A people of savages should be taught obedience but not in such a manner as to convert them into a people of slaves. And (to give the observation a higher generality) the form of government which is most effectual for carrying a people through the next stage of progress will still be very improper for them if it does this in such a manner as to obstruct, or positively unfit them for, the next step beyond [that one]. Such cases are frequent, and are among the most melancholy facts in history. . .
>
> It is, then, impossible to understand the question of the adaptation of forms of government to states of society without taking into account not only the next step, but all the steps which society has yet to make; both those which can be foreseen, and the far wider indefinite range which is at present out of sight. – [*ibid*.]

In almost all organizations, this education mission in governance of leadership goes entirely overlooked and even, in most cases, is actively regarded as *not the business* of the governance of the organization. The governors make no effort to bring along and enhance the followers' intellectual power, or to better their (the governors') understanding of what the new creative institutions must have to *remain* creative and to produce the successful responses to each link in the on-going chain of recurring challenge situations the organization faces. Every organization is unique because each is a co-op of enterprises of the unique human beings who comprise its community. For this reason the education mission *cannot be outsourced*. The most that the governors can do by means of outsourcing is hire the services of *educators of their own educators* (as it cannot be presupposed that this necessary division of labor within the organization is already in place at its founding). The organization's educators must have or acquire the knowledge and skills needed to *educate* (not *train*)[15] a community and then must successfully develop the special tactics for applying the general principles *to the special case of their own organization* in its current state of social development.

Most organizations, as just said, do not do this. Governance of leadership is mistaken for rulership of the organization, and this error leads to plutocratic governance of leadership, which we discuss in the next chapter. A plutocratic governance *produces* a Toynbee society destined for an eventual fall, destined to first break down and then to disintegrate. It might, and often does,

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[15] Training is vocational, specialized, and applied to particular crafts. Education is civic, civil, and liberal in the context of what was once called *liberal education*. Education prepares people: to leave the state of nature and enter into community with other people reciprocally bound by social contract; and to know when to choose to lead and when to choose to follow. Education is bound to civic duties, training to private duties. Most teachers in America today choose to act as *trainers*, not *educators*.

take many years for this process to play out, but in the end that will be its destiny. It is when this process is slow that plutocratic rulers can satisfy their private duties to themselves without taking upon themselves *any* duties to the organization they exploit. Their actions need only sustain the organization long enough to serve their private purposes. They need not, and often do not, care what happens to it after they have finished with it. The cure for this antisocial infection of the corporate body of an Enterprise is republican governance of leadership, which we take up in chapter twelve.

§ 6.   Social-Natural Enterprise Success and Identity

Now we return to the questions with which we opened this chapter – the real meaning of successful Enterprise and the ontological problem of corporate identity – and provide the Critical answers to these questions. In formulating these answers we shall see that the questions are joined to each other as: (1) what is it that is said to succeed? and (2) how is it said to succeed? Both answers must conform to the requirements of a social-natural science.

In presenting the answer, we will find it useful to distinguish between an Enterprise and a mere entity and between the civil community of an Enterprise and a mere geographic community. We have already provided the *Realerklärung* of the Enterprise as the common Object of all the individual enterprise activities carried out by a group of people associated with each other in a community. Here we mean by the word **community** *a civil association (an association under a civil convention) of people having common civil rights and civil liberties with a common system of governance*. A **geographic community** is *an aggregate of people in the same geographical district or location living under a common set of laws*. In the context of leadership, an **entity** is *any nominally designated aggregate of people in regular effective interaction with each other*. In this context, U.S. Steel is and has always been a nominal entity and a Toynbee society of geographic communities. But is it an Enterprise?

Earlier it was stated that the metaphysical essence of successful Enterprise is the realization of satisfaction by each member of the Enterprise community of his purposes that ground his individual enterprise activities. *To identify an Enterprise is therefore to identify its community*. It is the membership of a community that defines what the community is by, firstly, each defining himself as a member of that community and, secondly, by defining other individuals as fellow-members of it. However, taken only thus far this is not sufficient because of two things: (1) it is subjective, whereas the Enterprise must be a universal Object for its members, and (2) agreement between any two or more people that they will define each other as members of the same community must be by mutual consent. The membership constitutes the body politic of the

Enterprise community and such a constitution requires an act of composition and an act of *nexus*.

One peculiarity of most Enterprises and most political communities is that their *Existenz* tends to decay by historical accident to that of a merely nominal entity rather than being preserved by sustained purposive commitment. To illustrate, in the history of Fayette County, Iowa, one finds that the small town of West Union was founded in 1849 by three principals – William Wells, Jacob Lybrand, and J.W. Rogers – all of whom had migrated into that part of Iowa with their families. History records that among the civic tasks Wells took up in founding the town, he was a Member of the Society for Protection Against Horse Thieves and Petty Larceny. Similarly, the town of Maquoketa, Iowa was founded in 1853 by, according to county records, fourteen individuals led by John E. Goodenow who voted (13 in favor, 1 against) to establish a town. Prior to this, the region had been an unincorporated countryside with a population of about 300 settlers. In both cases, the organizing actions of the communities were purposive actions taken by specific individuals for a common purpose.

As time passes, on the other hand, the population of the community waxes and wanes, individuals come and go, are born and die, and no further specific communal action is mandated for any individual other than to choose to live there (or, in the case of children, to remain there upon reaching the age of majority) and to abide by the local laws. Even the latter is not strictly required in fact because the towns re-admit felons to live there after they are released from jail. Strictly, one should speak of West Union residents or Maquoketa residents rather than West Unionists or Maquoketans. The same can be said of laborers and capital investors in commercial entities. Even so, the residents of West Union or of Maquoketa, by and large, express far greater *sentiments* of "belonging to the community" than does the typical employee of Walmart or U.S. Steel. It must raise the question: Are West Union and Maquoketa really communities or are they just places where people live? Is Walmart or U.S. Steel comprised as a community, or are they just places where people work?

At one time, in their early days, both West Union and Maquoketa were certainly communities because the association of the people in these places was by deliberate and mutual action. Even today there are many residents in both towns who undertake active community roles, speak with unembarrassed tones of "pride in our community," and, generally, take up *civic duties* to their town. These are the *citizens of the community* bound to one another by self-determined mutual obligation, and collectively they comprise an Enterprise community. But they no longer comprise the totality of the geographic community nor is it known if they comprise the majority of the residents. Indeed, this can be doubted. The other residents, those not bound to the Enterprise community through self-determined mutual obligation, bear a merely honorary title of entitlement

citizen, but this is an empty label because they undertake no civic actions and recognize no civic duties (other than minimal forbearance of law-breaking, which is nothing more than a survival maxim in a state of nature). It can be said with greater likelihood that only a minority of those individuals involved with a particular and typical commercial entity are *citizens* of that entity.

Here we find, ontologically, the key point. To be *one* Enterprise, the assembly of individuals cannot be a mere aggregation of accidental fellow-travelers on the road of life. If it were otherwise one could speak *ontologically*, rather than merely ironically, of the Community of the Bayshore Freeway in northern California, where every working day millions of motorists share the common experience of sitting together in their cars at or near a standstill twice a day for three or four hours during what, for reasons lost to common sense if not to history, are called "rush hours." To be *one* enterprise of enterprises, an Enterprise must consist of a membership united in a *shared* common purpose. The Critical defining judgment of an Enterprise is judged by the *a priori* notions (functions of determining judgment) of {totality, limitation, community, and possibility & impossibility}. The technical Critical *Realdefinitions* of these terms are as follows.

The **category of totality** is:

- from the logical perspective, the notion of the scheme for representing extensive magnitude in a universal judgment;
- from the transcendental perspective, the notion of association in the determination of concepts as the *materia ex qua* for the synthesis of reproductive imagination concordant with the aesthetic Idea insofar as this association pertains to the completion of the extensive magnitude of the sphere of a concept;
- from the hypothetical perspective, the notion of a complete context as the integration of all sub-contexts into one context in the given whole of all appearances;
- from the empirical perspective, the notion of a real Object symbolizing a *res ipsa* ('thing in fact') under the principle of the Ideal of an *entis realissimi*.

The **category of limitation** is:

- from the logical perspective, the notion of the scheme for determining the intensive magnitude in an infinite judgment;
- from the transcendental perspective, the notion of the form of compatibility in the determination of the *materia in qua* of intuition as <u>distinction</u> in the synthesis of comprehension and apprehension;
- from the hypothetical perspective, the notion of the real context in a cognition of an appearance;
- from the empirical perspective, the notion of the divided Object in Reality and symbolizing in this Object an *ens priorem* under the principle of the Ideal of an *ens originarium*.

The **category of community** is:

- from the logical perspective, the notion of the scheme for determining the objective form of a disjunctive proposition;
- from the transcendental perspective, the notion of the *materia circa quam* of transcendental anticipation in the determination of the connection of the concept in

> inner sense as <u>reciprocal</u> in the synthesis of reproduction;

- from the hypothetical perspective, the notion of the World as the formal context of all objects;
- from the empirical perspective, the notion at the boundary of experience signifying *Existenz* in Reality in Nature[16] in the concept of an Object as an *ens superiorem* under the Ideal of *ens summum*.

The **category of possibility & impossibility** is:

- from the logical perspective, the notion of the scheme for determining a problematic proposition solely through the power of spontaneity under the inducement of the aesthetic Idea in the synthesis of comprehension;
- from the transcendental perspective, the notion of the determination of a sign of possible expedience (or inexpedience) for a purpose in the determined concept that can be made part of the symbolic meaning vested in an intuition in the synthesis of apperception;
- from the hypothetical perspective, the notion of a possible (or an impossible) context;
- from the empirical perspective, the notion that predicates the manner of a merely conceptual coherence of the concept in the context of Nature.

To understand these *Realdefinitions* in detail there is no other recourse than to study mental physics and its underlying Critical metaphysics. These categories of understanding are primitive functions of thinking in the making of determinant judgments. The category of totality is a notion of unity in a plurality of appearances, i.e. the thing-in-the-appearances regarded from the empirical perspective. The **Ideal of *entis realissimi*** is: *a real object is (has) a one-ness (unity) in the sum-total of all the representations of its appearances*. The principle is a regulation of Reason legislating the form of Reason's employment of the process of determining judgment. To represent this in the structure of the manifold of concepts is to synthesize from many concepts of appearances (plurality) a unity in a highest concept of the real Object, and this is the empirical function of the category of totality.

By **divided Object** is meant *an object understood in terms of both transcendental affirmations (judgments of reality) and transcendental negations (judgments of negation)*. These attach or un-attach predicate concepts of appearances to the Object but are not by themselves sufficient to distinguish among different Objects in Reality in general. The category of limitation is the rule for understanding "this is not-that" in the *discrimination* of the multitude of objects in Reality. *Ens priorem* means the transcendental object itself, not as mere differences of *appearances* but as *real* differences that make the one object distinct from all other objects. The **principle of the Ideal of *ens originarium*** is: the *Existenz* of an object is predicated from grounds. Again, this principle is a regulative principle of Reason in the employment of the process of determining

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[16] <u>Nature</u> (capital 'N') is the individual's "world model" by which he understands his experiences. It is the objective representation of all-that-exists. <u>Reality</u> (capital 'R') is the transcendentally necessary universal context in which all ideas of real objects cohere as limitations.

judgment.

The transcendental schema for the category of community is coexistence in time. This means the reciprocal co-determinations of the accidents of substances in the same moment in time. The rule of the category provides the *materia circa quam* of reciprocal Relations among the members of a disjunction such that a determination of one member also determines the others at the same moment in time. It *organizes the connection* of appearances to objects *as a context in Nature*.

The World is the transcendental and *noumenal* object held-to-be all-that-exists ("the universe"). The context of the *idea* of World is one of composition, i.e. the object stands as the transcendental matter in the manifold form of Nature, and the World is regarded as the mathematical entirety of all appearances. It is the assimilating context for "everything."

Every object connected in Nature by the category of substance & accident is regarded as a thing-in-the-world (*Sache*-thing). An event is a "something" we place "in Nature" rather than "in the World." Regarded as a *thing* (*Unsache*-thing) it is a "happening" rather than the object that the event "happens to." The *Dasein* of any *Sache*-thing is known in no other way than by a succession of changes in appearance, and the category of causality & dependency is the notion by which this *Dasein* is understood by a human being. The category is a rule for synthesis *a parte priori* in the manifold of concepts. The idea of an **ens superiorem** is the concept of an Object regarded as a state of Nature. The regulative principle of Reason in the employment of determining judgment is the **principle of ens summum**: *All real things have a context in Reality*. This means the representation of a thing-in-Reality must contain a notion of substance & accident and be connected in the manifold of concepts as a series of conditioned-to-condition.

Critically judged by these notions and with objective validity, we can now return a verdict on the question of U.S. Steel. It is not now an Enterprise nor, given its history, was it ever an Enterprise. As an entity it is and has always been the commercial homologue of a hunting ground populated by independent tribes seeking nothing more than to derive sustenance and personal advantage by their independent enterprises from the concourse of human actions. Its operations are characterized as a not-always-genteel[17] state of nature. Within this hunting ground there are small and mostly independent tribes and fur-trappers – some parts of its labor unions, some groups of its executive ranks, gypsy capitalists such as your author who from time to time wander into this legal territory seeking to make money from other gypsy capitalists by trading in its paper, and so on. Although a real *entity*, U.S. Steel is nothing but the creation of a legal nominalism founded upon a specious metaphor with the butcher and the cobbler in a pre-Revolutionary War township. Its *civil community* is as fictitious as the ghost of Hamlet's father. It

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[17] your author means this word in its original context of refined and polite, not in the modern ironic context

can neither succeed nor fail as an Enterprise because *as an Enterprise* it has no *Existenz*. Only individuals in its legal community can succeed in their individual enterprises and they will often do so at the expense of others' successes in their enterprises. It's *Dasein* subsists in nothing but human interactions and its entity-identity is the Platonic idea of mere legal convention. U.S. Steel exists as an *Unsache*-thing – a happening in the state of nature.

The same statement, however, is not true of every commercial undertaking recorded in history. In its beginning, and for many decades afterwards, the commercial business firm known as the Hewlett-Packard Company *was* an Enterprise. This was due solely to the efforts of its founders to see to it that the company *would also be a community*. It had a social contract, evolved at first and later formally set into words, that every member of this community was made aware of and, with varying degrees of success, received educational instruction regarding. Its organizational constitution was never that of a democratic republic but its governance of leadership was to a great degree republican for many decades. It did not have employees so much as citizens, each self-defined by personal commitment to the seven Corporate Objectives and the management system for realizing them. None of this was the least altruistic. Hewlett and Packard both fully intended to satisfy personal duties-to-themselves in the original undertaking. But along with this purpose, they also brought into play personal moral values that were *deontological* and, therefore, communicable to others and acceptable by them as a basis for mutual obligations.

The entity called HP today is not an Enterprise. It is, rather, a relatively new U.S. Steel. The Hewlett-Packard Enterprise *failed and fell* because unity in the plurality of its human participants was dissolved. This was brought about by breakdown in its governance of leadership, which devolved from its republican character to governance by plutocracy. The Hewlett-Packard Company did not succumb to external business pressures; *it fell from within*. Today the Hewlett-Packard Enterprise is as dead as the civilization of the Mayans. It will some day be given a seat next to Camelot and the Kingdom of Ur in the folklore of business history.

The **members of an Enterprise** are those participants in its collective activities who have chosen to conduct themselves in their relationships with other members in accordance with mutual obligations and reciprocal duties in an Enterprise community. The substance of an Enterprise subsists in the continued real *Existenz* of this state of civil convention as put into actual practice in the actions of the members. These actions are the accidents of appearances unified in the Object called the Enterprise. This is *in deed* the *ontological* mark of what Rousseau and similar theorists call *citizenship*. A necessary mark for judging this substance to have real *and* practical *Dasein* is **the existence of a social contract** agreed to and entered in upon by every one of the members.

An organized community might, of course, contain within its aggregate some subgroup of individuals who do not in fact self-subscribe to any such social compact. In point of fact, it is extremely rare in even moderate-sized organizations when this is not the circumstance. Its mere occurrence does not, in and of itself, abolish the *Existenz* of the Enterprise. These people are the *outlaws* within the community. They are not to be numbered among its citizens because their real relationships to others are those of the state of nature. They are, to use a metaphor, the predators and scavengers subsisting upon the enterprises of others. The citizens of the Enterprise are under no obligation to tolerate the presence of such people among them and, more often than not, would have *a deontological duty* to expel them from the Enterprise. In addition, there also can – and often will – arise the situation where some members of the Enterprise *unilaterally* withdraw their self-determined obligation to reciprocal duties. These people – once citizens of the Enterprise – are now become *criminals* within the body politic of the Enterprise and are no longer participants in the Enterprise. By determining themselves to be such, they forfeit all civil rights and advantages for which the citizens of the Enterprise exchanged those natural liberties they gave up in favor of civil liberties as a condition of becoming a member of the association. The act of unilateral withdrawal is inimical to the continued realized *Existenz* of the social contract; the citizens of the Enterprise are not merely under no obligation to tolerate their continued presence among themselves but, rather, have *a deontological civic duty* to expel them.

It is possible – indeed, it is usual – for particular individual enterprises within a collection of enterprises to succeed while others fail. Success is the actual satisfaction of purposes in which the individual entrepreneur grounds his activities. *For an Enterprise to succeed* the individual enterprises of all its citizens must succeed *in totality*. For this to be possible, it is an obvious condition that the Enterprise itself have real *Existenz* – not as a mere collective entity but as a social union of individuals, each acknowledging limitations of his natural liberties in exchange for articulated civil liberties within the association, and each self-determined to take up obligation to the Enterprise community and commitments to reciprocal duties. This is alongside *his expectation of* and *civil right to* fulfillment by others of duties owed to him.

The individual's deontological duty usually does not include a duty to remain with the Enterprise. People retire, seek to find better rewards for their enterprises, or are drawn out of the association by overriding duties-to-self. This is a natural liberty usually not required by the membership to be alienated as a condition of membership. At the same time the member holds *the civil right* to remain in the Enterprise for so long as he continues to fulfill his deontological duties of membership. This is because the foundation of obligation necessary for the possibility of any civil community is a theoretically categorical imperative called **the tenet of means:** *Act so*

that you take humanity, both in your person and at the same time in the person of every other, always as an end, never merely as a means. An organization that uses and discards people as mere means to other persons' ends, even if these other people comprise a majority, has no deontological social morality. From the tenet of means comes a second tenet for the governance of leadership, *the **tenet of moral legislation:** Act so that the maxim of your will always can hold good at the same time as a principle of universal legislation*. Both of these tenets were originally stated by Kant and are foundational tenets of deontological ethics. Both are theoretically-categorical imperatives.

An Enterprise arises when a group of people join together in a mutual social contract governed under a categorical imperative of the tenet of moral legislation. A necessary part of this organizational genesis must include in some form or another a statement of social contract; wise founders will also provide for deontologically ethical evolution and amendment of this contract over time as the particular individuals in the Enterprise come and go and external circumstances change. We will discuss this in more detail in chapter 12.

An Enterprise breaks down when its governance of leadership fails to sustain the terms and conditions of the social contract. This can be a slow process because a single moral fault is generally an insufficient ground for voiding the contract as a whole. But when amendments, mutually consented to by all citizens of the Enterprise community, are needed to sustain the unity of the plurality, these must be attempted. If the attempt is not made, or if it fails, the Enterprise will fall. Its fall is marked by the disintegration of its citizen community, and when this happens its practical real *Existenz* as an Enterprise is at an end. It can sustain itself only by success but this success is and can only be, deontologically, the successes of the enterprises of all its *citizen* members.

All Enterprise success is conditioned by and dependent upon the nature of its governance of leadership. The surest route to its failure and fall is through plutocratic governance of leadership, which is the topic we take up next.

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