

Chapter 14

The Prime Objectives of Republican Leadership**§ 1. State of Nature Outlaw Free Enterprise**

Associations are formed for a variety of different purposes to satisfy a variety of actual or conceived needs. Types of human associations vary from very large, multi-national commercial firms, to public service and government institutions, to charitable and religious organizations, to the Boy Scouts, the Girl Scouts, and Little League. National, state (or provincial), county, and municipal government entities comprise yet another class of organized associations. All operate in one or another type of social-natural environment of economics-in-general¹. All exist in one or another environment characterized by what is metaphorically often called the birth and failure (or death) of enterprises. Different types of organizations generally operate under different types of laws and with differing amounts of governmental regulation by whatever political system of governments exist for the geographical associations in which they operate.

In many Western countries, including the United States, the political idol of the theater most often championed by the majority of the public goes by the misleading name of "free enterprise." Taken in its ideologically pure connotation, this dogma holds that enterprises should be as free as possible from legal restrictions or government regulations and the individual entrepreneur should be left free to pursue his enterprise in whatever way seems best to him. It holds free-market competition up as an idol of universal good and any restraint on the liberty of enterprise operators up as an idol of social evil. Some spokesmen for this idol of the theater are well-intentioned and intelligent individuals, including a past winner of the Nobel Prize in economics. Some are scheming predators. The propaganda stays silent on what the clause "as free as possible" means.

Spokespeople for this idol of the theater include an even greater number of ill-informed individuals who subscribe to the free-enterprise propaganda that accompanies this dogma without apprehending implications inherent in one simple fact: the idol being worshipped by this dogma is *state-of-nature* free enterprise that recognizes no societal obligation, no duty to the larger political association that provides it with its homestead, and no social contract outside of whatever understanding is in place among the specific free-enterprisers of each specific entity. This idol is, deontologically, properly called *outlaw* free enterprise, and its cherished environment is none other than a Utopia of the jungle ruled by a relentless law of survival of the fittest.

There is at present no objectively valid ground for supposing that this Darwinian and

¹ the term economics-in-general was defined in chapter 12 as the production, distribution, and consumption of wealth-in-general

essentially predatory environment will change in the foreseeable future. Centuries of custom and tradition stand behind it, and any transition from a social environment of outlaw free enterprise to civic free enterprise (*civil liberty* of enterprise under a social contract) presupposes a watershed revolution in the sociology of politics. The pertinent practical issue therefore becomes: Is it possible and practical for any Enterprise with republican leadership governance to survive *as an Enterprise* in such a hostile world? Asking this question is almost the same as asking whether Toynbee's study of history merely recorded the spectacle of history repeating itself again and again in human experience or whether his study revealed some unalterable social-natural law of collective human behavior beyond the power of human beings to affect.

Your author inclines towards the first and more optimistic view, but those who incline towards the latter pessimistic view can buttress their opinion by *interpretations* of many known facts. Any *scientific* consideration of the question must begin with specific example cases before drawing general conclusions (for to make generalizations prior to analysis of specifics is, to paraphrase Bacon, to conclude too much from too little). Among the candidates for serving as *model* cases for analysis, the most practical cases are those provided to human experience by business and commercial associations. This is because business and commerce touch immediately upon individual welfare on a day-to-day basis, and therefore touch most immediately upon human behavior responding to individual duties people make for themselves. Furthermore, most non-business and non-commercial associations undergoing calcification and breakdown turn to business models as they grope for survival tactics to preserve themselves in the brutish jungle of outlaw free enterprise. Imitation (*mimesis*) is, as Toynbee pointed out, a frequent behavioral response to crisis.

It is only fair to begin by anticipating objections from people who think your author is too harsh in his description of outlaw free enterprise stated above. They will point to many *images* of public benefit wrought by this system and contrast them with poverties and hardships experienced by most people under the regime of the old Soviet Union. They will cite, as Andrew Carnegie did, statistics pointing out quantitative improvements in the economic quality of life known to the working man or woman. They will point out awesome scientific and technical achievements they will credit to the invisible hand of "free enterprise" while failing to distinguish or address whether or not these same accomplishments would not have occurred under civic free enterprise just as well. They will sometimes paint economic failure as an illustration of a supposed universal law that is a mere economic metaphor of survival of the fittest, ignoring the fact that Darwin's theory has nothing whatsoever to do with social science. Misusing the respectability of Darwin's reputation as a scientist to make this false analogy, what follows from the application of simple

deductive logic is an implicit Nietzsche-like eugenics grounded upon a deducible inference that "inferior" people deserve to be subjugated by "superior" people and ought to be allowed to perish for the good of the race of humankind. They will back their arguments with impressive tables of numbers that cloak them in a scientific-looking facade of respectability.

This does not necessarily imply intentional deception because many of those who make these arguments *do* honestly and sincerely think that what they champion *is* scientific. In a particular context they are right to think so; however, the science doctrine in that context has no basis in the individual human being – the social atom of *every objectively valid* social science. The sciences they think support the objective validity of their conclusions are not social-natural sciences. The arguments merely appear to be true, and appear so only because they naively *presume* ontological primitives that are neither scientifically explainable, nor metaphysically to be found on the human side of the horizon of possible experience, nor are objectively valid under Critical metaphysics.

Number-arguments seem to call for number-counterarguments if the counterarguments are to be persuasive. In the context of our present field of inquiry such arguments by and large are of a statistical character. However, statistical relationships are not causal laws of nature and the practice of statistical analysis is open to a great deal of mischief. No one deplors this mischief-making more than the professional statistician. In an under-noticed book published in 1954 – a book your author deems worthy to be catalogued among the Great Books – Darrell Huff wrote,

So far, I have been addressing you rather as if you were a pirate with a yen for instruction in the finer points of cutlass work. In this concluding chapter I'll drop that literary device. I'll face up to the serious purpose that I like to think lurks just beneath the surface of this book: explaining how to look a phony statistic in the eye and face it down; and no less important, how to recognize sound and usable data in that wilderness of fraud to which the previous chapters have been largely devoted. – Darrell Huff, *How to Lie with Statistics*, 10

Statistical mischief-making is possible because, metaphorically speaking, it is possible to use accepted statistical practices to torture raw data until it tells you whatever you want it to say. Huff provides example after example of this, in which he uses the same raw data to "prove" pairs of contradictory-opposite conclusions. Because the mathematical methods used do conform to professionally-approved practices, the statistician cannot be accused of outright lying; he can only be accused of deliberately misleading the unwary. As Huff put it in one of his examples,

Am I lying now, or was I lying last year?

You can't pin it on me either time. That is the essential beauty of doing your lying with statistics. Both these figures are legitimate averages, legally arrived at. Both represent the same data, the same people, the same incomes. All the same it is obvious that at least one of them must be so misleading as to rival an out-and-out lie.

My trick was to use a different kind of average each time, the word "average" having a very loose meaning. It is a trick commonly used, sometimes in innocence but often in guilt,

by fellows wishing to influence public opinion or sell advertising space. When you are told something is an average you still don't know very much about it – [*ibid.*, 2]

With this warning firmly in mind, let us look at the statistical landscape in which commercial businesses are reported to operate in the United States. Statistics on business start-ups, business failures, the numbers of businesses becoming legal corporations, and the number of business going into bankruptcy are available from a variety of sources. These include the Bureau of Economic Analysis, the U.S. Census Bureau as a whole, the Small Business Administration, a number of private-sector financial and business publications, papers in scholarly journals, and so on. Sometimes count data is published without any indication of whether the count is extrapolated from a sampling according to a formula or if it is "raw data" obtained by adding up every actual instance. For example, "in 1990 there were 158,930 business startups and 60,747 business failures in the United States" according to one report published by the U.S. Census Bureau. The report does not provide any definition of what counts as a "startup" or as a "failure."

When one compares the exactitude of the statement "there were 60,747 business failures in the U.S. in 1990" with the formidability of acquiring such an exact count, one can be excused if he doubts the stated figure really is what most people take it to be: an actual one-by-one "head count" of businesses that existed on January 1, 1990, and did not on January 1, 1991. In the case just cited the Census Bureau does tell us, "Business failures include businesses that cease operations following assignment or bankruptcy, ceased operations with losses to creditors after such actions as foreclosure or attachment, voluntarily withdrew leaving unpaid debts, were involved in court actions such as receivership, reorganization or arrangement, or voluntarily compromised with creditors." As these are matters of public record, the figure is probably reliable for many practical purposes; but we can note it does not count enterprises that failed because the entrepreneur simply decided his profits were inadequate and therefore abandoned it in favor of, say, taking other employment and without leaving unpaid debt in his wake.

This, for instance, might be one plausible explanation for why business "births" and "closures" reported by the Small Business Administration generally report much larger numbers than the Census Bureau figures. According to the SBA, there were 27.5 million businesses in the U.S. *in 2009*, 6.0 million were firms with employees *in 2007*, and 21.4 million business without employees *in 2008*; the SBA doesn't say if family members count as employees or not. Of the 6 million firms with employees, the SBA tells us only 18,311 of these were "large businesses" (businesses having 500 or more employees). The SBA reports that in 2009 there were 552,600 new "employer firms" that opened and 660,900 that closed, which more or less corresponds to "annual turnover rates for each of around 10%" of all "employer firms." Historically, their annual

count figures are roughly three-fold higher than Census Bureau count figures, and so it seems clear that the differences in the numbers reflect differences in what these reports mean. Perhaps it means no more than that many more businesses fail without a trail of unpaid debt or court actions than do businesses that leave a debt or legal trail. Perhaps. Perhaps not. Who knows?

One thing most reported "data" do agree on at least *qualitatively* (quantitatively there are large discrepancies in the numbers) is that the survival rate of new business ventures is not particularly optimistic. Various figures all suggest that on the order of one-fourth of new business ventures disappear after one year, on the order of half have disappeared after four or five years, and on the order of 70-75% are out of business after ten years. Even allowing for quantitative discrepancies and allowing for the fact that some senior citizens do start what could be called "hobby businesses" after they retire, the reports seem to say most business enterprises neither succeed nor endure for very long in comparison to the mean life expectancy of human beings in the U.S. If this is not indicative of a predatory environment for business enterprise, what would be?

If it is true, as most economists, business scholars, and business trade organizations (and your author) agree it is, that the commercial enterprise environment is commercially hazardous, then what can an association of individuals do to improve their personal chances of succeeding in this state-of-nature system? That is the essential question and problem for the governance of leadership in business and commerce; it is perhaps – but only perhaps – a lesser question for other types of associations, yet a relevant question nonetheless. What is the republican answer?

§ 2. The Six Objectives of Republican Leadership Governance

The executive governors in every entity of associated individuals render attention to tactical objectives the entity must accomplish. In a great many cases these tactical objectives are understood informally and sometimes in a rather *ad hoc* manner. In others, mimesis of so-called "best management practices" (Taylorism) decrees that at least some broader tactical objectives be set down in writing in some generic form. The entity may or may not be effective in communicating these to all members of the association. While having some practical benefit, such formalized tactical objectives are secondary to the success of a republican Enterprise and, historically, are secondary to the success of plutocratic entities as well. To paraphrase Mill, the machinery of cooperative enterprise must be worked by the ordinary members of the association. How well, and even *if* this is done *sufficiently* well, depends much less on written tactical objectives than it does upon divers objectives *the members* hold in cooperating with each other in joint enterprises. *These* objectives are what determine results, are *social-natural* objectives, and are what must be targeted as objects by the general objectives of *all* governance of leadership.

Perhaps no other document in history has set down more succinctly, or in clearer terms, the prime objectives for governance of a republican community than the Preamble of the Constitution of the United States of America. This treatise departs from that statement of objectives only to the extent of substituting some phrasing that casts the objectives into forms more broadly applied than the specific context of political governance. The wording of the Preamble was not itself a topic of much debate at the Constitutional Convention other than for a little very minor tinkering with its grammar. It was produced by a Committee of Style and Revision comprised of delegates Johnson, Hamilton, Morris, Madison, and King between September 8 and September 12, 1787. The Convention *Records* do not provide us with details of this committee's deliberations, but it shows that the Preamble underwent major changes between Sept. 10 and Sept. 12. On September 10th it stood in the form

We the People of [here followed a list of the thirteen original states by name] do ordain, declare and establish the following Constitution for the Government of Ourselves and our Posterity. – Max Farrand, *Records of the Federal Convention of 1787*, Sept. 10

When it returned from the Committee of Style on September 12th it returned in almost exactly the language included in the final draft of the Constitution:

WE, the People of the United States, in order to form

a more perfect union, to establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

– [*ibid.*, Sept. 12]

Only the word "to" in "to establish justice" was deleted and the word "form" was grammatically placed with "a more perfect union" in the final draft of Sept. 17, 1787.

This treatise phrases the general objectives of the governance of leadership as follows:

1. to form a more perfect union;
2. to establish justice;
3. to insure civil tranquility;
4. to provide for the common defense of the Enterprise against all forces and factors inimical to its survival;
5. to promote the general welfare of the Enterprise community; and
6. to secure the individual civil liberties of every citizen of the Enterprise community.

Howsoever any specific Enterprise should frame the details of its system for the governance of leadership within that Enterprise, these six objectives are the fundamental purposes and aims of that system of governance. To meet them that system must contain four basic institutions: the legislative, the executive, the judicial, and the educational. These institutions cannot function

wholly independently of each other because each has a *principal* (but not sole) responsibility for one or more of them *and an additional responsibility for meeting all of them*. Fulfillment of them *grounds expectation of authority* for all governors' positions. These were laid out in chapter 12; to recapitulate what was said there, principal fiduciary responsibilities for each are assigned to:

1. all four institutions for union;
2. the judicial institution for justice;
3. the legislative institution for civil tranquility;
4. the executive institution for the common defense
5. the legislative *and* the executive institutions for the general welfare; and
6. the judicial institution for liberty.

The *common ground* of all six objectives is the social contract of the Enterprise, and the six general objectives themselves are objectives for insuring the fundamental term and condition of the social contract are met and satisfied. To this end, a system of checks and balances must be provided by the structure of governance as a safeguard. Important details and considerations that pertain to the erection of these safeguards, insofar as they pertain to the legislative, executive, and judicial functions of governance, are found in the pages of *The Federalist* and Farrand's *Records*. Not all of the decisions reached at the Constitutional Convention will be the best or even the right decisions for every Enterprise. The Framers had one very specific Enterprise in mind during the summer and fall of 1787; republican leaders of special Enterprises would do well to familiarize themselves with the many concerns and possible alternatives debated by the Framers.

They must also take a lesson from history and not underestimate the menace of party factions. This was a factor of underestimated potency at the Constitutional Convention and, if one looks for the root cause of dissatisfaction in the general government of the United States today, one will find it in the fact that the *mechanisms* of governance have been confiscated by the political parties and serve political party loyalties rather than the public good. There are many points of nucleation for the equivalent of political parties in any Enterprise. To give one example, the commercial Enterprise, these include the interests of capital investors, executive management, labor unions, individual departments or functional areas, and various special craftsmen associations. If *any* special faction's interests are promoted *at the expense* of another's, there will be only one net outcome: the creation of a Toynbee proletariat within the body politic of the association.

What would-be republican founders of Enterprise will not find in the pages of *The Federalist* or Farrand's *Records* will be any mention of the role of the education institution in the process of instituting checks and balances. That education has a vital role as an institution of governance was not sufficiently recognized by the Framers and, indeed, that governance has education as one of its duties was not clearly enough enunciated until Mill's writings in the mid-nineteenth century.

That the education institution also has a duty in regard to insuring checks and balances is still not widely recognized. This duty has a pronounced peculiarity to it: *It is sometimes the duty of the education institution to disrupt civil tranquility in the short run in order to insure that liberty with justice for all members of the Enterprise is not compromised.* Inseparably joined with this duty is another, namely, *that on the occasion it so acts, the education institution must also provide specific ideas of remedy to effect a speedy return to civil tranquility.* The duty of the education institution is not a duty of insurrection but, rather, a duty of *attention to civics* in the Enterprise. It may not merely carp on existing problems without proposing remedies, nor may it legislate these remedies, nor may it enforce remedies. It must rather provide *the ore of ideas presented for further refinement by the other branches of leadership governance.* The education institution is a trustee for only one general objective: to form a more perfect union.

It will strike many people as very strange, and perhaps even wrong, that any institution of governance should have a duty to disrupt civil tranquility for any reason. Yet the ground of such a duty is laid by the mental physics of human behavior and is exhibited by the tendencies for satisficing behaviors and aversion to interpersonal conflicts. This ground is one and the same as the ground for the fundamental duty of citizenship *to disobey unjust laws.* Complacency and false tranquility are deadly enemies of Enterprise. In a letter to James Madison on January 30, 1787, Thomas Jefferson famously wrote,

[Government wherein the will of everyone has a just influence] has a great deal of good in it. The mass of mankind under that enjoys a precious degree of liberty and happiness. It has its evils too: the principal of which is the turbulence to which it is subject. But weigh this against the oppressiveness of monarchy and it becomes nothing. *Malo periculosam, libertatum quam quietam servitutem.*² Even this evil is productive of good. It prevents the degeneracy of government and nourishes a general attention to the public affairs. I hold it that a little rebellion now and then is a good thing, and as necessary in the political world as storms in the physical. . . . An observation of this truth should render honest republican governors so mild in the punishment of rebellions as not to discourage them too much. It is a medicine necessary for the sound health of government. – Thomas Jefferson, Jan. 30, 1787, in *The Portable Thomas Jefferson*

The education institution of governance that fails to foment "a little rebellion now and then" is an institution that fails to do its duty. But it must propose remedies too or it transgresses its duty.

We have already touched upon three of the six general objectives in previous chapters, and in chapter 12 most particularly. To establish justice is the first principal duty of the judicial branch of governance. The social contract is the foundation of justice and insuring liberty *with* justice for *all citizens* of the Enterprise is the prime purpose of the justice system. We have likewise discussed the republican meaning of the objective of providing for the common defense and

² "I prefer liberty with danger to peaceful slavery."

identified this as the prime objective of the executive branch of governance. We have discussed the objective of securing civil tranquility and identified it as the prime objective of the legislative branch of governance. What remains is to examine and understand the remaining three objectives.

§ 3. The Objective to Form a More Perfect Union

The word "perfect" is tied to the idea of being complete in every respect such that any change would produce a lack of completeness. Epistemologically, there is no perfect thing other than an *ideal*. Perfection, practically regarded, is never an actual state-of-being; it is rather a practical process of identifying imperfections and remedying them as best as one knows how. The first objective of leadership governance is made actual (realized) by and subsists in the practices of governance that lead to the negation of discovered imperfections. Because imperfections are discovered only through experience, and because all lessons of experience are contingent, to form a more perfect union is an activity of leadership governance that is always on-going and the objective can never be presumed to have been completely or permanently satisfied.

We must also give epistemological consideration to the idea of what a "union" is. There are two points of view from which this word is understood. The first, and most basic, is union as a league of individuals combining in an association with one another for their mutual benefit. Such an association is a *particular community* because the nature of the mutual benefit is quite specific to the individual duties-to-themselves that move the associates to form their association. We can liken the particular community to a social-natural "molecule" and it is characterized by the corporate special interests of its members. Its union is an alliance bound by the expectation of a limited and local social contract.

The second point of view, pertinent to the situation frequently encountered in entities where the number of people is large, is *the union of local communities*. It is at this level where conflict between competing special interests becomes a potential threat to the Enterprise. The union of communities is the object of the idea of Union whenever two or more groups with two or more potentially contrary sets of special interests band together. This can be called the *political union* of an Enterprise. It forms at a surprisingly small base of population. Consider a small business with one capital investor as the titular owner or proprietor and a few other laborers who exchange their enterprise services for wages. Although it might seem at first glance that the sole proprietor is not the representative of any community, in fact this will usually not be true. He will most often have a family or some other close circle of people he has bound himself to through mutual obligation *and he always represents that community*. It is likewise the case for every other associate in the organization and so, within the context of the social contract, *this second form of*

union is primary and is to be understood as the root of Enterprise union. It is this *totality* of the idea of union that is the object of the first objective of governance.

The objective of forming a more perfect union is the common objective for all four special branches of governance. The Enterprise is, in mathematical language, the common point of intersection for special local interests, and understanding in detail what constitutes this intersection must be part of the framing of specific terms in the social contract. By forming a republican association, each associate agrees to alienate some of his natural liberties in exchange for civil liberties, and all restrictions of civil liberties must be those *and only those* necessary in order that the common interest be served for *all* members. The common interest, at the same time, is a *mutual* interest and satisfaction of this mutual interest is what grounds the terms of mutual obligation and reciprocal duties. All natural liberties that conflict with either the term or the condition of the basic social contract are liberties that *must* be alienated by *all* members.

In a practical as well as pragmatic context, refinement of every member's understanding of the social contract is the direct object of leaders' actions in meeting the first general objective. The union of the Enterprise cannot be maintained if *contradictory* member interests are not transformed into merely *contrary* interests and agreements reached under which all these contrary interests can be simultaneously satisfied. The possibility of this rests upon just one thing: the conscientious practice of *citizenship* by *every* member of the Enterprise. Again, citizenship is the actuality of individual actions congruent with conventional general standards of expectation for civic actions. It is from these conventional general standards that specific reciprocal duties obtain their practical and pragmatic bases. The convention – the practical instantiation of which is the system of laws, legislated by the Enterprise's legislator-agents – must recognize and account for the complementary sides of the social contract: (1) Each associate *puts his person and all his personal power, to the extent that his private use of this power is agreeably alienated, under the supreme direction of the general will* and his actions in his *corporate* capacity receive each and every other citizen as an indivisible part of the whole; (2) the association as a whole-union *defends and protects with its whole common force the person and goods of each citizen* while still leaving him to obey himself alone and remain as free as he was before joining the association.

We earlier saw that the general will is *the unity* in acting to improve the communal idea of the ethical and *deontologically* moral perfection of the association through an on-going process of review, evaluation, and refinement, taking as its aliments all factors pertinent to maintaining and sustaining civil tranquility within the Enterprise community. Discovering the social-natural *Existenz* of remedies for disturbances to and aliments of providing for civil tranquility is the unremitting duty of every agent of governance and every citizen of the Enterprise. It is clear and

even should be obvious that no person can realistically expect another person to do his duty if that person is not aware of what his duty is. It should also be obvious that it cannot merely be presumed that every person possesses a practically-complete understanding of such duties. In most political entities nominally based upon representative government, the idea of citizenship is too often and too much regarded as a right of entitlement. This is false. Citizenship is *never* a right and *never* an entitlement. It is *the prime duty* of every member of the body politic. Civil liberties and civil rights *are purchased by citizenship*.

The general objective *to form* a more perfect union is the object of a duty of governance. The organization, mechanisms, and structure of leadership governance, and the actions of all agents of governance, are all aimed at the production, maintenance, and improvement of citizenship. It calls for the *chartered* recognition of representatives for all those special interests, legitimate under the term and the condition of the social contract, because factions and conflicts of special interests comprise a wasting illness in the body politic of a republic. The *practical realization* of union is the practical resolution of conflicts of special interests in such a manner that these interests are made merely contrary, accommodated to be non-prejudicial to the interests of others, and so that all *civic* special interests can be satisfied by each member. Thus the objective is common to all branches of governance equally, each has a specific set of special duties under the objective, and each citizen has specific duties of citizenship *in likewise acting to realize the general objective of forming a more perfect union*. A person who behaves as a mere entitlement citizen, reaping the personal benefits of the association without contributing to its general benefit, is no citizen; he is either an outlaw who never belonged to it or a criminal who has betrayed it.

A republic is a union of mini-republics, varying in population scale from a few individuals to many. Furthermore, most individuals *will simultaneously be members of more than one mini-republic*. This fact underlies the fatal flaw in the idealism of direct democracy. To meet the general objective of forming a more perfect union, governance of the Enterprise must especially see to the following prime sub-objective: ***To provide for representation in governance of the just corporate interests of communities of mini-republics, existing within the general community, in a manner not prejudicial or harmful to the civil liberties of any individual citizen and congruent with the preservation of the social contract.*** This must inform all specific duties of all branches of leadership governance. Governance must promote empowerment of *civic* special interests while simultaneously insuring that *uncivic* special interests contradictory to the condition of the social contract never obtain legal sanction. It must insure public forums for debate and refinement of ideas so that these ideas in their practical instantiations are congruent with the terms and conditions of the social contract. It must provide for validation and chartering of

recognized legitimate mini-republics within the body politic justly exercising their civil liberties, and it must provide for impeachment of any mini-republic that adopts uncivic aims and undertakes practices of uncivic conduct. Unchecked uncivic conduct leads to just one eventual result: the disintegration of the Enterprise.

§ 4. The Objective to Promote the General Welfare

The idea of the general welfare is synonymous with the idea of the commonwealth of the group of people bound to each other by social contract. *The general welfare is the entirety of all the personal interests and objectives of every citizen that are not-in-conflict with those of other citizens.* Such interests and objectives are called *civic* interests and objectives. To be in conflict of interest in this context means that actual satisfaction of person X's objectives and interests necessarily implies frustration of person Y's objectives and interests. The first duty of governance in meeting the objective to promote the general welfare is easily deduced from this: to find ways and means by which conflicts of interests are resolved by *accommodation of interests* such that satisfaction of one is not incongruent with satisfaction of the other. The structure of leadership governance must provide mechanisms dedicated to effect such transformations *to* civic interests.

Yet this is not all there is to the objective. Citizens *grant an expectation of authority* to their system of governance and its agents, and they *hold them to* this expectation. Authority, again, is possession of a *Kraft*³ of causing something to become greater, to increase, to be strengthened, or to be reinforced in some way. The *expectation of authority* is the citizen's expectation that the agent of governance is capable of demonstrating this *Kraft* by his actions, and that he will do this, so that the citizen may obtain specific aliments he seeks *for fulfilling his duties-to-himself*. These aliments are the rewards for the sake of which the citizen alienated some of his natural liberties in exchange for civil liberties. Obtaining them is his purpose, for the sake of which he binds himself in deontologically moral obligation to the Enterprise. No person binds himself in mutual obligation except for the benefit of being able to obtain those aliments, through the collective power of the association, he has not the personal power to obtain or keep by himself.

Getting down to more basic specifics, what a citizen seeks through association is, first, security for his personal power (physical, intellectual, tangible, and persuasive) and, second, the increase, strengthening, and reinforcement of his personal power. Without these personal factors the individual has no practical reason to place himself under obligation to the association. It is in

³ In terms of Critical metaphysics and in the context of being a human being, *Kraft* is the ability of a person to self-determine his own accidents of *Existenz*. Epistemologically, the human being as *homo noumenon* is regarded as a Kantian substance in which inhere all accidents of the appearances of his *Existenz* as *homo phaenomenon*. This is, of course, the technical real-explanation of *Kraft* in metaphysics.

realizing (making actual) the satisfaction of these personal objectives that we encounter some of the thorniest and most difficult theoretical and practical issues in the theories of leadership, governance and society.

The *Realerklärung* of general welfare is conceptually combined under the four headings (i.e., Quantity, Quality, Relation, and Modality) of the power of a person. The general welfare interest as it pertains to the person's physical power is *health and safety welfare*; as it pertains to the person's intellectual power it is *public education welfare*; as it pertains to the person's tangible power it is *economic welfare*; and as it pertains to the person's persuasive power it is *political welfare*. These four headings of general welfare provide the proper practical interpretation for the dictionary definition of welfare, i.e.,

welfare, n. [M.E. *welfare*, from *wel*, well and *fare*, from A.S. *faru*, lit. a journey, from *faran*, to fare, go.]

a state of being or doing well; the condition of health, prosperity, or happiness; well-being.

It is interesting to observe that the Middle English word denotes metaphorically "a journey that goes well." The particular journey in question here is what people still call "the journey through life." *General* welfare refers to the journey of the body politic of the community through life.

The partitioning of the *Realerklärung* of general welfare into its four headings now puts us into a position to better understand the Critical *Realerklärung* of the idea of wealth-in-general. Let us begin with the modern English dictionary definitions of the word wealth:

wealth, n. [M.E. *welthe*, wealth. An extended form of *wel* by the addition of the suffix *-th*, implying condition or state.]

1. much money or property; riches; large possessions of money, goods, or land; great abundance of worldly goods; affluence, opulence.
2. a large amount (of something); an abundance; as, a *wealth* of ideas.
3. valuable products, contents, or derivatives; as, the *wealth* of the ocean.
4. weal; well-being. [Obs.]
5. in economics, (a) everything having economic value measurable in price; (b) any useful material thing capable of being bought, sold, or stocked for future disposition.

Dictionary definition (1) presents an apprehensible wide-spread misunderstanding of the idea of wealth. It is obvious that having "much money or property" is conducive to a state of being well (the Middle English *welthe*). But it is equally obvious that neither money nor land is *immediately* the source of such a state of being. Money is not happiness. Adam Smith wrote,

Money, therefore, the great wheel of circulation, the great instrument of commerce, like all other instruments of trade, though it makes a part and a very valuable part of the capital, makes no part of the revenue of the society to which it belongs; and though the metal pieces of which it is composed, in the course of their annual circulation, distribute to every man the revenue which properly belongs to him, they make themselves no part of that revenue. – Adam Smith, *The Wealth of Nations*, Bk. 2, II

Money, as Smith pointed out, is an invented instrument and its purpose is merely to facilitate exchange of goods in a society where the division of labor has advanced from the primitive state of the hunter-gatherer and the barter of a hamlet's marketplace. In itself it cannot be immediately consumed and its value is limited to its practical use in exchange. Smith wrote,

The word value, it is to be observed, has two different meanings, and sometimes expresses the utility of some particular object, and sometimes the power of purchasing other goods which the possession of that object conveys. The one may be called "value in use"; the other, "value in exchange." The things which have the greatest value in use have frequently little or no value in exchange; and, on the contrary, those which have the greatest value in exchange have frequently little or no value in use. Nothing is more useful than water: but it will purchase scarce anything; scarce anything can be exchanged for it. – [ibid. Bk. 1, IV]

Epistemologically, the *real meaning* of any *thing* is never other than a *practical* meaning, i.e., a meaning in terms of what the thing does or what can be done with it. In the context of wealth (that is, the context of a state of well-being) the real meaning of utility of wealth lies in its use as an alimant of living well. Land, of course, can be either an direct instrument for this (as, e.g., a place to build the dwelling in which one lives) or as an indirect instrument (e.g., a place to grow food to eat). Neither of these uses, however, are consumption uses. Dictionary definition (1) is an ontological transference of the context of wealth from its real meaning to a merely symbolic representation of instruments for its achievement. Dictionary definition (3) is, likewise, nothing more than an ontological transference.

Dictionary definition (2) seems at first glance to come closer to something to be regarded as essential to the real explanation of the word wealth, yet here we must take cautious note of the equivocation in this definition. What is "a large amount" or "an abundance"? It is obvious that these are relative terms and stand without meaning except in comparison to something else. To what is the "something" in this definition to be compared? To the amount of this "something" possessed by another person? To the amount of it you possessed yourself yesterday or last year? Clearly this definition must rely upon some convention of context and, for that reason, can only be employed nominally. Nominal explanations never suffice as real-explanations of meaning. As for definition (5), this is merely a mathematical definition useful in mathematical economic theory (and practical within that context). But because it is a mere mathematical definition, it lacks immediate connection to a social-natural ground. It is what mental physics calls a *principal mathematical quantity*, which is always and only an abstraction that can be unequivocally placed in a correspondence with actual human experience in physical Nature. Definition (5) therefore likewise will not do as a *Realerklärung* of the idea of wealth.

This leaves only dictionary definition (4), the ironically obsolete usage of the word wealth.

This usage is obsolete only because the word wealth is not used to mean this in modern-day conversation and writing. Being the oldest usage of the word, it is the least burdened by either psychological or linguistic transference of its meaning to symbolic objects. It has the advantage of being more directly linked to the idea of the state of being well (*welthe*), yet even here we must pay heed to an *epistemological* caution that becomes clear when we remember that the idea of "being well" draws in connotations of being happy and being satisfied, and does so from the *judicial Standpoint*⁴ of Critical metaphysics. In terms of the mental physics of being human, how do we understand the ideas of being satisfied and being dissatisfied?

Here it is central to note that Kant's words translated into English as "satisfaction" and "dissatisfaction" are *Wohlgefallen* and *Mißfallen*. Both have a rather peculiar connotation in German that our English words do not carry. *Wohlgefallen* is "satisfaction" in a character that can probably be best expressed in English as "oh, not-bad." Similarly, *Mißfallen* has the character of "oh, not-good." The important point here is this: "not-bad" *does not imply* "good"; it implies only that whatever else "it" might be, it does not have the character of "being bad." The obvious corollary interpretation applies to "not-good." This is a hair-splitting technical fine point of distinction, to be sure, but one that is grounded in the cognitively dark and affectively cold Nature of the power of human Reason. Practical judgment cannot pass judgment on "what is good"; it can only *actively* judge "not-good" (and likewise with evil). Its discriminations of regulation are what a mathematician would call "differential" and what a non-mathematician could call "immediately local orientations."

The consequence of this epistemological consideration is that we must cast our *objectively valid* understanding of the idea of wealth (and, likewise, of welfare) into this same character of Quality in context. This is to say that wealth is to be understood in terms of limitation rather than by flat affirmation or negation. Its concept has the *transcendental* Quality of subcontrarity. *Unwealth* is lack of what is practically needed to attain a state of satisfaction (state of *Wohlgefallen*); *wealth-in-general* is *that which is not-unwealth*. A *wealth-asset* is any good of which its *use* negates unwealth. Critical *utility* means *having the character of being usable as or for a wealth-asset*. You, my dear reader, are invited to pause here for a moment and compare this with our previous metaphysical explanations of the ideas of "unjust" and "justice" because the epistemological foundation for understanding these ideas is the same as for unwealth and wealth. You are also invited to take note that the idea of welfare-in-general is cast in this same Quality of

⁴ the reader should recall that the judicial Standpoint is the Standpoint of the process of reflective judgment, which is the non-objective and affective process of human judgment and is a bridge between concepts and practical rules of acting

subcontrarity in context⁵.

To properly apprehend, and to properly judge the performance of, the governance of leadership in regard to the general objective of promoting the general welfare, we must examine in more detail the four headings of specific welfares. Because modern folkways, language usages, and ontology-centered prejudice assign primacy to economic welfare, we will start there.

§ 4.1 Economic Welfare, Property, and Deontological Possession

Epistemologically, what is the real distinction between one's possessions and one's property? This question is important because Bacon, Locke, Rousseau, and other political theorists who discoursed upon the distinction between *Existenz* in the state-of-nature vs. *Existenz* in civil society in the seventeenth and eighteenth centuries used the ideas of possession and property as foundational for their theories of the rights and powers of government. Later writers, e.g. Mill, continued to make more or less the same use of these ideas in the nineteenth century and so it goes up to the present day. However, these considerations and arguments are ontology-centered and, for that reason, lack objective validity in *social-natural* context. It is precisely this lack of real objective validity that opens the door to what we might call the passionate self-righteousness of such diametrically opposed views as the pseudo-philosophy of uncivic free enterprise vs. the Hegel-centered pseudo-philosophy of communism. This lack of real objective validity provides the smoke-and-mirrors used to present a mere semblance of truth in sincerely held but groundless opinions such as the Friedman myth⁶ and the propaganda of Marx and Engels⁷.

Ontology-centered theorists, a classification that includes most economists, most philosophers, and a number of pseudo-philosophers such as Ayn Rand, prefer to think the ideas of possession and property are objective, well-enough definable, and so generally understood in the same way by one and all that they can be used as primitive terms in science. In point of fact, possession and property are *not technical terms in economics* if one judges so by the fact that neither term is defined in *The Penguin Dictionary of Economics*. In point of fact there is but a single objectively valid and narrow *Realerklärung* for the idea of possession in a state-of-nature context, *no* objectively valid *Realerklärung* for property in the state-of-nature, and none but a *deontological*

⁵ in logical symbolism, welfare <is> <not-in-conflict> rather than <is-not> <in-conflict>; we abbreviate our expression of the idea by saying the person's interests and objectives are *civic* interests and *civic* objectives

⁶ Milton Friedman, 1976 Nobel Laureate in Economics. Put briefly and in terms too simplified to really be fair to Friedman's arguments, the Friedman myth is the myth that unfettered state-of-nature free enterprise is always better for society than any system of economics subject to political regulation and control. This thesis is demonstrably false in the context of social-natural economics, but Friedman is not a social-natural scientist. Interested readers can examine for themselves Friedman's thesis in his book *Free to Choose*.

⁷ Interested readers can examine for themselves Marx' and Engels' thesis in *Capital* and *Manifesto of the Communist Party*. Be advised: these men are excellent rhetoricians and uncivic propagandists.

explanation for both terms in the context of society. We first raised this point in chapter 7. In a society, possession and property are both deontological *moral concepts* and they are always defined *through a civil convention*. A quite fundamental rift between what they think *ought to be* the civil convention (on consequentialist or on virtuous grounds) is partly responsible for the impressively large degree of acrimony we see displayed between so-called liberals and so-called conservatives in the U.S., and it colors the deceitful propaganda of both parties. Cicero would likely be proud of the oratory and censorious of the ethics exhibited by these people.

In a state-of-nature to *possess* something is *to be in physical possession of an object*, i.e., to be holding it in your own hands. In this there is no objectively valid idea of property. That which you now currently are in physical possession of can be taken away from you by force at any time. In the state-of-nature you cannot claim *with objective validity* to have been wronged by such an action because there is no justice in the state-of-nature, its denizens are all outlaws, and an outlaw can neither commit a crime nor have a crime perpetrated upon his person. In the event, your choices are to seek or not to seek recovery of the object and to seek or not to seek retribution for the action that removed it from your physical possession (assuming he or they who took it from you did not also choose to foreclose both possibilities by ending your life).

It is to reduce the dangers inherent in the state-of-nature that people ally themselves in a social compact or contract. One's personal welfare in this case is knit tightly to the general welfare of the community through a mutual obligation grounded in the synthesis of one's duties to himself in respect to his situation with one's duties to himself with respect to his own personality. This close knitting is what underlies the explosive potential for faction and conflict in communities where the terms and conditions of the social contract are not commonly understood and consented to by the citizens. Leaders often fail to properly apprehend this explosive aspect of human nature, to their own risk and to the peril of the association in which they are members. Followers tend to apprehend it quite distinctly but narrowly, often from little else than an egocentric perspective.

As noted in chapters 7 and 9, the economic general welfare of the community is tightly bound up with the ideas of property, ownership, and possession. Because of this it is extremely important for republican leaders and agents to have a correct and objectively valid deontological understanding of these ideas. Here we must consider both an action (to own) and an actor (the owner). It would be helpful if our common dictionary definitions of *to own*, *owner*, *ownership*, *proprietor*, and *property* were unequivocal but, as we are about to see, they are not.

We begin with the dictionary definitions of the verb *to own* and its accompanying noun, the *owner*:

own, *v.t.* [ME *ohnen*, *agnien*; AS *agnian*, from *agen*, one's own.]

1. to possess; to hold as personal property; to have.
2. to admit; recognize; acknowledge.

owner, n.

one who owns; the rightful proprietor; one who has the legal or rightful title, whether he is the possessor or not.

The idea of an owner and the idea of a proprietor are very nearly synonymous, as the dictionary definition of *proprietor* makes clear. What tiny distinction there is enters in when one brings the concepts of "rightful" or "legal" into the context because "to own" in its broadest dictionary context implies nothing more than physical possession. The concept of proprietor is usually taken in a legal or ethical connotation, whereas the concept of owner tends to be employed more broadly. Contrast the following dictionary definitions:

proprietor, n.

a person who has a legal title or exclusive rights to some property; an owner.

ownership, n.

1. the state or fact of being an owner.
2. proprietorship; legal right of possession; legal or just claim or title (to something).

The definition of proprietor, worded in this way, is properly interpreted to mean that holding a legal title or exclusive rights to the use of something is how "owner" is to be interpreted here, i.e., owner more narrowly defined than merely "one who owns" in the connotation of "to possess or hold." One can be an owner, in the latter and broader connotation of mere physical possession or holding, in the state of nature, but one cannot be a proprietor in the state of nature.

Inclusion of the concepts of legal or rightful possession is what distinguishes between a thing as merely something held in one's physical possession and a thing as an item of *property*:

property, n. [OFr. *properte*, L. *proprietas*, from *propius*, one's own.]

1. the right to possess, use, and dispose of something; ownership; as, *property* in land.
2. a thing or things owned; holdings or possessions collectively.
3. a specific piece of land or real estate.⁸
4. any trait or attribute proper to a thing; characteristic quality; peculiarity.⁹
5. something regarded as being possessed by, or at the disposal of, a person or group of persons.

Definition 2 and 5 introduce an ambiguity – and a "legal loophole" – into the definition of the idea of property by being unclear whether "owned" and "being possessed" are to be regarded merely physically or intelligibly in the context of *rights* or *legal title*. If these concepts are to lay

⁸ definition 3 is clearly merely one specific instantiation of the usage of the word property

⁹ definition 4 is somewhat placed out of sequence in the dictionary. Its connotation is mathematical rather than ontological or practical.

claim to objective validity, they must be agreed to by more than just one person, and this is only possible if we presume that *intelligible* possession of a thing is the context in which we must regard "possession" and "ownership" in the definitions above. This was a point Kant stressed in *Die Metaphysik der Sitten*. That this intelligible context is the one that is properly social-natural is exhibited in the sorts of protests an individual makes when another person wrests physical possession of a thing from him by force, e.g., "*You have no right to take that!*"

But what is intelligible possession? To repeat again what we saw earlier, Kant tells us,

That is rightfully mine . . . with which I am so linked that another's use of it without my consent would injure me. The subjective condition of any possible use in general is possession.

But something external would be mine only if I may assume it to be possible that I could be injured by another's use of it *even though I am not in possession of it*. – Kant, *Die Metaphysik der Sitten*, 6: 245

You are not in physical possession of the contents of your house while you are at work on the other side of town. If someone were to load them up and drive off with them while you were away, you would most likely hold yourself to have been injured by this action even though you are not *physically* (corporally) injured or maimed. You *would* likely say your welfare has been harmed. Physical possession by itself is not enough to explain "what is mine." For that we require the idea of intelligible possession. Kant tells us,

The nominal explanation [of what is externally mine] . . . would be: that [which is outside me] is externally mine [that is such] that to interfere with my any use of it would be an encumbrance to me (be prejudicial to my freedom that can coexist with the freedom of everyone according to a universal law). But the material explanation . . . runs thus: that is externally mine which to disturb my any use of it would be an encumbrance *even though I am not in [physical] possession of it* (not holding the object) . . .

For this very reason one justly should say not: a right of possession of this or that object, but, rather, possession of it *merely rightfully*; for the right is already an intellectual possession of an object; possession of a possession would be a nonsense expression – [*ibid.* 6: 248-249]

The idea of merely rightful possession is no empirical concept . . . and yet it has practical reality, i.e., it must be applicable to objects of experience . . . The idea of right lies merely in reason, cannot immediately be applied to objects of experience and to the empirical idea of *possession* in general . . . but must be applied to a pure idea of understanding possession in general – [*ibid.* 6: 252-253]

Rightful possession is not an empirical object in Nature but, rather, an intelligible one – which is to say it is a concept *applied* to empirical objects. Perhaps less immediately obvious is the fact that *physical possession* is likewise not an empirical *Sache-thing* but, rather, is an idea that denotes an external Relation between a person and some corporeal object. A bigger boy who has taken a ball away from a smaller one and is tormenting him by holding the ball just out of his

reach is said to be in physical possession of the ball, but we also say he is not in *rightful* possession of the ball. Might does not make a *right*. *Empirical* possession is always some Relation between a person and the thing *said* to be in his possession. Epistemologically, it is incorrect to speak of "a possession" but, rather, one must speak of "a possessing of a thing." The latter is a practically applied concept, the former a mere label.

Kant referred to "a universal law" in the explanation of deontological ownership. The law to which he referred is some *civil* law – which is to say, a man-made convention – that can properly be called a *law of freedom*:

Freedom (independence from being constrained by another's choice), so far as it can coexist with the freedom of every other man according to a universal law, is the only primordial right belonging to every man by virtue of his humanity. – [*ibid*: 6: 237]

Every human being is the self-determiner of his own actions and this power of self-determination is a fundamental law of mental physics that no man-made law can gainsay. But the mere fact that an individual is self-determining does not mean that he cannot determine himself to act to coerce or constrain the actions of another person. Indeed, *all* civil liberties enjoyed by citizens in any society come with limitations that constrain or prohibit particular actions. The justice of such constraints, and of penalties to be meted out should they be violated, is grounded in the social contract of the society and its key clause is *co-Existenz with every other individual's freedom*.

There are some such constraints that have arisen in every human society of which we have any historical knowledge. For example, every society prohibits murder and makes its commission a crime. However – and this is the point – *to murder* is not at all the same thing as *to kill*. Murder is *unlawfully causing the termination of the life of another person*. The law itself *defines* what is and what is not murder. The Mosaic commandment, *you shall not murder*¹⁰, did not in the least constrain Joshua and his army from ending the lives of every man, woman, and child in Jericho. A Spartan could lawfully kill another person, including another Spartan, in a variety of circumstances. During Sparta's annual boy-whipping festivals some boys were beaten to death; as heinous and repugnant as this is to modern sensibilities, it was not murder in Sparta.

When Kant refers to "a" universal law he is not referring to some one mystical Moral-Law-Within-Me that "ought to be obeyed" by every person. He is referring to *any* civil law that can be applied to and obeyed by *every* person in the community without personal discrimination or uneven imposition of restrictions. A law of this character *is* a moral law, but the morality of it is deontological and the law itself is constituted as a *civil* convention defining *civic* duties.

¹⁰ English translations of the Old Testament invariably *mistranslate* this commandment as *you shall not kill*. If this were in fact what the Mosaic law decreed, the death penalties specified for various civil crimes in *Deuteronomy* would all have been wholly in contradiction to this law.

With this now understood, we can look again at dictionary definition 1 of property: the *right* to possess, use, and dispose of something. This is the only objectively valid *Realerklärung* of the idea of "a property," i.e. "property" inheres only in the *idea* of rightful possession. That which cannot be possessed rightfully is not property, and that which I do not possess rightfully is not *my* property. Seen in this objectively valid way, property is a Relation between a thing and persons said to either possess it or to not-possess it *rightfully*. *Property* is deontologically inseparable from the context of *rights*.

This brings us back around to the social contract. Here we must draw a distinction between the citizens of a political nation and those of an Enterprise that comprises merely one of many mini-republics inside a political nation. When Rousseau wrote *The Social Contract* he was speaking only of the former, and in this context it was appropriate for him to express the term of the social contract absolutely, as he did when he wrote, "Each of us puts his person and *all* his power in common under the supreme direction of the general will." *All* one's power includes all one's personal power including all tangible and intangible things he rightfully possesses. His alienation is, in this respect, total. However, no nation would ever become established if some usually large fraction of each citizen's wealth-assets were not *returned to him* as a part of the *civil rights* he receives in exchange for alienation of his natural liberties. That fraction of his wealth-asset holdings that he *rightfully retains* under the social contract of the nation becomes those wealth-assets he *possesses rightfully*. Recognize, however, that the other (usually smaller) fraction of his natural holdings of wealth-assets are *not* returned to him; rather, in a manner of speaking, he must "ante up" and *purchase* his membership as a citizen in the national association. The most common and familiar form of this "ante" are the taxes of various sorts it is his duty to pay.

For an Enterprise that is a mini-republic within a political nation, the required alienation under its social contract is always (or nearly always) quite limited. An employee of a firm or a Little League volunteer is not, for example, asked to alienate the rightful possession of his house to the community of the mini-republic. The capital investor who founds a business firm is not asked to alienate those capital assets he stocks the business with for common usage by the employees. There is, referring to definition 5 of property above, a communal *possession* but not a communal *ownership* of these capital wealth-assets. If the firm dissolves, the capitalist gets them back.

In this regard, the details of alienation in the social contract of a mini-republic Enterprise are more numerous than those of a typical political nation (although the social contract of the latter is by no means trivial in its detail). If a particular job in a firm requires an employee to wear some sort of uniform, is this asset to be provided out of the general stock of the firm, or is the employee asked to alienate some of his personal stock to the Enterprise community by supplying his own

uniform? Are employees of an Enterprise allowed to park their cars on designated land that is part of the common stock of the Enterprise at no charge, or are they required to alienate some part of their personal stock in purchasing parking permits for that use this land? These are but two trifling examples of the myriad of alienation details attending the social contract of a mini-republic Enterprise.

Nor are the wealth-assets involved in alienation conventions all tangible wealth-assets. Every entity requires some time-commitment by its associates; this is alienation of part of what we called a person's *stock-of-time* in chapter 8. When Carnegie demanded of the union members at Homestead that they submit to a twelve-hour workday, he was unilaterally demanding a very fundamental alteration of the alienation terms of the social compact at Homestead. Had the actions there been restricted to only negotiation and settlement, whatever final agreement was reached would have been a *just* amendment to a social contract in terms of the number of hours per day that were to be regarded as *the public property of the association*. When Carnegie and Frick brought in "scabs" to replace the union members, this was no longer a civil relationship but, rather, a total disintegration of the social compact and, deontologically, a *crime*. Carnegie's rightful possession of the capital assets at Homestead did not grant him *a right to rule*. To whatever limited extent the Homestead mill had characteristics of an Enterprise prior to the Homestead strike, that Enterprise died the moment Carnegie and his partners employed force against the union members. What existed at Homestead after the strike was a different entity. Only its name was the same as before. Similarly, the plutocratic entity called HP today is not the Hewlett-Packard Company Enterprise in which your author was a citizen years ago; it is a *Doppelgänger* that has appropriated the name – a kind of identity theft.

When the associates of an Enterprise exchange the labor of their enterprises for a stock of wages¹¹, these wage-goods belonged to the *public property* of the Enterprise prior to the rightful disposition of the Enterprise's revenue. If I rightfully own the capital assets of a bakery and you work there, it isn't "my money" I hand over to you when you get your paycheck. It is *our* money before dispersal, *your* money after dispersal, and *my* money *at no time*. If you are a contractor I hire to do some work on my house, the money you receive from me is *my* money before payment becomes due and *your* money thereafter. This is because the relationship is not a joining of separate enterprises but, rather: (1) acquisition of a consumption-good for me (the tangible results of what you do to my house); *and* (2) an exchange of labor-goods for wage-goods for you in carrying out your enterprise. It *might be* that during our intercourse you and I become friends and

¹¹ we will not draw a hair-splitting distinction here between "wages" and "salaries"; the only difference between them are the formulas by which the quantities are determined

perhaps jointly decide to thereafter band together for some common Enterprise, but such a happy eventuality is not part of the original interaction.

In terms of the republican governance of leadership, *economic general welfare* subsists in the conventional definitions of public vs. private stocks-of-goods, conventions covering rights of possession of public-goods, conventions covering dispersal of goods, conventions covering all requirements for alienation of goods by the citizens, and all matters that effect changes in the tangible power of each person in the Enterprise *as a consequence of their association and as consented to by all citizens* of the Enterprise. The *standard of justice* in the governance of the economic general welfare is satisfaction of the *condition* of the social contract, viz. that the association "will defend and protect with the whole common force the person and goods of each associate, and in which each, while uniting himself with all, may still obey himself alone and remain as free as before" entry into the association. The *standard of legislation* is to determine, under the tenet of moral legislation, the structure of civil laws of the Enterprise: (1) for protecting this condition; and (2) for making more perfect the ability of the citizens to realize those private interests they purpose to satisfy by means of the association (which actions are merely the realization of the expectation of authority). The *standard of the executive* is the administration and enforcement of the mechanisms by which the economic general welfare is realized. The *standard of the educator* is civic educating of the membership for perfecting each member's understanding of the terms and conditions of the social contract and *developing his citizenship*.

This is the practical real meaning of the general objective to promote the general welfare insofar as it pertains to the context of economic general welfare. Plutocratic governance of leadership either fails to recognize the meaning of this objective from the outset or else, through a process of leadership breakdown, eventually comes to fail to recognize it. Deontologically, the successful governance of leadership in regard to economic general welfare begins with understanding the deontological relationships of possession, property and the property rights under the Enterprise union. An uncivic state-of-nature presumption that "the stockholders of a corporation" somehow "own the corporation" in its entirety, and are free to disregard its economic *general welfare*, is a pernicious falsehood. The stockholders *do not own the Enterprise*; they do own particular *rights of possession* of some of the public stock of goods of the Enterprise. They are *stakeholders* and *members* but not *owners* in today's legalistic sense.¹² Your author

¹² Your author hopes it is more or less obvious that here the treatise addresses *individual* capital investors. One must consider, of course, the situation where capital stock originates from another *entity* such as a bank or an investment firm. Here we must grapple with a relationship that in almost every respect resembles a treaty between different political nations. The legal convention that allows a mere entity to be said to "own" stock in another entity is a fine fiction; the real possession in this case is as part of the public

writes these words as *both* a republican *and* a gypsy capitalist. These two roles are not incongruent with each other.

§ 4.2 Health and Safety Welfare

In most ordinary circumstances attending times of civil peace, the individual's duties to himself in regard to his personal health and safety are more or less satisfied and much more of his attention is given over to matters concerning duties to himself with respect to his economic welfare. However, health and safety duties to oneself, when evoked, always take immediate priority over matters of economic welfare. This is no less true for mini-republics than it is for nations. This is a root social-natural cause of the present day health care controversy in the United States – a controversy that affects U.S. society at every level – and it also accounts for both (1) the success uncivic free enterprise health care providers and organizations have in pricing their services, as well as (2) the inherently antagonistic relationship between health care service providers and those other uncivic free enterprise entities called insurance companies.

In the past, and continuing into the present day, there was and is a similar state-of-nature form of warfare between private and public interests presented in the arena of safety welfare. The most well-known example of this was demonstrated by the controversy in the U.S. over OSHA (the Occupational Safety and Health Act) in the 1970s. OSHA-related conflicts are not absent today; they are merely unreported by the media except when large-scale disasters occur that help to sell media products (such as the Bhopal disaster). Probably the current hottest topic (no pun intended) in the on-going conflict over safety general welfare is the so-far-nonviolent civil war that has begun over practices that have led to phenomenal changes in the earth's global climate¹³.

property of the investing entity. Before "taking the Enterprise public" by offering capital shares for trade on the public stock markets, the republican governors of an Enterprise should carefully consider that such an adventure leads the entire Enterprise into an environment that historically and in largest measure is nothing else than a state-of-nature jungle where entity-governors and gypsy capitalists take on no mutual obligation binding themselves to *your* Enterprise *nor does your Enterprise hold any with them* that amount to anything but treaty terms. You owe outside *outlaw* entities no duty, but you do owe *your Enterprise* a duty to *honor your treaty commitments without committing crimes against its social contract*. Accepting investment capital from outlaws is nothing but a legal form of debt financing from loan sharks – more dangerous because the outside threat is now the *overthrow* of your republic and installation of a plutocracy in its place. Mismanagement of such an adventure is a form of treason. Just as there is no incongruence inherent between being a republican and being a gypsy capitalist, there is no incongruence between being a state-of-nature economic hyena and being a gypsy capitalist. *There is no justice in the state of nature*.

¹³ Your author thinks we may as well get one point out on the table without any gamesmanship. The earth's climate *is* changing from what we have experienced in the past, and there is sound scientific reason to conclude that the collective actions of human enterprises play a part in causing it. It has not been until recent years that it was possible for a surface ship to sail from the Atlantic Ocean to the Pacific Ocean by way of a route *north* of the North American continent. It now sometimes is in the summer. If you think the disappearance of the arctic icecap is not a symptom of global climate change, you are making yourself be a very ignorant person. I don't really care if you are – that is your disadvantage, not mine – but I do care if it

Republican governors of leadership must recognize two prime duties concerning health and safety general welfare. Both are duties the Enterprise, as a sovereign body politic, owes *to itself* in its corporate capacity of being a union of its members. The first can be termed the inner aspect because it pertains to promoting and securing the health and safety welfare of each individual citizen in his person *as* a citizen. The second can be termed the outer aspect because it pertains to safeguarding the Enterprise from actions taken against it by outside entities such as competitors, agencies of the political government, and even the actions of outside people (e.g., as in the cases of a boycott of the Enterprise's products or violence at the hands of a rioting mob).

The ground for the inner aspect is the Enterprise obligation as a republic to meet the condition of the social contract for all its own citizens. I accept the fact that I hold particular private duties to myself in regard to seeing to my own personal health and safety. But I also accept the fact that some dangers to these are beyond my personal power as an individual to deal with. Gaining more power to deal with these dangers is one reason I freely choose to join in the association of the Enterprise and alienate some of my natural liberties. *I expect to contribute to the public goods of the Enterprise* to provide a measure of increased security for these to the benefit of my fellow citizens *and I require them to do the same for me*. My *expectation of authority* vested in the agents of Enterprise governance includes fulfillment of this term and this condition for our mutual civil union.

I would, of course, have no personal objection if our joint Enterprise should be so altruistic as to offer me the benefit without requiring me to ante anything up in return for it; but quite frankly if any organization were to offer this I would question its practicality *for the long run*. I would be skeptical of any presumption that such a promise made today would not be compromised ten or twenty years from now due to practical circumstances that pose some new and unforeseen hazard to the *Existenz* of the republic. History teaches us that such circumstances occur regularly. It is more prudent by far to establish the *civic principle* of health and safety general welfare and leave the tactics of putting the principle into practice liable to *just* accommodation to the contingencies of the future. This is the core of what Watson was driving at when he wrote that a business (IBM, in his case) should govern itself according to principles.

One must also recognize and deal with the practical fact that *perfect* health and safety assurance is an ideal – a mere Object of metaphysical perfection one should not practically expect to meet or achieve in one's lifetime. Like all other perfections, the objective validity lies in acting to perfect (make more perfect) as contingencies of experience bring out lacks and shortcomings.

reaches the point where *your* ignorance becomes harmful to *my* welfare. At that point I hold that by your actions, and sometimes by your inactions, you pose a danger to me. *That* is a state-of-nature situation.

If my enterprise is to mine coal, I recognize that coal mining is an activity attended by physical dangers. As a republican governor, I also recognize that these dangers can be ameliorated to some degree and that the expectation for authority places a duty on governance to do so in the best way possible consistent with simultaneously meeting *all six* general objectives of leadership governance. It is this limitation, namely upholding all six general objectives with true faith and allegiance, that single-issue zealots forget or ignore. Thinking their deeds civic in one sphere, they transgress *overall* duty as citizens by transgressing one or more of the other objectives. The six general objectives do not come in priority order; *all of them must be met* and the civil requirement to meet them all *is absolute*. If you think this is impossible, do not become an agent of governance or, if you already are one, resign the position because your attitude renders you *unfit to serve* the republic as an agent of governance. As a wise man said long ago,

Make it your guiding principle to do your best for others and to be trustworthy in what you say. . . . When you make a mistake do not be afraid of mending your ways. – Confucius, *The Analects*, IX, 25

If my enterprise involves my being a member of the armed forces of my country, I recognize that my civic duty might require me to die for my country, and there is nothing anyone can do to alter that harsh social-natural fact. If my enterprise does not, my duty requires me to do what I am called upon to do by the republican Sovereign to provide aid and support for my fellow citizens in the armed forces in doing what they must to fulfill their duties. Andrew Jackson said,

The individual who refuses to defend his rights when called by his Government deserves to be a slave, and must be punished as an enemy of his country and friend to her foe. – Andrew Jackson, *Proclamation to the people of Louisiana from Mobile*, Sept. 21, 1814

As is the case in every instance of civil rights and civil liberties, *the individual must offer up something of his for the public welfare*. Remember, the root of the word republic is *res publica* – the public affairs. For every act and policy of republican governance, it is the duty of the agents of governance to lead the republic, in its corporate capacity, to actually put into practice its social contract in the best ways that can be found. As Jackson also said,

There are no necessary evils in governments. Its evils exist only in its abuses. If it would confine itself to equal protection, and, as Heaven does its rains, shower its favors alike on the high and the low, the rich and the poor, it would be an unqualified blessing. – Andrew Jackson, *Veto of the Bank Bill*, July 10, 1832

The second aspect of health and safety general welfare is the outer one. No entity, whether it is a republican Enterprise or a plutocratic confederation of factions and outlaws, operates in isolation. Every mini-community exists within the geographical and political body of some larger human group save only a few scattered aboriginal societies. Its actions affect others outside its

community and the actions of outsiders affect its people. Whether a community chooses to enter into any mutual obligation with outsiders or not, it will nonetheless have to deal with mutual interactions. If these interactions become hostile – even if the hostility is unilateral and comes from without – it threatens the *Existenz* of the community. One need not be altruistic to recognize this fact. A community has only two options from which to choose: (1) attempt to exist in a state-of-nature relationship with the outside world; or (2) forge bonds of alliance or treaty through mutual obligation and reciprocal duty so that the relationship is civil.

David Packard unhesitatingly chose the latter. He wrote,

There are countless ways in which a business enterprise, as a corporate body and through the individual efforts of its people, can make important contributions to its community and to the larger society in which it operates. The betterment of our society is not a job to be left to a few; it is a responsibility to be shared by all. – David Packard, *The HP Way*, 12

There are legionary examples of Hewlett-Packard and its people contributing to the health and safety general welfare of the company by means of actions that were *equally and at the same time* acts of corporate good citizenship¹⁴ within the larger societies that contained our republic. Your author will relate just one of these from his own personal experience.

In 1989 substances called chlorofluorocarbons – known as CFCs and more widely recognized under the trade name Freon – were widely used as solvents, refrigerants, blowing agents, and as inert dispersing agents in aerosols (e.g. aerosol deodorant sprays). They were cheap, safe to handle, non-toxic solvents, making their use in cleaning processes economically and technically very attractive. Their use had been a common and widespread industry practice for years.

At the time your author was production engineering manager for one of HP's larger factories. We shipped about \$1 million worth of products out the door each day, and we used Freon for cleaning parts in our manufacturing process. It had been discovered and sufficiently verified scientifically¹⁵ in the 1970s that at least some kinds of CFCs rising into the upper atmosphere were agents responsible for creating holes in earth's ozone layer – the high-altitude layer of the atmosphere that, among other things, prevents too much deadly ultraviolet radiation from reaching the earth's surface. The 1987 Montreal Protocol had called for phasing out the

¹⁴ The 7th Hewlett-Packard Company Objective was the *citizenship* objective. Serving it was a duty for every person in the company.

¹⁵ One shortcoming of American public education is demonstrated by the fact that most non-scientists do not understand that *no* process of scientific verification is *ever* absolute or absolutely complete. They always involve judgment calls based upon best scientific consensus – which is never a perfect consensus. In 1989 the environmental issue of chlorofluorocarbons was not yet politically settled and was still a subject of heated political debate by non-scientists and business people, but an adequate scientific consensus had clearly been reached that said it was *much more probable* that CFCs were destroying the ozone than it was that they were not. That it could still be a *political* hot-button in 1989 is due to the unfortunate fact that the majority of Americans then and today are *scientifically* illiterate, a fact propagandists regularly exploit.

production and consumption of the types of CFCs we used in our cleaning processes by 1996. President Reagan had signed the Montreal Protocol in December, 1987, and in 1989 federal legislation was in the works¹⁶ for implementing the Montreal Protocol and placing regulatory authority for it under the U.S. Environmental Protection Agency.

We could have ignored the CFC issue for a few more years under the terms of the Montreal Protocol. The types of CFCs we used would not be restricted until 1992 and not banned until 1996. Instead, the company took a proactive position, deeming it to be our corporate duty to eliminate our use of Freon as quickly as possible. The developing legislation was actually only a very minor factor – not even a stimulus – in our decision-making processes. At all levels, from corporate headquarters in Palo Alto to the production line in Boise, HP people were committed to getting rid of CFCs out of a sense of responsibility to society.

As production engineering manager, your author was responsible for seeing this was carried out in our factory. We formed a team around a young engineer, Michael Keyes, and people from the production line. *They* decided we would develop a method for using water in place of Freon for our cleaning process. This was not so obvious a decision as it might seem. Water is a very active chemical and there were a number of important issues – such as ensuring the water would not corrode our parts – as well as cost, production capacity, and waste treatment considerations. Your author is proud to say the people of this team took command of the task and treated it as what it was: an important corporate civic duty. It took only a few months to develop and implement the new cleaning process, and its implementation turned out to be cost-neutral. CFCs were gone from our factory in 1989, before the Clean Air Act Amendments of 1990 were drafted.

Meeting the general objective of promoting the health and safety general welfare calls for the governance of leadership to effect necessary mechanisms to ensure that an adequate stock of goods is provided for it in the Enterprise's public property, and for insuring that access for the consumption of that stock is available to all those citizens of the Enterprise in need of it. It requires setting up proper education mechanisms by which every citizen comes to know their duties *and personal responsibilities* for promoting health and safety welfare in relationship to the social contract. Each person in the Enterprise has a civil right to the benefits, but each also has civic duties in regard to ensuring his fellow citizens both are provided with *and provide* the benefit. The health and safety general welfare of a republican union is never a matter of mere entitlement. The benefit is made possible by the union and *all* must recognize a mutual obligation or else *no one* will. The primary hindrances to meeting the general objective will always be the human natural disposition to dislike change and the equally natural dispositions for mimesis and

¹⁶ this would eventually become the Clean Air Act Amendments of 1990

satisficing behaviors. The governing leader's primary task is to overcome *these* hindrances. All other hindrances, technical and financial, are minor by comparison.

§ 4.3 Public Education Welfare

There are two primary aspects involved in promoting the public education general welfare of a republic: the vocational and the civic. For the governance of leadership the latter is by far the more essential aspect, but the operational and practical success of the Enterprise also depends upon its having an adequate stock of the former. Time passes, technology changes, old labor skills become less and less needed, new ones more and more needed, old ways and means become obsolete and uneconomic, new ways and means develop. All these stimulate tension for those who have to deal with them. Harold Leavitt wrote,

Frustration is a "feeling" rather than a "fact." It is a feeling that arises when one encounters certain kinds of blocks on paths to certain kinds of goals. These feelings arise when the block seems insurmountable and when failure to surmount it threatens one's personal well-being – when the goal involves the self. . . .

Many obstacle situations are depriving rather than frustrating because the obstacles do not seem insurmountable or the goals are not central to the self. Some people may therefore meet fewer frustrations than others because they have more ways around more obstacles or because they are self-confident enough so that their self-esteem does not have to be proved again by every new problem they encounter. . . .

Conflict may be thought of as a class of frustration, the class characterized by pulling in two directions at the same time. The obstacles one meets are not brick walls but drags that pull back as one goes forward. . . . They are choice situations, decision-making situations. And this class of psychological situations underlies both major emotional upset and irrationality in everyday problem solving. . . .

Some of the same generalizations that apply to frustration also apply to conflict. Some conflict situations involve important central needs that appear to be inescapably opposed. Others involve relatively unimportant needs or offer so many substitute possibilities that we hardly recognize their existence. As with frustration, serious trouble arises from conflicts between intense central needs involving long-term critical goals, where no satisfactory alternatives are visible. Such conflicts can be a real threat to personality. – Harold Leavitt, *Managerial Psychology*, 4-5

Tension-producing situations, of whatever kind, can be perceived by individuals as what Leavitt called "deprivations" (mild degrees of feelings of *Lust* and *Unlust*) or as more serious frustrations or conflicts. *How* they are perceived has a fundamental impact on the leadership dynamic of the Enterprise. A situation is "depriving" if the individuals know they can deal with the situation successfully, but frustrating if all attempts to deal with it are thwarted or if different ways different people try to deal with the same situation run counter to each other. Every leader's action deliberately aims to stimulate tension, but the governance of leadership must be vitally concerned with whether this tension leads to productive behaviors (in which case we are speaking of mere deprivation) or unproductive or counterproductive behaviors (frustration and conflict).

Watson wrote,

I believe the real difference between success and failure in a corporation can very often be traced to the question of how well the organization brings out the great energies and talents of its people. What does it do to help these people find common cause with each other? How does it keep them pointed in the right direction despite the many rivalries and differences which may exist among them? And how can it sustain this common cause and sense of direction through the many changes which take place from one generation to another? . . . These problems are not unique to corporations. They exist in all large organizations – T.J. Watson, Jr., *A Business and Its Beliefs*, 1

Answering these "how" questions is the practical aim for promoting the public education general welfare of the Enterprise. It amounts to acts of governance that accomplish what Mill called "raising the level of development" of the citizens and their society. Frustration and conflict have a cognitive component contributing to the reflective judgment of feelings of *Lust* and *Unlust* that individuals experience. An individual's knowledge is an important factor in determining his affective reaction to tension-stimulating situations. Providing an intellectual stock of diverse educational experiences, both civic and vocational, is one of the key ways by means of which what Watson called "common cause and direction" are achieved within the Enterprise.

Many organizations presume the education element of leadership is not properly part of the governance of the entity. To the extent that its governors do recognize a benefit of particular sorts of training, they often presume obtaining it is like obtaining a bin stock of screws or an adequate supply of pencils for the office stockroom: all one need do is order out for it. And, of course, coerce the trainees to go to it and to pay attention to the training. There is a certain degree of ludicrousness to this satisficing "out-sourcing" prejudice in regard to the educational welfare of the Enterprise. When the education provider is an outside entity, it is an entity that does not share the cultural and folkway factors that uniquely characterize an organization. Sending people outside – especially if the people sent are reluctant to go and do not themselves see it as a thing relevant to their personal enterprises or the joint union of enterprises in the organization – is rather like raising up a nation's crop of political statesmen by sending them to learn the art of government in a foreign country. How do you know you are not sending them off to learn this art in a Somalia or a North Korea? American educators of the nineteenth and early twentieth centuries thought they could learn how to educate a unique republic by studying education methods that were developed and stylized for Prussia – a country that in its day was lampooned elsewhere in the world as "an army that owns a state." The result was they ended up educating Americans to be Europeans. Tocqueville would have been appalled.

Robert Townsend wrote,

Don't hire Harvard Business School graduates. This worthy enterprise confesses that it

trains its students for only three posts – executive vice-president, president, and board chairman. The faculty does not blush when HBS is called the West Point of capitalism.

By design, the "B-School" trains a senior officer class, the non-playing Captains of Industry. People who, upon graduation, are given a whirlwind tour of their chosen company and then an office and a secretary and some work to do while they wait for one of the three top slots to open up.

This elite, in my opinion, is missing some pretty fundamental requirements for success: humility; respect for people on the firing line; deep understanding of the nature of the business and the kind of people who can enjoy themselves making it prosper; respect from way down the line; a demonstrated record of guts, industry, loyalty down, judgment, fairness, and honesty under pressure.

I've already applied (no acknowledgement) for the job of guide to the Harvard Business School in 1995. By that time, tourists will be wandering around it like Stonehenge asking, "I wonder what they used to do here?" – Robert Townsend, *Up the Organization*, 53

Leaving aside aggrieved protests of unfairness sure to issue from the Harvard Business School folks in reaction to Townsend's caustic remarks about them and what they do, his underlying point must be well taken by the republican leader. Public education requirements for successful republican leadership are not satisfied by training only a cadre of officers-elite, nor by a cookie-cutter stereotyped idol or totem-pole model of what "the ideal organization should be like," nor by ignoring the special needs, both vocational and civic, peculiar to the culture of a specific Enterprise. Synergy in union arises from the sort of human bonding that occurs when people share common experiences, face common challenges, and work with each other to overcome common problems very specific to the union of their joint enterprises.

The U.S. Army has long recognized the importance of what it calls "small-group dynamics." The leadership dynamic is not different in kind from this in any organization; only the specific activities involved in the dynamic differ from place to place within any organization. The aim of governance in republican Enterprise in regard to its education general welfare *is to produce leaders*. By this is not meant produce an officer caste or ruling elite; that is plutocracy's premise. Leadership is a dynamic and from any given moment to the next who is actually leading *changes* within this dynamic. Cicero wrote,

Wherefore let us admit that those who discuss the principles of living are great men, which is indeed the truth; let us recognize them as learned and as teachers of truth and virtue, if only we do not forget that another science is by no means to be scorned . . . I mean the art of government and the training of peoples, which, in men of ability and good character, calls into being, as it has so often done in the past, an almost incredible and divine virtue. . . For what can be more admirable than the union of experience in the management of great affairs with the study and mastery of those other arts? – Cicero, *De Re Publica*, III

The more difficult it becomes to identify whose leader's actions were key to achieving success in Enterprise activities, the better is the Enterprise's governance of leadership in meeting the general objective of promoting education general welfare. This is because the more difficult it is

to identify individual leaders, the more seamless is the Enterprise's leadership. This seamless quality is not a product of instinct; it is a product of the intellectual power of persons acting conjointly so that tension situations are met as deprivations rather than as situations of frustration and conflict. Conjoint maxims of action are not innate for human beings. Quite to the contrary, we all begin our lives in a stage of what Piaget called radical egocentrism, and vestiges of this linger on in each person throughout life. Conjoint action – seamless teamwork – is a product of experience and practice, and must be developed along with the peculiar skills needed for each position within the Enterprise. The aim of promoting education general welfare is to *grow* the Enterprise's intangible intellectual asset-stocks that ground the possibility of this development.

§ 4.4 Political Welfare

The Enterprise's intellectual asset-stocks grown by promotion of education general welfare, if these stocks are to be of practical use to the Enterprise, must also be harvested. For leadership this means the civil employment of the intangible stocks of individuals' persuasive powers. The aim of promoting the political general welfare of the Enterprise is the harvesting of these stocks. Harvesting requires harvesting implements, and so the question for leadership governance here is: what are these implements?

This question is closely related to the topic of our next section, the general objective of securing the blessings of liberty for all citizens of the Enterprise. The sixth general objective pertains to ways and means of structuring the *form* of governance; political general welfare pertains to the *matter* subsisting in this structure.

It is axiomatic in education that lessons not practiced are lessons not learned. The governance of leadership promoting political general welfare in the Enterprise is not tied to merely making available opportunities for individuals to demonstrate their persuasive power; it is tied to leaders' actions that stimulate from time to time *the actual exercise* of these powers by *every* individual. An Enterprise has no real use for a decorative column that might look pretty but provides no load-bearing support to the Enterprise's structure. People who are never persuaded to help persuade the courses of Enterprise activities are non-load-bearing members. Mill wrote,

[The question of the influence of government upon character] really depends upon a still more fundamental one, viz., which of two common types of character, for the general good of humanity, it is most desirable should predominate – the active, or the passive type; that which struggles against evils, or that which endures them; that which bends to circumstances, or that which endeavors to make circumstances bend to itself. . . .

Of the three varieties of mental excellence, intellectual, practical, and moral, there never could be any doubt in regard to the first two which side had the advantage. All intellectual superiority is the fruit of active effort. Enterprise, the desire to keep moving, to be trying and accomplishing new things for our own benefit or that of others, is the parent even of

speculative, and much more of practical, talent. The intellectual culture compatible with the other type is of that feeble and vague description which belongs to a mind that stops at amusement, or at simple contemplation. The test of real and vigorous thinking, the thinking that ascertains truths instead of dreaming dreams, is successful application to practice. Where that purpose does not exist, to give definiteness, precision, and an intelligible meaning to thought, it generates nothing better than the mystical metaphysics of the Pythagoreans or the Vedas. With respect to practical improvement, the case is still more evident. The character which improves human life is that which struggles with natural powers and tendencies, not that which gives way to them. The self-benefiting qualities are all on the side of the active and energetic character; and the habits and conduct which promote the advantage of each individual member of the community must be at least a part of those which conduce most in the end to the advancement of the community as a whole. . . .

There are, no doubt, in all countries, really contented characters, who not merely do not seek, but do not desire, what they do not already possess, and these naturally bear no ill-will towards such as have apparently a more favored lot. But the great mass of seeming contentment is real discontent, combined with indolence or self-indulgence, which, while taking no legitimate means of raising itself, delights in bringing others down to its own level. And if we look narrowly even at the cases of innocent contentment, we perceive that they only win our admiration when the indifference is solely to improvement in outward circumstances, and there is a striving for perpetual advancement in spiritual worth, or at least a disinterested zeal to benefit others. The contented man, or the contented family, who have no ambition to make anyone else happier, to promote the good of their country or their neighborhood, or to improve themselves in moral excellence, excite in us neither admiration nor approval. We rightly ascribe this sort of contentment to mere unmanliness and want of spirit.

The content which we approve is an ability to do cheerfully without what cannot be had, a just appreciation of the comparative value of different objects of desire, and a willing renunciation of the less when incompatible with the greater. These, however, are excellences more natural to the character in proportion as it is actively engaged in the attempt to improve its own or some other lot. He who is continually measuring his energy against difficulties learns what are the difficulties insuperable to him, and what those which, though he might overcome, the success is not worth the cost. He whose thoughts and activities are all needed for, and habitually employed in, practicable and useful enterprises is the person of all others least likely to let his mind dwell with brooding discontent upon things either not worth attaining, or which are not so to him. Thus, the active, self-helping character is not only intrinsically the best, but is the likeliest to acquire all that is really excellent or desirable in the opposite type. – John Stuart Mill, *Representative Government*, 3

Thomas Aquinas was saying much the same thing in far fewer words when he wrote:

Three things are necessary for the salvation of man: to know what he ought to believe; to know what he ought to desire; and to know what he ought to do. – St. Thomas Aquinas, *Two Precepts of Charity* (1273)

The maxim of political general welfare flies in the face of traditional plutocratic thinking. That thinking clings to an idol of a caste system of elite magi whose wisdom becomes more omniscient the higher one ascends the totem pole. It inherently presumes the captain is in every respect the most able sailor on the ship, the deckhand the most clueless individual whose opinions and experience are of no value. It is the hubris of Taylorism, the long-discredited practice of so-called

scientific management that today is cloaked and robed as so-called "best management practices." Most-common management practice does not remotely mean the same thing as best management practice. Almost all the currently popular so-called "best management practices" are nothing else than most-common practices – mimesis that has been deified and sprinkled with holy water by persuasive baboons of bookkeeping – and they are the known-to-fail practices of Taylorism.

The social-natural *fact* of human nature is that in every specific action-instance the best specific leader for that specific action is the person who is empirically most familiar with it in detail. The challenge for governance lies less in knowing who that individual might be and far more in knowing how to get him *to step forth and lead*. In the greatest number of instances in a well-governed Enterprise, most individual actions of this sort go unnoticed – in part because they are unlooked-for but for the most part because their occurrence is the desired *modus operandi* when all is functioning well in the Enterprise. Bill Oncken noted that one can describe what he called a *freedom scale* for the manner in which individuals behave in different circumstances in relationship with their governing managers or supervisors. Oncken's scale, paraphrased and arranged in order from most free to least free action, is as follows:

1. the individual takes action and informs his governor at their next regular meeting;
2. the individual takes action but informs his governor of the action immediately;
3. the individual recommends an action to his governor and asks him for a decision to approve or disapprove it;
4. the individual asks his governor what action he should take;
5. the individual waits for his governor to tell him to take some action.

It is a mistaken supposition to assume the first level is the desirable ideal for the perfection of leadership. Again, individuals are the best judges of those things they know best and the worst judges of things they know little or nothing about. Self-reliance is a character trait important for success, but consciousness of *limitations* to self-reliance is also vital. Level 1 is the most desirable in ordinary and routine matters, level 2 for newly emerging situations ("emergencies") that are not too dissimilar to the individual's past experiences, and level 3 for complex emerging situations in which the individual is aware of his own limitations. Level 4 is the appropriate level for situations beyond anything like an individual's past experience but it is also the level of behavior frequently demonstrated by individuals who lack confidence in their own ability to deal with novelty. The former is the case of suitable exercise of judgment, the latter a case where promotion of the political general welfare benefits by improving the individual's self-confidence and self-reliability. Level 5 is the level of inertia and malcontented content; it is the single level in Oncken's scale wholly unsuitable for successful joint enterprise and, when widespread, is indicative of oppressive plutocracy in the governance of leadership.

The Analects bequeath to us the following lesson from Confucius:

Kung-hsi Hua said, "When Yu asked whether one should immediately put into practice what one has heard, you pointed out that his father and his elder brothers were alive.¹⁷ Yet when Ch'iu asked whether one should immediately put into practice what one has heard, you answered that one should. I am puzzled. May I be enlightened?"

The Master said, "Ch'iu holds himself back. It is for this reason that I tried to urge him on. Yu has the energy of two men. It is for this reason that I tried to hold him back." – Confucius, *The Analects*, XI, 22

When to follow, who to follow, when to lead, who to lead, and when to follow yourself are decisions people must and do make every day. Sometimes people will make a sound decision, sometimes they will make an unsound or unwise one. Affective factors play as much a role in this as do cognitive factors. The regulator of decisions is the individual's practical manifold of rules, and this means the governance of leadership in regard to the political general welfare of the Enterprise is governance concerned with the development of people's practical maxims of regulation in their self-determinations of choice. The psychological character of this is what Piaget called *decentration*, the evolution from egocentric-based maxims to socialized ones.

All joint enterprises are comprised of social-natural molecules, in which each person is one of the social atoms. Your author once heard Bill Oncken say, "If all the other people in your molecule were to conspire to make *you* successful, there's nothing you could do to stop them." The corollary to this Oncken's *dictum* is obvious. In one way or another, this is the rational selfish factor producing affinity between commitment to mutual obligations and one's duties to himself. Oncken's *dictum* states in light-hearted fashion the remote aim of promoting the political general welfare of the Enterprise.

The governing leader's action in this regard has an indirect aim: not at the choice itself but at stimulation of each individual's self-improvement of his own self-regulatory system of practical and *civic* decision maxims. Before any person ever takes a leader's action, he must first determine himself to take it; so also it is for the decision to take a follower's action. The promotion of political general welfare subsists in actions that improve the overall degree of quality and reliability in these determinations in the body politic of the Enterprise.

§ 5. The Objective to Secure the Blessings of Liberty

Let us mark well that the last of the general objectives of leadership governance is *to secure* the blessings of *civil* liberty. *Uncivil* liberties are liberties of action by an individual that conflict with liberties of action for others. *Uncivil* liberty by another name is called the liberty of the state

¹⁷ the implication here is that Yu should seek their advice and approval before he acts.

of nature. No republic can endure if it tolerates uncivil liberties. The expectation of authority in *securing* the blessings of civil liberty is vested by the citizens in the judiciary of the Enterprise. But, under any sound system of checks and balances in governance, the judiciary can neither legislate nor can it enforce. It can only *compel* the legislative, executive, and education agents of governance to do their duty in perfecting liberty with justice for all in the Enterprise.

It is impossible for these agents to carry out this duty under a system of centralized control and government. The civility or incivility of actions subsists in and can only be judged in relationship to the mutual effects liberty of action has on particular individuals and their circumstances. Only in a very few cases – such as that of murder or theft – can absolutely general rules be set out. In mathematical terminology, these are the *well-posed problems* in understanding civic vs. uncivic liberty. The great majority of all problems of civic vs. uncivic liberty are *ill-posed problems*. The actions are real actions experienced in the *homo phaenomenal* world. All such experiences bring only contingent knowledge of causes and effects, and *judgment* in each case is best where that judgment is *local* and *best informed*. Remote judgment is always more poorly informed and remote decisions can only be rendered by making abstraction of many details. But this abstracts from the social atoms – the people actually involved – the very humanity that is the essence of the matter. Remote judgments can aspire to no better than deontologically amoral correctness except in those very few most obvious of circumstances. But civil liberty is always a deontologically moral issue because all civil liberties are bound up in the social contract and grounded in the condition of personal commitments of mutual obligation and reciprocal civic duties.

There is an old aphorism – made famous by (and misattributed to) Thoreau, and long calcified into thoughtless dogma by so-called libertarians – that John L. O'Sullivan first wrote in an essay in *United States Magazine and Democratic Review* in October, 1837: *The best government is that which governs least*. Like many popular sayings that become mottos of dogma, the dictum is both true and false. It is true of plutocracy, where it should be put as *the best ruler is he who rules the least*. It is false in general because the least government possible is no government at all – life in the state of nature. The recent history of Somalia refutes the aphorism. The fundamental problem in governance has always been, and will continue to be, the problem of finding the proper balance between civil constraint and natural liberty. Thomas Paine wrote,

Society in every state is a blessing, but government even in its best state is a necessary evil¹⁸; in its worst state an intolerable one; for when we suffer, or are exposed to the same miseries *by a government*, which we might expect in a country *without government*, our calamities are heightened by reflecting that we furnish the means by which we suffer. – Thomas Paine, *Common Sense*

¹⁸ Paine refers to a concept of experience with government, Jackson to a concept of an ideal of government.

Your author remembers well the civil turmoil of the years of the Vietnam War in the United States, a time that to be called anything else than a state of civil war is to indulge in the most dangerous practice of ignorance. On the one side there was a government that, at all levels, had long turned plutocratic – and is still so today – and on the other side was a legion of mostly young people entirely uneducated in the civics of the Revolutionary era American Way. He remembers well exhortations against "the man" and "the system." He remembers equally well the most popular radical recipe: to tear down "the system," overthrow "the man" – whoever "he" was; on any given day "the man" or "his lackey" was whoever disagreed with you – and replace it and him *by nothing at all*. As ignorant as our elders were of the civics of the American Way, our generation was even more ignorant, has not become less ignorant with the passing of years, and, together, we and our elders passed this ignorance on to the younger generations that came after us. This has been the only lasting joint accomplishment of the two sides in that conflict. Your author finds it an irony that this ignorance – rightly regarded then as radical – is in no way any different from the ignorance of the so-called conservatives of the post-Reagan Republican Party, who are themselves RINO. As for the so-called liberals of the Democratic Party, they are not even in name republican – NEINR¹⁹. To look back at that time is to reflect upon events when, in the words of Yeats,

Things fall apart; the center cannot hold;
Mere anarchy is loosed upon the world,
The blood-dimmed tide is loosed, and everywhere
The ceremony of innocence is drowned,
The best lack all conviction, while the worst
Are filled with passionate intensity

– William Butler Yeats, *Michael Robartes and the Dancer: The Second Coming, st. 1*

This is the poisonous fruit of centralization in governance, the seed of insurrection, acorn of anarchy and pit of plutocracy.

Even so, mere simple-minded decentralization of power in governance is not, in and of itself, a panacea curative of all ills. An Enterprise community constituted as a mere confederation of independent municipalities is dangerously exposed to the ills of faction. Its local burgomasters can well enough govern its municipalities, but these municipalities will tend to make their own local interests their *only* interests to the disservice of problems that affect the citizens broadly. Hellenic Greece was not a nation; it was a collective of bellicose city-states that made a regular practice of warring upon each other. It lacked any broad unity beyond a network of shifting alliances. Today's ally quickly became tomorrow's enemy. As Palmerston famously remarked,

¹⁹ pronounced "nine-er"

We have no eternal allies and we have no perpetual enemies. Our interests are eternal and perpetual, and these interests it is our duty to follow. – Henry John Temple, Viscount Palmerston, *Speech in the House of Commons on foreign policy [Mar. 18, 1848]*

The failure of government under the Articles of Confederation likewise demonstrated that there was little or nothing that kept the United States united after the Revolution and people's attentions returned to the everyday affairs of peacetime. Its weak and impotent Congress proved to be no match for provincial self-interest accompanied by what was at best disinterest in the welfare of other states and at worst hostility and rivalry between the states. The condition of civil affairs in America under the Articles of Confederation soon decayed to the point that America was united in name only and was menaced by the imminent outbreak of war among the states.

Prevention of this collapse was the principal concern that moved the delegates to the 1787 Constitutional Convention. It is a telling clue to the disunity among the so-called United States that the first attempt to hold a Convention failed when fewer than half the states sent delegates. Even in 1787 Rhode Island refused to send a delegate to it. The Framers made it no criterion of their success to gain the unanimous acceptance of the new Constitution by all thirteen states. It called for ratification merely by nine states (determined by popular conventions of the people, bypassing the state governments altogether), and any state that refused to ratify would be wished well and bade *adieu*. Rhode Island ratified the Constitution only after it became clear they would otherwise soon be a confederation of one, isolated and outside the new United States of America. Even Convention delegates Edmund Randolph, George Mason (both from Virginia) and Elbridge Gerry (Massachusetts) declined to sign their names to the Constitution (after voting "aye") out of concerns that their home states would not ratify it, that in this event their personal duties lay with their own states, and they felt that by personally signing the Constitution they would be pledging support for it against their duties to their home states.

Every delegate to the Convention understood clearly the danger of imminent disintegration facing the United States because of the inherent weaknesses of the Confederation government. But each also had clear and sharp memories of the Revolution and its causes, and none favored the all-powerful centralized government model of Great Britain. Thus it seemed that neither a purely decentralized nor a purely centralized form of government was acceptable or wise. This led Madison and others to a new idea for how to organize and constitute government for a united nation. It was to be a government that was neither strictly a *national* government nor strictly a *federal* government but, instead, was to be a *mixture of both*. Madison explained the difference between a national government and a federal government thusly:

But it was not sufficient, say the adversaries of the proposed constitution, for the convention to adhere to the republican form [of government]. They ought, with equal care,

to have preserved the *federal* form, which regards the union as a *confederacy* of sovereign states, instead of which, they have framed a *national* government, which regards the union as a *consolidation* of the states. And it is asked, by what authority this bold and radical innovation was undertaken? – James Madison, *The Federalist*, no. 39

A federal government is a confederacy of otherwise independent sovereignties – the relative independencies of decentralization. A national government *subordinates* all local governance to itself – the centralization of power. But, Madison replied, the critics who thought the new Constitution set up a strictly national government were mistaken. *Some* of it was, indeed, national; but in *other* respects it was federal. He wrote,

First. In order to ascertain the real character of the government, it may be considered in relation to the foundation on which it is to be established; to the sources from which its ordinary powers are to be drawn; to the operation of those powers; to the extent of them; and to the authority by which future changes in the government are to be introduced.

On examining the first relation, it appears, on one hand, that the constitution is to be founded on the assent and ratification of the people of America, given by deputies elected for the special purpose; but on the other, that this assent and ratification is to be given by the people, not as individuals composing one entire nation, but as composing the distinct and independent states to which they respectively belong. It is to be the assent and ratification of the several states, derived from the supreme authority in each state . . . the authority of the people themselves. The act, therefore, establishing the constitution will not be a *national* but a *federal* act.

That it will be a federal, and not a national act . . . , the act of the people, as forming so many independent states, not as forming one aggregate nation, is obvious from this single consideration: that it is to result neither from the decision of a *majority* of the people of the union, nor from that of a *majority* of the states. It must result from the *unanimous* assent of the several states that are parties to it, differing no otherwise from their ordinary assent than in its being expressed, not by the legislative authority, but by that of the people themselves. . . . Each state, in ratifying the constitution, is considered as a sovereign body, independent of all the others, and only to be bound by its own voluntary act. In this relation, then, the new constitution will . . . be a *federal* and not a *national* constitution. – [*ibid.*]

The distinction here on this first point is perhaps subtle but it is vital. If the Constitution had been ratified *nationally*, this would have meant rule of the majority over a minority – the tyranny of democracy. Instead, the member states of the new United States were those *unanimously* in favor of the institution of the new Constitution. This is *federation*. The *foundation of its establishment* was federal, not national.

As to the second relationship, the sources of its powers, Madison tells us,

The house of representatives will derive its powers from the people of America, and the people will be represented in the same proportion, and on the same principle, as they are in the legislature of the particular state. So far the government is *national*, not *federal*. The senate, on the other hand, will derive its powers from the states, as political and co-equal societies; and these will be represented on the principle of equality in the senate, as they are now in the existing congress. So far the government is *federal*, not *national*. The executive power will be derived from a very compound source. The immediate election of the president is to be made by the states in their political characters. The votes allotted to them are in a compound ratio, which considers them partly as distinct and co-equal societies,

partly as unequal members of the same society. The eventual election, again, is to be made by that branch of the legislature which consists of the national representatives; but in this particular act, they are to be thrown into the form of individual delegations, from so many distinct and co-equal bodies politic. From this aspect of the government, it appears to be of a mixed character, presenting at least as many *federal* as *national* features. – [*ibid.*]

This was arguably the most novel and innovative method that had ever been proposed for setting up the *source of power and authority* in the *general government* of a nation. The Framers did make one crucial mistake, which was an understandable one given the society in which they lived and the era in which they lived: they believed that all the dangers of *faction* could be adequately compartmentalized by political states and failed to foresee the emergence of faction in the form of strong *national* political parties. Gradually over the course of many years, the national political parties in the United States have succeeded in dividing the union into three dominant factions: one each for the two major parties plus the creation of a brooding Toynbee proletariat aligned with neither and hostile to both. The Senate is still a hindrance to total tyranny at the hands of first one political party and then the other, because the two dominant parties have differing power bases by region and therefore the House and Senate can lie in different party hands; it is preferable to hinder the acts of despots than to empower the trampling of civil liberty and the revocation of civil rights. The 17th Amendment was a serious injury to a vital element of checks and balances because it changed the source of authority for senators from the sovereignty of the state governments to the despotism of direct democracy. Yet there is also an even more important imperfection and oversight bequeathed to us by the Convention.

Simply put, there are more factors that go into faction than merely geographically local ones. Trade associations, labor unions, religious affiliations, and a host of other factors are non-negligible contributors to faction. Furthermore, faction along these lines of interest cannot be measured by counting individual people because *the typical person is a member of more than one mini-republic of special interests*. On this point all by itself, the principle of pure democracy fails irretrievably. What the U.S. general government lacks is a necessary representation in a *third body of Congress*, namely one that represents special interests as *co-equal mini-societies* of indeterminate populations. Such a body could rightly be called a *House of Interests*. The special interests of every mini-republic within an Enterprise must be respected even when those interests legitimately have merely local bearing and are unsuitable for universal legislation. Representation of special interests, too, is an important safeguard of civil liberty in a *republic*. As things stand today, these special interests are represented by lobbyists operating out of the sunshine of public knowledge and scrutiny – which openly invites what Washington called "the batteries of internal and external enemies" who will "most constantly and actively (although often covertly and

insidiously)" attack what he called "the Palladium of your political safety and prosperity." He wrote,

All obstructions to the execution of the Laws, all combinations and associations, under whatever plausible character, with the real design to direct, control, counteract, or awe the regular deliberation and action of the constituted authorities, are destructive of [the fundamental principle of the power and right of the People to establish government], and of fatal tendency. – They serve to organize faction, to give it an artificial and extraordinary force – to put in the place of the delegated will of the nation the will of a party; – often a but artful and enterprising minority of the community; – and, according to the alternate triumphs of different parties, to make the public administration the mirror of the ill-concerted and incongruous projects of faction, rather than the organ of consistent and wholesome plans digested by common councils and modified by mutual interests. – George Washington, *Farewell Address*, Sept. 19, 1796.

In regard to the operation of the powers of government, Madison wrote,

The difference between a federal and national government, as it relates to the *operation of the government*, is, by the adversaries of the plan of the convention, supposed to consist in this: that in the former, the powers operate on the political bodies composing the confederacy, in their political capacities; in the latter, on the individual citizens composing the nation, in their individual capacities. On trying the constitution by this criterion, it falls under the *national*, not the *federal* character, though perhaps not so completely as had been understood. In several cases, and particularly in the trial of controversies to which states may be parties, they must be viewed and proceeded against in the collective and political capacities only. But the operation of the government on the people in their individual capacities, in its ordinary and most essential proceedings, will, on the whole, in the sense of its opponents, designate this a *national* government. – James Madison, *The Federalist*, no. 39

The operations of the general government do indeed bear directly upon every individual and is, in this sense, national in operation. This is, indeed, a centralized *scope* of operation. But, as Madison then quickly points out, that is *not* the same thing as a centralized and national *extent* of power:

But if the government be national, with regard to the *operation* of its powers, it changes its aspect again when we contemplate it in relation to the *extent* of its powers. The idea of a national government involves in it, not only authority over all the individual citizens, but an indefinite supremacy over all persons and things so far as they are lawful objects of government. Among a people consolidated into one nation, this supremacy is completely vested in the national legislature. Among communities united for particular purposes, it is vested partly in the general, and partly in the municipal legislatures. In the former case, all local authorities are subordinate to the supreme and may be controlled, directed, or abolished at its pleasure. In the latter, the local or municipal authorities form distinct and independent portions of the supremacy, no more subject, within their respective spheres, to the general authority than the general authority is subject to them within its own sphere. In this relation, then, the proposed government cannot be deemed a *national* one since its jurisdiction extends to certain enumerated objects only, and leaves to the several states a residuary and inviolable sovereignty over all other objects. – [*ibid.*]

This is the principle of *limitation of authority*. It can be regarded as a principle of checks and balances *between the extent of power* vested centrally and that vested in decentralized authorities. This we can call *delimited decentralization*. It avoids the extremes between the bellicose city-

states of ancient Helena and the dictatorship of Nazi Germany. If there is an under-looked factor in the constitution of specific republican systems of governance in humankind's collective experiences, it is the under-looking of the importance and magnitude of the task of delimiting the extent of authority for different levels of governance. Honest conflicts of opinions will and do arise in debating what is proper and best for any particular Enterprise at any particular stage of its growth and development; these must be resolved according to the *federal* principle, but the sorry fact is that the record of history records it is most often resolved by raw despotic application of power and intimidation, making the *national* principle dominant. All such uncivil resolutions of the question of the extent of power are inimical to the security of civil liberty, and there is but one branch of governance suited for its *republican* resolution: the judiciary. First among many reasons, this is why the judicial power of governance must be independent of control by the other branches, for these branches will always be the *parties* in the disputes.

Finally, we come to the last relationship of which Madison spoke: amendment of governance.

If we try the constitution by its last relation, to the authority by which amendments are to be made, we find it neither wholly *national* nor wholly *federal*. Were it wholly national, the supreme and ultimate authority would reside in the majority of the people of the union; and this authority would be competent at all times, like that of the majority of every national society, to alter or abolish an established government. Were it wholly federal on the other hand, the concurrence of each state in the union would be essential to every alteration that would be binding on all. The mode proposed by the plan of the constitution is not founded on either of these principles. In requiring more than a majority, and particularly, in computing the proportion by *states*, not by *citizens*, it departs from the *national* and advances towards the *federal* character. In rendering the concurrence of less than the whole number of states sufficient, it loses again the *federal* and partakes of the *national* character.
– [ibid.]

This, then, is the Idea of the American Republic: Governance under a system not wholly national in character (pure centralization) nor wholly federal in character (pure decentralization). *The Federalist*, no. 39, is probably the most woefully understudied yet important section of the explanation of the plan that emerged from the Constitutional Convention because it is here where we see the clearest exposition of the Framers' innovative conception of how a balanced form of governance might be achieved that avoids both the tyranny of centralization and the anarchy of decentralization. That the Framers did not produce a perfect system is no mark to be set down against this *principle*, a principle that is central to the securing of civil liberty for *all* citizens. Here it must be regretfully acknowledged that the system of public civic education in the United States has utterly failed in its duty to educate Americans about the social-natural foundation of their system of government. It cannot and should not be said this was by intent and design; the transgression of duty is a moral fault rather than a civil crime. But it is a transgression of duty nonetheless and a transgression destructive to the American Way.

Fortunately, the principle is not hard to broadly grasp even if the details of its implementation are many and complex. It is an undertaking and a civic duty of every person who would participate in an Enterprise founded upon republican principles to study, contemplate, and discuss with others in council the most appropriate ways and means to effect the Idea of the American Republic for his Enterprise community. Seeing to it that this is done is a duty of governance under the general objective of securing the blessings of civil liberty for all citizens.

The pragmatic men who served their country at the Constitutional Convention realized that, notwithstanding how vital a proper balance between federal and national character in the general government, there was nothing they could practically do to effect changes in state government. Nor, in strictness, was that the purpose of their assembly. Indeed, it took many weeks of debate, some of it quite passionate, before they were able to agree upon the details given form in the final version of the Constitution. Yet the principle of balance between centralization (national) and decentralization (federal) governance is not unique to the general governance of any organization. It extends with a continuity of affinity from the broadest base of the organizational pyramid to its apex. The characters of the state governments in the United States range panoramically from the despotism of under-restricted democracy to the tyranny of the one-party *politburo*. There is likely not one state government that is adequate to serve as a model for planners of a republican Enterprise. It can be fairly said, however, that a great number of current-day political problems in the United States, and as well those in business and commerce, owe their source directly to the inadequate understanding, on the part of the people who govern them, of the principle of checks and balances between centralization and decentralization.

There are two distinct but inseparable tasks facing anyone who would found a republican Enterprise: (1) the proper division and system of checks and balances among the divers special interests of the various mini-republics that will comprise it (at, to use Oncken's metaphor, its social-molecular levels); and (2) the insurance that agents of governance will be drawn from the most meritorious of the community's citizens. The latter is of fundamental importance because it is the natural propensity for human beings to mistakenly or deliberately place self-interest prior to civic interest, to fail to apprehend how service of one of the general objectives of governance might be effected in a way inimical to the others, or to simply fail to adequately address urgent problems and issues because of the allurements of satisficing behavior.

§ 5.1 Checks and Balances in a Community of Mini-republics

The first task is a somewhat scholarly, yet always fundamentally practical and pragmatic, task. It will never be performed perfectly at first try, and this is why the process of amendment is vital

to the constitution of republican governance. A local supermarket is not a city, and a city is not a nation. Nor can the readiness and preparation of all the participants in any union of joint enterprises be presumed equal. Does the fifteen-year-old box boy at a grocery store have the same level of business experience as the man who runs the meat department? Does this man have the same training and experience as the store's general manager? Obviously the answer is no. The form of governance must, as Mill stressed repeatedly, suit the preparedness of the citizens and their readiness and capacity to do what that system of governance requires of them.

Legitimate special interests will always exist even if the body politic of the Enterprise is comprised of the most civic-minded citizenry. An interest is deemed "special" because it is the interest of some members of the community but is not an interest shared by all members. Special interests are not antagonistic to success in the governance of leadership. Quite to the contrary, the special interests are often principal drivers of enterprise. Successful leadership requires that the special interests that do exist for individuals and for mini-republics within the Enterprise are satisfied by ways and means that are not injurious to those of others.

In point of fact, most people are indifferent to most special interests so long as others' pursuit of those interests do not conflict with the satisfaction of their own. It is in the ways and means of pursuit and not in the interest itself where legitimate special interests²⁰ can lead to injustice. It is more usually the case than it is not that the first budding ideas for ways and means of satisfying a special interest do not adequately comprehend the scope of consequences those ways and means carry for the special interests of others. If the special interest is a legitimate special interest, the anti-social factors unintentionally embedded in the original idea can be eliminated from the eventual ways and means if the idea is made to undergo *a process of refinement*. New ideas are like raw ore freshly extracted: valuable but not yet ready to be put to productive use.

Even a bad idea, loaded with fallacies and practical defects, is sometimes a source of a better-refined and good idea once it has been raised, reflected upon, and debated in a *forum of ideas*. A forum of ideas is like a refinery, taking the raw ore of new ideas, processing them to extract from them what is valuable, and disposing of what is harmful in their initial form. Furthermore, even ideas that were good ideas at one time in the past tend to become bad ideas as tradition and folkway slowly calcifies them into dogma. Situations change, new technologies alter the possible, people develop better civic knowledge and practices, old enterprises become obsolete, new forms of enterprise emerge. Civic laws, operational policies, organizational structures of long standing

²⁰ illegitimate special interests are those that are fundamentally contradictory to the special interests of others in the general community. For example, an outlaw masquerading as a citizen will have personal interests of his own, e.g., an interest in gaining the power to rule over others, or exact some retribution over a citizen he personally dislikes, or gain some reward he does not merit by his service to the Enterprise.

and tradition are all products of older good ideas that may no longer be suitable for present successful Enterprise. Even a great idea that has calcified into dogma is great no more.

Some ideas – more than one likely suspects – are unpopular with some citizens. It is no more than basic human nature for such ideas to arouse irate passions in those who disagree with them. This same human nature is expedient for the inclination to call for the suppression of such ideas. Behind the ire often lurks the fear that an unpopular idea might become popular and be imposed upon those who oppose it. However, *no one need ever fear an idea*. An idea is a thing without material or practical substance. Ideas do not change the world; actions change the world. An idea is an insubstantial thing, a mere creation of thinking and reflection. To have ideas is to be human. It is not the idea *per se* but, rather, the actions by which an idea is to be realized that is the most important issue during its refinement in the work of a forum of ideas.

To have an idea is an inalienable right of every human being. The fine distinction between an *inalienable* right and an *unalienable* right is this: it is not possible to alienate an inalienable right because such an alienating is contrary to human nature; an unalienable right is a natural right that it is possible to alienate but which the social contract *under the tenet of means*²¹ *must not require to be alienated*. For example: it was at one time the policy of most commercial U.S. airlines that flight attendants (then called stewardesses) must be unmarried women. This policy was unjust because whether or not a woman was married was no legitimate concern of the airline. The policy regarded the flight attendants strictly as means to an end and did not *at the same time* regard these people as *ends in themselves*. It was, therefore, in violation of the tenet of means and, for that reason, a violation of the condition of any *civic* social contract.

Forums of ideas can and should be established at every level in the organization of Enterprise. This has its analogue in political government in the distribution of government agency at the various levels of the precinct, town council, county commission, state legislature, and the general government. Tocqueville's keen insight into the American political system of New England is one highly pertinent to the organization of leadership governance in any Enterprise. It is of the essence in proper checks and balances between decentralized and centralized authority agency. It is not necessarily that such forums must have attached to them interlocking formal review and linkage processes; these, in effect, often turn the conclusions of a local forum from a power of governance into a mere suggestion to be tendered to "higher authority." Such a *seemingly* natural construct of governance might be a Platonic inclination for people who have inclined themselves to habits of over-planning; but it is not a necessary construct in a system of governance with a

²¹ "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."

well-established judiciary where, when necessary, *petitions of right* can be made for redress of grievances resulting from actions one body might inflict upon another. Indeed, it is this recourse that is the proper one under the social contract because the other practice inevitably promotes over-centralization of authority agency and the development of plutocracy.

Incidents giving rise to legitimate grievances will occur and they will occur with sometimes annoying regularity. People will make mistakes. People will not always apprehend the broader consequences of proposed actions, policies, and methods. People will mistake a special interest for a general one. The incidents themselves will be actions constituting a transgression of civic duty, but this transgression will typically be nothing else than a moral fault – a matter for redress, not for incrimination. This is the nature of ideas not sufficiently refined. The act is culpable but not criminal, not immoral but merely amoral. The proper civic attitude for dealing with these incidents was neatly captured by a moral lesson conveyed in *John 8:11*, "Neither do I condemn you; go, and sin no more."

The situation here is nothing more and nothing less than a fact of experience with human nature. The governance of leadership must anticipate this situation and plan for ways and means of resolving it. This, indeed, is a duty in the constituting of governance in an Enterprise. To fulfill this duty attention has to be paid to the following maxims of governance organization:

1. The system of governance must ensure liberty of expression in speech, writing, and other manners of public communication of ideas;
2. the system of governance must see to the establishment of forums of ideas at all levels of organization in the Enterprise and safeguard civil liberty of action by these forums;
3. the system of governance must recognize the reality of the *Existenz* of legitimate mini-republics of special interests within the corporate body politic. It must provide means and mechanisms for: validating and chartering legitimate mini-republics; granting their just petitions for recognition; insuring their civil liberty of representation in the process of governance; and provide just mechanisms and processes for judging cases of *impeachment* of a recognized mini-republic in the event that the mini-republic breaks down into a faction exhibiting uncivic conduct in its affairs (all this can be called a process for *naturalized corporate citizenship of mini-republics*);
4. the system of governance must provide in its constituted legislative function for a system of congresses of special civic interests for the just cultivation and refinement of the perfection of an Enterprise with civil liberty and justice.

Carnegie was not wrong, although he did not apprehend *how* he was correct, when he wrote,

The right of the working-men to combine and to form trades-unions is no less sacred than the right of the manufacturer to enter into associations and conferences with his fellows, and it must sooner or later be conceded. . . . My experience has been that trades-unions, upon the whole, are beneficial both to labor and to capital. They certainly educate the working-men, and give them a truer conception of the relations of capital and labor than

they could otherwise form. The ablest and best workmen eventually come to the front in these organizations; and it may be laid down as a rule that the more intelligent the workman the fewer the contests with employers. . . . the power of [the] ignorant demagogue arises chiefly from the lack of proper organization among the men through which their real voice can be expressed. This voice will always be found in favor of the judicious and intelligent representative. – Andrew Carnegie, "An employer's view of the labor question," in *The Gospel of Wealth and Other Timely Essays*

Where Carnegie erred is in not recognizing that *all* members of the association, himself included, are workmen and individual entrepreneurs engaged in their own enterprises. The real distinction between labor and capital does not subsist in individuals or their positions but, rather, in the manner by which they make their contributions to the association. Not infrequently, a particular individual is *both* a laborer and a capitalist, a working man and a tangible capital investor. Carnegie's error was a product of personal hubris in thinking labor and capital represented different *classes* of people, and in viewing the relationship between managers and non-managers as a Gamesman's contest. In the end, his game turned deadly at Homestead, and spelled doom for the finest of his humanitarian inclinations.

§ 5.2 The Cultivation of Merit in Agents of Governance

The second task is more subtle yet more essentially vital. The best mechanisms of governance of leadership that human ingenuity can produce come to nothing if the people who must work the machinery of governance are unsuited to the task, uneducated in the civics of Enterprise, and unmeritorious in the performance of their civic duties. Competency in the task, understanding of the civics, and personal commitment to merit over expedience comprise the practical marks of the real meaning of what Carnegie called intelligence in the workmen, and these factors are necessary for satisfying the expectation of authority vested in the governing agent's role.

Securing the blessings of liberty begins and ends with the citizens themselves. Yet citizenship is not a natural human condition. The word is empty and devoid of real meaning outside the context of a social contract, and good citizenship is always the matter of a social convention. Mill was correct when he pointed out that the actions of agents of government, whether intentionally or not, *educate* the citizenry. If this education teaches them that the association's pretence to republicanism is a mere facade, its slogans and aphorisms mere propaganda, then the lesson they learn is simple and fatal: *Every man for himself*. Even honest incompetence in fulfilling the duties of an agent of governance threatens the *Existenz* of the Enterprise *as* an Enterprise. Carnegie, in the personal opinion of your author, was such an honest incompetent as a leader, and this inevitably made what could have been a fine Enterprise of his founding into a mere entity of contending special interests, plutocracy, intimidation, outlawism, and despotism. His is a sad

chapter in the history of the Industrial Revolution in America, and a chapter not yet closed. Carnegie suppressed *liberty with justice for all* and thus failed himself and his finer ambitions.

A human being is the best judge of matters he knows well by education *plus* real personal experience, and the worst judge of matters with which he lacks familiarity, education, and real personal experience. It is a Platonic folly of speculative political science to think that all citizens in an Enterprise are equally well prepared and equally competent to fulfill the duties of governance of leadership. The identification of those people who are best qualified *by demonstrated merit* to fulfill these duties is one of the most difficult challenges in governance. It is at the same time one of the most important challenges to meet because it is necessitated by human nature in cooperations.

Thomas Jefferson, during his presidency, wrote,

Of the various executive duties, no one excites more anxious concern than that of placing the interests of our fellow citizens in the hands of honest men with understandings sufficient for their station. No duty, at the same time, is more difficult to fulfill. The knowledge of characters possessed by a single individual is, of necessity, limited. To seek out the best through the whole Union, we must resort to other information, which, from the best of men acting disinterestedly and with the purest motives, is sometimes incorrect. – Thomas Jefferson, "Reply to the New Haven Remonstrance," [1801]

Madison wrote,

The aim of every political constitution is, or ought to be, first, to obtain for rulers²² men who possess most wisdom to discern, and most virtue to pursue, the common good of the society; and in the next place, to take the most effective precautions for keeping them virtuous whilst they continue to hold their public trust. – James Madison, *The Federalist*, no. 57

The practical consideration of Jefferson's and the practical aims of Madison are essential factors in the governance of republican leadership. You cannot judge the civic merit of a person whose actual deeds and habits of inclination are unknown to you. Nor can you trust in propaganda and rumors circulated a faction. It is true that none of us know everything there is to know about another person to the extent that perfect service of our own interests calls for. To select a representative – and all agents of leadership governance are representatives, either immediately or mediately – is always like a gambling wager. It is an unfortunate fact of experience that the human tendency towards satisficing behavior often makes this a wager at long odds. You can best judge the civil merit of a person only if you *know* that person²³.

²² Like most people, Madison was prone to the common error of speech where one uses the word "ruler" when what is meant is "governor." It is a mild moral fault, but a moral fault nonetheless. If you do not say what you mean, you will not mean what you say, and that is a form of dishonesty.

²³ As a personal example, your author deems himself fortunate that one of his local representatives to the state legislature is known, by your author personally, to be a good man of civic merit demonstrated by

What, then, does this auger for the possibility of republican governance of leadership in an Enterprise where the population is so large that not everyone can know everyone else? The best answer – the truest *republican* answer – that has yet been proposed is contained in a revolutionary idea that emerged from the 1787 Constitutional Convention: *the electoral college system*.

There are many who will immediately object to this statement; our actual experience with the existing electoral college system has not been an unblemished source of satisfaction for anyone. Here it will only be observed that: (1) the idea emerged during the Convention strictly within the context of selecting the president of the United States; (2) it was not considered until after the bulk of the debate over the constitution of Congress had occurred; (3) it suffered from the same mistaken presumption that states were the only type of mini-republic that needed to be dealt with in the control of faction, and from under-looking the likelihood of the later emergence of national political parties; (4) it did not adequately comprehend the significance of future population growth and its effect on the mechanisms of the college; and (5) it did not go far enough. It was an idea only partially refined at that time, and since that time no serious practical effort has gone into further refinement to improve it and eliminate its imperfections.

The essential idea of an electoral college is comprehensible to anyone of good citizenship. You and your neighbors select from among yourselves a person or persons known to you personally whose civic judgment and civic merit is trusted by you all. You then charge that person to accept the responsibility of representing you in the process of selection of agents of governance. This person joins in a college of other electors and, as agents of governance, they undertake the difficult yet vital task of identifying those citizens of merit who can best be trusted with the duties of the authority positions. It is probably best in general if the college selects not just one individual but, rather, a slate of candidates – all of whom are, in their best judgment, good citizens and well-suited to assume the duties of governance. The electorate at large then, at least, can have higher confidence that the candidates for various offices are not actors, prancing frauds and demagogues, or secret agents of a cabal of special interest.

This is the basic idea. But in this form it is practically inadequate beyond some small population size because the college itself then acquires too large a membership – in which case the electors cannot come to know each others' merits, which is essential for the successful accomplishment of their *act of public trust*. The resolution of this problem, however, is fairly obvious: *avoid the pitfalls of centralization by properly balanced and checked decentralization*.

actual deeds over the course of many years. As it happens, this man is also a member of that state political party your author has come to passionately despise; he has so far escaped having to deal with actions by the ideological despots of that party rulership to unseat him during the primaries. The fact that he happens to belong to this party is irrelevant for your author; a *citizen* votes for the *person*, never the *party*.

Rather than a single college, form a *system* of electoral colleges with distributed scopes of responsibilities matched to the organizational structure of the Enterprise. Determine the degree of speciation of colleges, on different levels of scope, according to sizes manageable in accordance with the fundamental requirement that the electors can elect electors to the "higher" colleges (i.e., the colleges whose scope within the Enterprise organization is broader) from colleagues known to them and adjudged to be those among them most suitable by merit for this duty.

The scope of governance duty held by electors is peculiarly limited. They cannot themselves be agents of the legislative, executive, judicial, or education branches of governance because if they are, they become *self-interested parties to the process*. A man cannot be trusted to judge a case in which he himself is a party. A person who desires to fill a post as agent of governance must decline to be an elector during his term in office, and if he does not decline he must be relieved of his duty as elector and removed from this post. Above all other considerations, his *original* appointment to the office of elector must come from nowhere else than from the collective judgment of his fellow citizens of his own localized mini-republic who know him personally.

There is in this a strong parallel with the idea of a system of forums of ideas. A system of electoral colleges is, in effect, nothing else than a forum of ideas *dedicated to one specific duty*: that of providing the best insurance humanly possible that agents of governance will be as meritorious a body of representatives as can be found within the Enterprise community.

This means for the institution of republican governance is almost wholly untried in the history of humankind. The existing U.S. electoral college does not provide a very good example because it fell almost immediately into the hands of the state legislatures, not the people of the communities, and soon after was seized as the *unrightfully* confiscated possession of the political parties. In America the closest things we have to good practical examples are found when one examines the tribal structures of governance in some of the Native American communities, and these institutions can be said to have been the products of good common sense and community wisdom rather than the product of a social-natural political *science*. They are examples of well-executed social-natural political *craftsmanship*.

Although as of yet untried in widespread practice, the idea of the system of electoral colleges has no equal in the propositions of humankind for good governance. Its republican *institution* is grounded in the following general objectives for its implementation:

1. The institution of the system of electoral colleges must provide mechanisms for candidate identification and filtration that improves the general degree of demonstrated merit of candidates for offices in governance;
2. the institution of the system must provide mechanisms for insuring that only

- persons known by their own local community or mini-republic as persons of demonstrated civic merit serve in the office of elector;
3. the system of electoral colleges must be established by a republican constitution detailing its organization and providing for prudent and pragmatic checks and balances; and
 4. the college must have mechanisms and adequate regulative authority for insuring a just and civic selection process for agents of governance.

These objectives of implementation are grounded in and founded upon a specific prime objective for fulfilling the general objective of securing the blessings of civil liberty for all the citizens in the Enterprise. This prime objective is: ***to provide for mechanisms, ways, and civic means for insuring that the choices of candidates for positions of governance are drawn from the most qualified and most meritorious citizens available and willing to answer the call to public service in the governance of leadership in republican Enterprise.***

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