

Chapter 7

To Promote the General Welfare**§ 1. The Concept of General Welfare**

The duty of promoting the general welfare of the political community as a whole has been one of the primary objectives of American government since the Revolution. The third article of the Articles of Confederation stated,

The said States hereby severally enter into a firm league of friendship with each other, for their common defense, the security of their liberties, and their mutual and general welfare, binding themselves to assist each other against all force offered to, or attacks made upon them, or any of them, on account of religion, sovereignty, trade, or any other pretense whatever.

What does the term "general welfare" mean? We must ask this question because the word "welfare" has become, through a process of political propaganda, identified with government programs, begun in the mid-1960s by the Johnson administration and designed on the basis of virtue ethics, that were unpopular with a large number of citizens. The term was used opprobriously by opponents of these programs as a synonym for these programs to such a great extent that today politicians avoid using the term to describe any policy or action they favor, and employ it to denounce government policies or actions they oppose. In an earlier time, specifically during the Roosevelt administration of the 1930s, the equivalent propaganda codeword, used by opponents of that administration's steps to promote the general welfare, was "socialism." Propagandists have successfully implanted in the public mind a close identification of "welfare" with "socialism" and have succeeded in setting both terms in a pejorative moral context identified by the propaganda phrase "the liberal agenda."

It is unwise to let propagandists co-opt and redefine our language. In the Revolutionary period the term "general welfare" was used in its proper and correct meaning, and the term itself carried the highest and best connotations of good civic morality. Let us undertake, then, to re-establish the proper meaning of the word "welfare." The dictionary definitions are,

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

1. the state of being or doing well; the condition of health, prosperity, or happiness; well-being.
2. a blessing. [Obs.]
3. an abbreviated term for welfare work.

The first definition above, applied in and to the context of the political community as a whole, is what the Constitutional mandate to promote the general welfare means as an *objective* of government. It is interesting to observe that the Middle English word denoted, metaphorically, "a journey that goes or turns out well." The particular journey in the context of politics is the journey of the body politic,

comprised of its citizen members, through life. *Actions* taken by government in the service of the objective to promote the general welfare fall under the third definition given above, and so we must next ask, What is welfare work? The dictionary defines this term as

welfare work,

the organized effort of a community or organization to improve the living conditions and standards of its members.

In point of fact, most people who think they oppose "welfare" do not in fact oppose welfare properly understood, nor do they oppose welfare work generally. What they oppose is a third idea, namely the idea of the "welfare state." The dictionary defines this term as,

welfare state,

a state, or nation, in which the welfare of its citizens is promoted largely by the organized effort of the government rather than by private institutions: sometimes used in an opprobrious sense by opponents of such a state.

There is an ambiguity in this definition, set there by the phrase "largely by." How much organized effort of the government in performing welfare work is too much? How much is too little? Too much welfare work by government reduces citizens to wards of the state and is antagonistic to the preservation of individual liberty. But too little is antagonistic to justice and the aim of the Social Contract to "protect with the whole common force the person and goods of each associate." When we understand the Constitutional mandate in this light it is, or should be, apparent by even casual inspection that neither complete assumption by government of welfare work nor complete abdication by government of welfare work is congruent with the purpose and duty of government.

It is a favorite tactic of political propagandists to present issues at hypothetical extremes, regardless of how ludicrous that extreme position may be, in order to paint those whom they oppose as ludicrous or tyrannous. We, all of us, are surrounded and inundated by ceaseless propaganda every day, and much of it is, unfortunately, highly effective. Advertisements, a lot of what passes off as journalism, political slogans, political surveys: examples of effective propaganda are found in all of these. One of the things a propagandist must do in order to produce effective propaganda is disguise the fact that what he is pushing *is* propaganda. Merrill and Lowenstein wrote,

Regardless of which of the many definitions [of propaganda] one is examining, he finds certain core ideas about propaganda: "manipulation," "purposeful management," "preconceived plan," "creation of desires," "reinforcement of biases," "arousal of preexisting attitudes," "irrational appeal," "specific objective," "arousal to action," "predetermined end," "suggestion," and "creation of dispositions."

Out of all these terms one may gather a certain impression about propaganda. It seems that propaganda is related to an attempt (implies *intent*) on the part of somebody to manipulate somebody else. By manipulate we mean *to control* – to control not only the attitudes of others but also their actions. Somebody (or some group) – the *propagandist* – is predisposed to cause

others to think in a certain way, so that they may, in some cases, take a certain action. Propaganda, then, is the effort or the activity by which an instituting communicator intends to manage the attitudes and actions of others through playing on their preexisting biases, with messages designed largely to appeal to their emotions and/or irrationality.

The propagandist does not want his audience to analyze or to think seriously about his message. He does not want to be questioned about his remarks. He does not want to be forced to deal in specifics or to present evidence. He has what Harold Lasswell has referred to as a non-educational orientation; by this he meant that ends or solutions had already been determined before the search for truth began. . . Propaganda is not an invitation to the audience to deliberate, to contemplate, to analyze, to think, to question. It is an invitation to come to rather quick conclusions or to reinforce one's attitude and to involve oneself in an action of some type. . .

Before looking more specifically at propaganda in journalism, perhaps it would be well to make these points about the propagandist: 1. He is *not* disinterested, 2. he is *not* neutral, 3. he *has* a plan, a purpose, a goal, 4. he *wants* to influence, to persuade, to affect attitudes and action, and 5. he is not interested in his audience members making up their own minds on the basis of a fair and balanced presentation of information.

How does knowing that you, personally, are the daily target of propagandists from almost every corner of our community-at-large make you feel? Does it make you feel angry? Insulted? Demeaned? Does it make you want to do something, or demand that something be done, about these salesmen of manipulation and deceit? If you find yourself reacting more emotionally than rationally and critically to what your author has just written, you have just fallen victim to a line of propaganda. Your author deliberately employed this propaganda device just now as an illustration and in order to better make the following important point.

There is often a thin but significant boundary line between the product of a propagandist and a work, such as the one you are now reading, of a philosopher. We can use this book to illustrate the difference. In this book, your author is not disinterested in the subject matter; he is not neutral; he does have a goal; he wants to influence you, the reader, in a particular way; *but he also wants you to think about what he is presenting*, to view the message of this book in the light of your personal knowledge, experiences, and situation, and *to make up your own mind* about the ideas presented here and then *help to further refine them for the common good* of your country and your countrymen. It is in this fifth and last character that we find the difference between honest political philosophy and practice, on the one hand, and the deceptions of the propagandist on the other. The Republic needs citizens, not puppets.

It is important to understand and recognize that the propagandist is always allied to a faction. While he no doubt has the welfare of himself and his faction in mind, he does not generally have *your* welfare in mind and is willing to injure your welfare for the benefit of his and his associates' own. In chapter 6 the *tenet of means*, as a categorical civic moral imperative in the context of representative government, was stated: *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*. Translated into the context of acts of legislating government, this becomes the *tenet of moral legislation*: *Act so that the maxim of your*

will always can hold good at the same time as a principle of universal legislation. A great deal of political propaganda is aimed at the goal of enacting pieces of legislation serving the particular special interest of a faction. Very often this interest is antagonistic to the interests of many members of the body politic, thereby failing the test of conformity to a principle of *universal* legislation. In this light we can see that the act of a propagandist, in promoting a selfish special interest incompatible with the general welfare of every citizen, *is a culpably immoral act contrary to the duties of citizenship.* Put more briefly, it is a *crime* – attempted breach of the Social Contract.

Welfare work by government – that is, actions taken by government in service of the Constitutional objective of promoting the general welfare – is effected through legislation, through regulations by government agencies, and through executive orders of the president. Only very rarely does any one such specific action immediately promote the welfare of every single citizen. But for any such act to meet the requirement of civic morality in government, the action must be *congruent* with the general welfare of every citizen. To use a specific example, let us consider the case of a tax levied against every citizen for the purpose of establishing and maintaining a system of public education. It is clear, or should be, that for a person to give up some portion of his personal goods (money, in particular) is never *immediately* beneficial to his particular personal welfare, and he may even feel it is contrary to his personal welfare.

If, however, that system of public education plays a *necessary* role in sustaining the economic environment *upon which his personal welfare depends* (e.g., his own personal safety, health, and income) then the tax he pays *mediately* promotes his welfare *and that of all his fellow citizens* – and this is an instance of the general welfare. Such is the role of a *vocational education* component of public education. If the system of public education is necessary for ensuring his fellow citizens both understand and undertake self-obligations of civic duty (without which no system of representative government can be sustained), if it is necessary to lessen the danger of being duped by propagandists into supporting the tyranny of a faction to which he does not belong (and whereby his own personal liberty cannot be protected), if it is necessary for the cultivation of civic morality and civic moral leadership (without which government of the people *by* the people *for* the people is impossible), then the tax he pays *mediately* promotes his welfare and that of all his fellow citizens – and this is, again, an instance of the general welfare. Such is the role and task of a *liberal education* component of public education. The propagandist and the demagogue in particular are threatened by liberal education.

The general welfare can never be assessed from oversimplified direct measures of personal welfare. It can only be assessed in the full context of the Social Contract. It can be, and is, assessed in particular details through broad divisions, e.g., the economic welfare of the citizens, public safety, and public health, to name three important categories. But in these and all other instances, the evaluation

of ways and means for promoting the general welfare always and *inherently* involves questions and issues of civic morality in representative government. Furthermore, a great many of these issues are found to interact reciprocally with the other general objectives of government: justice; domestic tranquility; the common defense; and the preservation of liberty. *Good government can never sacrifice a single one of these objectives in the interest of any of the others.* It is the unrelenting duty of good government to always serve *all* the general objectives at *all* times, under *all* circumstances, and always *all* at once. Is this a duty easy to fulfill? Certainly not. Is it a duty necessary to fulfill? Absolutely yes. Will agents of government err from time to time in the performance of this duty? Of course they will. We are governed by men, not gods. Is it the duty of every citizen in the Republic to do everything within his *moral* means to insure the government remains faithful to this most difficult duty? Again, absolutely yes. Mill wrote, in *On Liberty*,

Everyone who receives the protection of society owes a return for the benefit.

There are currently numerous and serious imperfections and shortcomings in meeting the general objective of promoting the general welfare. The most serious of these are also the most controversial and are productive of generating the greatest heat of political passion. Failure to address these imperfections and shortcomings *congruent with the categorical imperative of the tenet of moral legislation* has the most sobering likelihood of injuriously rebounding to the detriment of the general objective of insuring domestic tranquility. We *must* face them and deal with them at their roots.

§ 2. Economics and the General Welfare

We will begin with what is arguably the most widespread and chronic injury to, and shortcoming in government's duty to promote, the general welfare. This is general economic welfare. Because this particular topic touches in one way or another on the lives of every American, your author has no doubt that the discussions immediately following will be the most controversial of this treatise. The task at hand – namely, critique and understanding of general economic welfare – is only made more formidable by two central factors.

The first and most important is: We have had no system of effective *and practical* liberal public education in this country for more than sixty years, and no liberal public education at all in more than forty years. What some might point to in protest of the latter statement, and hold up to argue that liberal education is not dead, is nothing of the sort. It is a hodgepodge of: ill-founded radical slogans and Utopian ideals hanging over from the turbulence of the 1960s; contradictory theses and counter-theses of subjective consequentialist vs. subjective virtue ethics; and warm-hearted but soft-headed impractical proposals of what are nothing more than doomed-to-fail pseudo-solutions fundamentally incompatible with both human nature and the Social Contract.

The second factor, only slightly less important, is a widespread and appalling ignorance of even the most basic understanding of the nature of economics. Here we have the fruits of not only a general failure of the education system to effectively teach what has with some justice been called the Dismal Science; we have also the moral neutering of the science itself that Eliot's disastrous experiment in the speciation of education produced in the twentieth century. Economics, as a social science discipline, has divorced itself from civic morality. Bloom wrote,

The issue is what is the social science atom, and each specialty can argue that the others are properly parts of the whole that it represents. Moreover each can accuse the other of representing an abstraction, or a construct, or a figment of the imagination. Is there ever a pure market, one not part of a society or a culture that forms it? What is a culture or a society? Are they ever more than aspects of some kind of political order? . . . The social sciences actually represent a series of different perspectives on the human world we see around us, a series that is not harmonious, because there is not even agreement as to what belongs to that world, let alone as to what kinds of causes would account for its phenomena. . .

Economics, held to be the most successful of the social sciences, is the most mathematical – both in the sense that its objects can be counted and that it can construct mathematical models for at least hypothetically predictive purposes. But some political scientists, for example, say that the Economic Man may be very nice for playing games with but that he is an abstraction who does not exist, while Hitler and Stalin are real and not to be played with. Economic analysis, they say, not only does not help us to understand such political actors but makes it more difficult to bring them within the purview of social science by systematically excluding or deforming their specific motives. Economists, seeking mathematical convenience, turn us away from the consideration of the most important social phenomena, assert the objectors . . . So it goes between the various disciplines and within several of them where the adherents of the different approaches have no common universe of discourse.

Now that your author has succeeded, by means of this academic heresy, in offending almost all his colleagues, funding agents, and naive students, please allow him to offer another observation. For the discussions that follow, competent propagandists representing our left-wing and right-wing ideologues will have not the least difficulty in pinning labels on what follows: capitalist; socialist; elitist; populist; Republican mouthpiece; Democratic mouthpiece; reactionary; radical; conservative; liberal. If this treatise earns all these epithetical labels of demagoguery, then your author will hold that he has fulfilled his duty as a philosopher and as an American.

§ 2.1 The Science of Economics

When the broad landscape of economic activity is considered, it is possible to characterize it by a threefold categorization: (1) extraction or manufacturing activities; (2) marketing activities; and (3) consumption activities. Every complete economic transaction always involves all three of these and most involve four components (treating extraction and manufacturing as separate economic activities). Extraction activities involve the withdrawal of natural resources. Examples include mining, fishing, and agriculture. Manufacturing activities involve turning extracted natural resources into substantial things by means of manufacturing processes. Examples of these include fabrication processes,

assembly processes, chemical processes, and so on. Extraction and manufacturing processes create tangible goods. A different and new species of extraction/manufacturing process, peculiar to the end of the twentieth and start of the twenty-first centuries, is *information production* – the extraction and refining of knowledge and information as a species of *intangible* goods. All these goods are said to have economic value, which basically means they can be exchanged – usually for money (sold) and sometimes for other goods (bartered).

Marketing activities are activities that do not normally alter a good. Instead these activities create economic value in terms of time (increase in the value of a good by means of holding merchandise until it can more profitably be sold), in terms of place (moving a good from one place to another place where it can be more profitably sold), and/or in terms of possession (primarily through informing prospective buyers about the attributes, capabilities, and usefulness of the good). Retailing, trucking, stock brokerage, banking, Internet services, and advertising are examples of marketing activities.

Unlike the first two categories, consumption activities reduce the economic value or the usefulness of a product. It "uses up" (consumes) the good in one way or another. Consumption activities are the ultimate justification for carrying out the first two categories of activity. The fundamental sequence of a complete economic *transaction* can be represented as a flow, i.e.,

extraction/manufacturing activity $\Rightarrow$ marketing activity $\Rightarrow$ consumption activity.

This is a localized picture of one transaction, but we should note that what one person or firm regards as the beginning of, say, a manufacturing activity can be regarded by the person or firm who supplies "raw materials" going into that activity as a consumption activity. Suppose you are in the business of building houses and I am in the business of selling lumber. To me, what you do with the lumber you buy from me is a consumption activity because you are going to "use up" the lumber you bought from me. To you, the lumber you buy from me is the starting point of your manufacturing activity. To you, the consumption activity occurs when someone buys the house you have built. The theoretical models used in economics are not absolute in any globally applicable sense but are, instead, relative and depend upon the viewpoint of the analyst and the specific context of his purpose.

An economic system involves a vast number of local transaction sequences of the sort described here; the "boundaries" in the deceptively-simple-looking sequence presented above are oftentimes ill-definable. This, and a number of other factors as well, contribute to making the science of economics a much more difficult science than physics. As soon as one rises above the level of microeconomics ("the theory of the firm"), one encounters the need to study economics as what is called a system science. This last point is one that is often missed in the teaching of economics inasmuch as system science is traditionally treated as a discipline separate from the discipline of economics. This is yet

another consequence of Eliot's speciation experiment and is a contributing factor in Bloom's criticism of the social science of economics. Indeed, if one approaches the science of economics from a purely mathematical point of view, it is unlikely that a practical and truthful model of *economic nature* will result. Our corps of economists has many mathematicians working in it but few naturalists. This tends to give economics a too-Platonic bias, this bias contributing to the occasional spectacular failures of economists to foresee important economic trends and events. It is true that economics is the most mathematical of the social sciences; but, as Kant pointed out, mathematics alone does make a complete science of any discipline save mathematics itself.

The dead hand of tradition also lies heavy on economics' shoulder. Since Smith's *Wealth of Nations* it has been traditional in the study of economics to draw a distinction between "labor" and "firms" – the latter term being used to denote an identifiable business enterprise such as a retail store, a contracting business, and so on. The same issue of ill-definable boundaries raised above also is found in the relationship between those who work for a business enterprise and the Platonic idea of the business enterprise "itself." Adam Smith is not responsible for the labor-firm tradition in economics; this developed afterwards – as one would expect of the process of creating a tradition.

A "firm" (a business enterprise) is an abstraction. Accountants tend to be cognizant of this fact when they are engaged in the liquidation (selling off the assets) of a failed business enterprise. A "firm" regarded as an *entity* is nothing but a thing of theory established by convention. It is a useful fiction, to be sure, but it is still an insubstantial entity nonetheless. It is an equally – perhaps even more – valid convention to take the view that the janitor who sweeps up at night or the migrant farm worker laboring in the field is a business enterprise in his own right. From this point of view, a factory or a retail store regarded as a business enterprise (a "firm") is a *community* of numerous smaller business enterprises (the "laborers"; the "owners"; the "managers"; etc.).

A single common definition of "economics" is not even shared by all economists. One proposed definition is "the study of a society's use of its scarce resources with reference to (1) the extent to which they are used, (2) how efficiently they are used, (3) the choice between competing alternative uses, and (4) the nature and consequences of changes in productive power of the resources over time." This usage of the term arises from economists taking a look at the sorts of things occupying their professional time, and as such it is not a bad description of the specifics of what the business of an economist entails. However, if economics were a *practical* science, rather than a Platonic one, it would define itself in terms of the *purpose* it serves. If it did so, it could more clearly see its way to become what we could name a *social natural science*, and if it became such a science its chances of becoming a fecund and vital science would greatly improve. From this perspective, psychology is a significantly more valuable science than is economics if one uses the immediate bearing ("utility") a science has on

the lives of people as a yardstick for measuring *the economic value of economics*. Seen from this naturalist's perspective, one could better define economics as Smith implied, namely as *the science that studies the nature and causes of the wealth of nations*.

When one re-views economics in this context, the paradigm of viewing a "firm" as a community of smaller business enterprises can be recognized in suggestive form in the opening lines of *Wealth of Nations*, i.e.,

The annual labor of every nation is the fund which originally supplies it with all the necessities and conveniences of life which it annually consumes, and which consist always in the immediate product of that labor, or in what is purchased with that produce from other nations.

According therefore as this produce, or what is purchased with it, bears a greater or smaller proportion to the number of those who are to consume it, the nation will be better or worse supplied with all the necessities and conveniences for which it has occasion.

But this proportion must in every nation be regulated by two different circumstances; first, by the skill, dexterity, and judgment with which its labor is generally applied; and, secondly, by the proportion between the number of those who are employed in useful labor, and that of those who are not so employed. Whatever be the soil, climate, or extent of territory of any particular nation, the abundance or scantiness of its annual supply must, in that particular situation, depend upon these two circumstances.

Smith did not approach his science beginning with an artificial division between "labor" and "the firm" but, rather, by a division between labor and "stocks of goods." A "good" in this context is anything that satisfies, or potentially satisfies, a want or need of some person. Smith wrote,

In that rude state of society in which there is no division of labor, in which exchanges are seldom made, and in which every man provides everything for himself, it is not necessary that any stock [of goods] be accumulated or stored up beforehand in order to carry on the business of the society. Every man endeavors to supply by his own industry his own occasional wants¹ as they occur. When he is hungry, he goes to the forest to hunt; . . .

But when the division of labor has once been thoroughly introduced, the produce of a man's own labor can supply but a very small part of his occasional wants. The far greater part of them are supplied by the produce of other men's labor, which he purchases with the produce, or, what is the same thing, with the price of the produce of his own. But this purchase cannot be made till such time as the produce of his own labor has not only been completed, but sold. A stock of goods of different kinds, therefore, must be stored up somewhere sufficient to maintain him, and to supply him with the materials and tools of his work till such time, at least, as both these events can be brought about.

By "the produce of the labor of a person" is meant the produce, outcome, or end result of that person's industry. If this produce, outcome, or end result is employed by another person in the course of his own industry, then the labor produce of the first person is the *good* purchased by the second and, as this good is used "to supply him with the materials and tools of his work," it is part of the second

¹ By "occasional want" Smith does not mean something wanted every once in awhile but, rather, what is wanted or needed for each specific occasion.

person's stock of goods needed to maintain him in his enterprises aimed at the eventual "supply of his occasional wants." The *capacity* of the individual for industry and enterprise, his labor *per se*, is something by which he is able to supply wants and needs, hence is itself an *intangible* good.

From the perspective of the practical definition of economics given above, *there is no real economic difference* between the intangible good called labor and the tangible² good of, say, a box of screws stored in a stockroom. To collectively call the *people* whose business enterprises supply the labor going into stocking another person's enterprise by the name "labor" is to introduce a Platonic element into one's thinking, dehumanize enterprise, and to make a homonymous use of the word.

On the one hand, this is just a matter of semantics. But, on the other hand, there is a real consequence that results once one has forgotten that labor is the *good*, not the *producer* of the good. Once one starts thinking of the producers as "Labor," – i.e. on the same level with, say, the machines that comprise a part of the stock of goods supporting one's business enterprise – *it is a but a short step to regarding these people as nothing more than the means to one's own end*. We see this sort of thinking reflected in a management term that gained great popularity during the 1980s (among managers and in that part of most larger business enterprises formerly called personnel departments): "human resources." But in deontological ethics, to treat people solely as means and not as ends is a transgression of the tenet of means; it is at best a moral fault and at worst a criminal uncivic act. Because the traditional paradigm of economics actually encourages this sort of attitude, this traditional paradigm *is at its root unethical*. It promotes making the science a direct contributor to a state of civic immorality. Economics, and its practitioners, need not be so.

An economic enterprise comprised of more than one person is either an aggregate of individual enterprises or it is a community of individual enterprises. The difference is crucial. If it is a mere aggregate, it might, and often does, operate under a legal contract, but it does not operate under a social compact. We will call this case a ***contract enterprise***, but this enterprise exists in nothing else than a state of nature. Its basic character is a *fundamentally outlaw association*. This poses an insolvable problem for the political community of a republic because *nothing outlaw can belong to a political community*, and if it does not belong to the political community *government can have no civic authority over it*, can pass no *just* laws affecting it, and can exercise no *just* powers of enforcement over it. The state of nature is ruled by jungle law. The contract enterprise is "free enterprise" indeed, but this freedom is the freedom of a state of nature. If "the workers" decide to band together, kill or subjugate the "owner" by force, and take over the business – the action favored by Karl Marx – and if "the workers" *and* "the owner" are associates in a republic, their action is criminal. The Social Contract demands the expulsion of criminals from the body politic, which exposes them to all the

² The adjective "tangible" means "able to be felt by touch"; "intangible" means "unable to be felt by touch."

potentially deadly consequences that attend a state of nature relationship with respect to the remaining associates who are banded together as the republic.

Likewise, neither can government or the associates in the republic take the side of "the owner" *because he is equally outlaw*. Taking his side violates the Social Contract with those people we are calling "the workers" *and is likewise destructive* to the continuation of the political community itself. Bloom raised the rhetorical question, "Is there ever a pure market, one not part of a society or a culture that forms it?" Because every business enterprise is a "market" in the sense he used that word, there is an answer and it is disturbing. If the business enterprise is a contract enterprise, it is not part of the community to which its members belong, and *it cannot belong as an enterprise* to that community. Its very existence is in *essential* contradiction to the Social Contract.

On the other hand, if the business enterprise is formed as a community of multiple smaller enterprises, *its fundamental compact is a social contract*. We will call such an enterprise a **community enterprise**. There is now no essential contradiction between the existence of the business enterprise and the existence of the political community from which its members are drawn. There can now be a just basis for government to affect the enterprise, for just laws to apply to it, the enterprise itself is no longer essentially inimical to the insurance of domestic tranquility, and it becomes a productive non-governmental vehicle for promotion of the general welfare.

There is good reason indeed – even urgent necessity – for economics to re-think its paradigm. Let us now look at further consequences this has that bear on the objective of promoting the general welfare of the republic.

§ 2.2 Civic Immorality Within the Contract Enterprise

We will begin with that most sacred of American sacred cows: the traditional business enterprise as economics currently views it. It has already been noted in chapter 6 that prior to the War of 1812 the American economic landscape was almost wholly one of small, independent tradesmen, craftsmen, and farmers with the occasional lawyer, banker, ship owner (men like John Hancock), and the like. This was the business environ of which Tocqueville would later write. The principal exceptions to this picture were, of course, the slave labor plantations and the strange-to-modern-eyes practice of indentured servitude. The small business owned by a single proprietor and employing a small group of paid workers was still very uncommon, although not completely unknown. The public corporation as a business enterprise was unknown on American shores, although not unknown to Americans because of commercial dealings with such enterprises as the East India Company of Great Britain. The typical white American boy who did not become a farmer would become an apprentice at age fifteen, learn a trade, and go on to later set himself up in his own shop where he was his own master.

The War of 1812 was the principal event that brought the industrial revolution to America. This was an economic change with the most profound consequences. It led to the widespread establishment of the now familiar owner-employees business enterprise and, later, to the now equally familiar stock corporation. It is not an overgeneralization to say that the fundamental character of these forms of enterprise was British. The culture of the company mirrored the monarch-subject culture of Great Britain, and the proprietor-owner of the small business enterprise was often called the "master" of the business. From it developed a business paradigm that is fundamentally incompatible with the bedrock premise of a Republic based upon a social compact.

This statement quite likely may seem to be surprising to the modern reader. The underlying reason for the incompatibility is not a political government one, however, but lies in the natural character of the most basic cause of the wealth of nations, namely the division of labor. By this term, Adam Smith meant the specialization of the product of the specific labor of the individual. An example provided by Smith in *Wealth of Nations* was the following:

To take an example, therefore, from a very trifling manufacture; but one in which the division of labor has been very often taken notice of, the trade of the pin-maker; a workman not educated to this business (which the division of labor has rendered a distinct trade), nor acquainted with the use of the machinery employed in it (to the invention of which the same division of labor has probably given occasion), could, perhaps, with his utmost industry, make one pin a day, and certainly could not make twenty. But in the way in which this business is now carried on, not only the whole work is a peculiar trade, but it is divided into a number of branches, of which the greater part are likewise peculiar trades. One man draws out the wire, another straightens it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head; to make the head requires two or three distinct operations; to put it on is a peculiar business, to whiten the pins is another; it is even a trade by itself to put them into the paper; and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which, in some manufactories, are all performed by distinct hands, though in others the same man will sometimes perform two or three of them. I have seen a small manufactory of this kind where ten men only were employed, and where some consequently performed two or three distinct operations. . . . [They] could, when they properly exerted themselves, make among them about twelve pounds of pins in a day. There are in a pound upwards of four thousand pins of a middling size. Those ten persons, therefore, could make among them upwards of forty-eight thousand pins in a day. . . . But if they had all wrought separately and independently . . . they could not each of them make twenty, perhaps not one pin in a day.

Two hundred pins a day is obviously much less than forty-eight thousand pins a day. Were it not for this division of labor, a pin would be a relatively much scarcer commodity. For the wealth of ten independent pin-makers to equal that of a single pin-making enterprise of ten specialists (who, for the sake of simplicity of illustration, we will assume are equal partners in the enterprise), the ten independent pin-makers would have to be able to command a price for each pin two hundred and forty times greater than the price the single enterprise would be able to charge. No doubt it is obvious the ten independent pin-makers could not hope to successfully compete against the single enterprise. The latter's overwhelming advantage is brought about by the division of labor.

It is also, no doubt, obvious that the trade of "pin whitener" does not realistically lend itself to setting oneself up in an independent shop, e.g., "Tom's Pin Whitening." The division of labor, properly employed, multiplies the wealth of a nation far beyond the number of distinct trades in the division. But this proper employment naturally brings with it a new kind of trade, which in Smith's day was called "the master of the business" and which today divides into the trades of owner and manager. These tradesmen's crafts consist of hiring the specialists, procuring the necessary facilities and machinery, maintaining a finished-goods inventory of stock, keeping the accounts of the business, promoting, selling, and distributing the end produce, etc. But these last are separable activities, too, lending themselves to performance by even more specialists, e.g. the stockman, the bookkeeper, the advertiser, the salesman, the deliveryman, etc., leaving the "master" of the enterprise to specialize in the capital investment in facilities and machinery and the leadership of the workforce. It is at this point where the monarchal contract enterprise paradigm arises in the business culture. Smith wrote,

What are the common wages of labor depends everywhere on the contract usually made between these two parties³, whose interests are by no means the same. The workmen desire to get as much, the masters to give as little as possible. The former are disposed to combine in order to raise, the latter in order to lower the wages of labor.

It is not, however, difficult to foresee which of the two parties must, upon all ordinary occasions, have the advantage in the dispute, and force the other into compliance with their terms. The masters, being fewer in number, can combine much more easily; and the law, besides, authorizes, or at least does not prohibit their combination, while it prohibits those of the workmen. We have no acts of parliament against combining to lower the price of work; but many against combining to raise it. In all such disputes the masters can hold out much longer. A landlord, a farmer, a master manufacturer, a merchant, though they did not employ a single workman, could generally live a year or two upon the stocks which they have already acquired. Many workmen could not subsist a week, few could subsist a month, and scarce any a year without employment. In the long run the workman may be as necessary to his master as his master is to him; but the necessity is not so immediate.

A number of conservative propagandists commonly point, in a vague and misinformative way, to *Wealth of Nations* as "proving" that the traditional business enterprise culture, with its assignment of dominance to "the entrepreneur," is the one and only sure path to prosperity for the country and its people. Smith actually said nothing of the kind. He was not endorsing this practice; he was merely reporting it as an economic phenomenon – which it is – as a scientist should. A culture-at-large already accustomed to subjugation of people under a monarch or an aristocracy is hardly inclined *en masse* to question the naturalness of subjugation of workmen by masters-of-the-enterprise until and unless they are specifically so subjugated themselves. What is the natural by-product of this sort of uninformed and unthinking tolerance? Smith went on to write,

We rarely hear, it has been said, of the combinations of masters, though frequently of those of

³ The two parties of whom Smith writes are "the master" and "the workmen."

workmen. But whoever imagines, upon this account, that masters rarely combine, is as ignorant of the world as of the subject. Masters are always and everywhere in a sort of tacit but constant and uniform combination not to raise the wages of labor above their actual rate. To violate this combination is everywhere a most unpopular action, and a sort of reproach to a master among his neighbors and equals. We seldom hear of this combination because it is usual, and one may say, the natural state of things, which nobody ever hears of. Masters, too, sometimes enter into particular combinations to sink the wages of labor even below this rate. These are always conducted with the utmost silence and secrecy, till the moment of execution, and when the workmen yield, as they sometimes do, without resistance . . . they are never heard of by other people. Such combinations, however, are frequently resisted by a contrary defensive combination of the workmen; who sometimes, too, without any provocation of this kind, combine of their own accord to raise the price of their labor. Their usual pretences are, sometimes the high price of provisions; sometimes the great profit which their masters make by their work. But whether their combinations be offensive or defensive, they are always abundantly heard of. In order to bring the point to a speedy decision, they have always recourse to the loudest clamor, and sometimes to the most shocking violence and outrage. They are desperate, and act with the folly and extravagance of desperate men, who must either starve, or frighten their masters into an immediate compliance with their demands. The masters upon these occasions are just as clamorous upon the other side, and never cease to call aloud for the assistance of the civil magistrate, and the rigorous execution of those laws which have been enacted with so much severity against the combinations of servants, laborers, and journeymen. The workmen, accordingly, very seldom derive any advantage from the violence of those tumultuous combinations, which, partly from the imposition of the civil magistrate, partly from the superior steadiness of the masters, partly from the necessity which the greater part of the workmen are under of submitting for the sake of present subsistence, generally end in nothing but the punishment or ruin of the ringleaders.

Today in the United States the "civil magistrate" is less the oppressor of the workmen than in the England of Smith's day. We do have antitrust laws dating back to the Teddy Roosevelt administration and labor laws dating back to the Franklin D. Roosevelt administration. Both have been significantly weakened since the 1980s, but even so the economic environment is not as master-slave grim as it was in Dickens' time. But anyone who thinks this faction-instigated – and, in a republic formed out of a social compact, *outlaw* – economic environment no longer exists is, to quote Smith, "as ignorant of the world as of the subject."

This un-republic – and, at root, un-American – state of economic affairs is only more exacerbated by large public stock corporations. Here we have what easily seems to be a most strange mutation of the "combination of masters" phenomenon Smith pointed out. Here the managers of the corporation, who are themselves merely a peculiar species of workmen, in most instances believe themselves to be charged with looking after only the interests of "the shareholders" – a nebulous group that today is quite often as likely to consist of other large corporations (investment corporations) as it is of private individuals holding some (generally small) fraction of the corporation's stock certificates. The earliest of these were established in America in the nineteenth century and were in many ways a natural outgrowth of the earlier smaller business model. Although owned by stockholders, the controlling interest was held by one or a few men, among them Andrew Carnegie, John D. Rockefeller, J.P. Morgan, Leland Stanford, E.H. Harriman, Cornelius Vanderbilt, H.C. Frick, Jay Gould, Jay Cooke,

B.J. Dwyer, James Fisk, and J.J. Astor. These first "captains of industry" were, by any dispassionate measure, extraordinary men who proved to be far more successful businessmen than any America had known previously. Some of them, like Andrew Carnegie⁴, rose from very modest beginnings to become among the wealthiest men who ever lived. Except for the astonishing magnitude of their success, most of these men behaved little differently than the "masters" of whom Smith wrote. Smith's "combinations of masters" were known, in the cases of these giant enterprises, as "trusts" in America. A 1904 survey by John Moody found that three hundred and eighteen manufacturing combinations accounted for a full two-fifths (40%) of all the manufacturing capital in the United States.

The metamorphosis of these first giant corporations from entrepreneur contract enterprises to the faceless large contract corporations of today took place as the founders retired and executive management of the companies passed through new generations of professional managers. The early years of the twentieth century was the period of so-called "scientific management," and this period set the basic model that dominates much of management theory for contract enterprises today. The most influential person in the development of scientific management was Frederick W. Taylor around 1911. Under the influence of this theory, management became much more formalized, job descriptions were made much more specific, and mass-production technology came into being. The notions that management processes should be specified, that tasks should be measured and programmed, and that responsibilities should be made commensurate with authority were all products of "Taylorism." However, scientific management, then and now, is dehumanized and dehumanizing in its root character, a recipe for a despotism in denial of its own unethical character. Taylor himself wrote,

Now one of the very first requirements for a man who is to handle pig iron . . . is that he shall be so stupid and so phlegmatic that he more nearly resembles . . . the ox than any other type . . . he must consequently be trained by a man more intelligent than himself (F.W. Taylor, *Scientific Management* [NY: Harper, 1911], p. 59).

By the 1970s, there was evidence that this antisocial attitude was undergoing change. New ideas – such as the Theory Y and Theory Z vs. Theory X schools of thought, the practice of "Management By Objectives" (MBO), and a slowly-growing practice of regarding employees as associates in a common business enterprise community – were starting to take hold. A number of influential books (e.g., Townsend, Peters; see the references at the end of this chapter) appeared in the period from 1970 into the early 1980s and promoted this new management theory. Unfortunately, this encouraging progress stalled during the second half of the 1980s, which saw a reversion to a subtler form of Taylorism and devolution to simple-minded and antisocial nineteenth century practices. This trend accelerated during the 1990s and throughout the first years of the twenty-first century. In the eyes of many, including

⁴ Carnegie emigrated to America from Scotland with his family when he was twelve years old. His first job was as a bobbin boy in a cotton works.

your author, the much larger fraction of today's top corporate managers are significantly more vocationally incompetent than their counterparts of thirty years ago as a result. The old lions of entrepreneurial industry have been replaced by modern baboons of bookkeeping.

There is no economic law, no sinister "Ghost of Christmas Yet to Come," that necessitates a monarchic or oligarchic organization within any economic enterprise, or justifies embedding state-of-nature outlaw fiefdoms within the larger political community, or calls for tolerating business practices that promote civic immorality within a republic founded on a social compact. Indeed, there have been successful large corporations – the Hewlett-Packard Company under William Hewlett and David Packard, or Avis under Robert Townsend – that demonstrate this non-necessity. There is, however, a factor of human psychology that favors behavior according to natural right in a state of nature when a person deems himself to be at no disadvantage or in any danger by remaining in state-of-nature relationships. Where he perceives no immediate gains to be had by making himself part of an association under a republic's social compact, he likewise feels no incentive to alienate natural rights in the exercise of power that circumstances have placed in his hands. The single constant within the changing world of business and economics is human nature.

The post-1980 mantra that a general manager's only loyalty is to "the shareholders" is a powerful factor in promoting antisocial behavior on the part of the manager. It is uncontestable that the first objective of any for-profit business enterprise is to make an economic profit. Failure to meet this objective does get a general manager fired, as it should. Richard Sloma, a protagonist and apologist for state-of-nature contract enterprise, wrote,

The first expectation a firm's owners have is that you [the general manager] will see to it that the firm improves its profitability. The second duty you have is to see to it that the firm improves its profitability. Your third duty is also to see to it that the firm improves its profitability. If you fail to meet these three top-priority duties, you needn't concern yourself with lesser-priority ones. You won't be there to be bothered with them.

"Top priority" does not mean "only priority," although it is undoubtedly easier for a baboon manager if he acts as if it does. A priority that is not a priority is a contradiction in terms. In business a list of priorities only denotes the relative scope and urgency of various priorities, all of which are by definition necessary for the long-term success of the enterprise. The fiction that underlies the post-1980 mantra is: that the *community* of a business enterprise consists solely of "the owners" (shareholders). The corollary to this false proposition is: that *all* the employees of the enterprise are servants of the masters. If the executives of a contract enterprise think they are servants, it is then quite natural for them to regard the rest of the employees as field hands. The easily-predictable consequence of this un-American paradigm is the production of precisely the sort of Toynbee proletariat within the company that will eventually lead to its demise. Need it be said this outcome is contradictory to the

"top-priority duties" Sloma names above? Entrepreneur David Packard wrote,

If an organization is to maximize its efficiency and success, a number of requirements must be met. One is that the most capable people available should be selected for each assignment within the organization. Especially in a technical business where the rate of progress is rapid, a continuing program of education must be undertaken and maintained. Techniques that are relevant today will be outdated in the future, and every person in the organization must be continually looking for new and better ways to do his or her work.

Another requirement is that a high degree of enthusiasm should be encouraged at all levels; in particular, the people in high management positions must not only be enthusiastic themselves, they must be able to engender enthusiasm among their associates. . .

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

Each person in our company is important, and every job is important. In the highly technical fields in which we operate, little details often make the difference between a quality product and one that isn't as good. So what we've tried to engender among all our people is the attitude that it is each individual's business to do the best job he or she can. . .

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

The Hewlett-Packard Company was one of the most outstanding business success stories of the twentieth century. Founded on an initial capitalization of \$538 in 1939, it grew to become a ten billion dollar corporate giant in less than fifty years, making its founders extraordinarily wealthy men in the process and creating by its example that high-technology Mecca in northern California called Silicon Valley. And during all the years Hewlett and Packard were at the helm, it was unswervingly a community enterprise. It ceased to be one in 1999, reverting under baboon management to a contract enterprise, and a large Toynbee proletariat has now formed among its employees. Its prospects for the future have become problematic as a consequence.⁵

§ 2.3 Civic Criminality of the Contract Enterprise in Relation to the State

Neither economics as a science nor business as a practice exist independently of the political community. In the case of economics, artificially divorcing its topics from the broader social science aspects of the community leads to a Platonism of problematical value. In the case of business practice,

⁵ Your author has a duty to inform the reader that, from 1975 until 1993, he was an employee of the Hewlett-Packard Company and personally knew both Dave Packard and Bill Hewlett. The reader must also be informed that the author is not unbiased in his opinion of the competence of the later management of HP; nonetheless, what he writes here is a professional analysis, not a personal opinion. For a broader view of the Hewlett-Packard Company, he recommends Malone's book, *Bill & Dave*, listed in the references.

an enterprise that demands and accepts the protections and benefits of a republic commits itself *de facto* to duties under the social compact. This assumption of duty extends to *every* associate in the enterprise, including its owners or shareholders. The body politic extends no protections to anyone who does not reciprocate by alienation of some natural rights and the assumption of civic duties. The Obama administration's 2009 "bailout" of failing large enterprises was not done for the sake of the baboons mismanaging them but, rather, for the sake of the citizens whose welfare is staked, directly or indirectly, to those enterprises. Decried as "government takeover of the private sector" by the propagandists of contract enterprise, the administration's move was in fact fulfilling *a duty of government* under the Constitutional mandate to promote the general welfare.

Adam Smith wrote, in a passage of *Wealth of Nations* never quoted by propagandists,

Though the wealth of a country should be very great, yet if it has been long stationary, we must not expect to find the wages of labor very high in it. The funds destined for the payment of wages, the revenue and stock of its inhabitants, may be of the greatest extent; but if they have continued for several centuries of the same, or very nearly of the same extent, the number of laborers employed every year could easily supply, and even more than supply, the number wanted the following year. There could seldom be any scarcity of hands, nor could the masters be obliged to bid against one another in order to get them. The hands, on the contrary, would, in this case, naturally multiply beyond their employment. There would be a constant scarcity of employment, and the laborers would be obliged to bid against one another in order to get it. . .

But if would be otherwise in a country where the funds destined for the maintenance of labor were sensibly decaying. Every year the demand for servants and laborers would, in all the different classes of employments, be less than it had been the year before. Many who had been bred in the superior classes, not being able to find employment in their own business, would be glad to seek it in the lowest. The lowest class being not only overstocked with its own workmen, but with the overflowings of all the other classes, the competition for employment would be so great in it, as to reduce the wages of labor to the most miserable and scanty subsistence of the laborer. Many would not be able to find employment on even these hard terms, but would either starve, or be driven to seek a subsistence either by begging, or by the perpetration perhaps of the greatest enormities. Want, famine, and mortality would immediately prevail in that class, and from thence extend themselves to all the superior classes, till the number of inhabitants in the country was reduced to what could easily be maintained by the revenue and stock which remained in it, and which had escaped either the tyranny or calamity which had destroyed the rest.

No one joins in a social compact so that he may see his children starve or his circumstances be reduced to less than what he could achieve by himself in the outlaw state of nature. The political community and the economic community, far from being separable, are inseparably bound to one another. The state of nature in economic enterprise and the state of civil liberty in the republic cannot coexist indefinitely. It is possible for select individuals to obtain temporary advantage by transgression of their duties as citizens to the association that provides for their protection and makes possible their enterprise, but the advantage is not sustainable if the advantage of enterprise does not extend to the other associates in the economic community. Smith goes on to write,

Is this improvement in the circumstances of the lower ranks of the people to be regarded as an

advantage or as an inconveniency to the society? The answer seems at first sight abundantly plain. Servants, laborers, and workmen of different kinds make up the far greater part of every great political society. But what improves the circumstances of the greater part can never be regarded as an inconveniency to the whole. No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, clothe, and lodge the whole body of the people should have such a share of the produce of their own labor as to be themselves tolerably well fed, clothed, and lodged. . .

The wear and tear of a slave, it has been said, is at the expense of his master; but that of a free servant is at his own expense. The wear and tear of the latter, however, is, in reality, as much at the expense of his master as that of the former. The wages paid to journeymen and servants of every kind must be such as may enable them, one with another, to continue the race of journeymen and servants, according as the increasing, diminishing, or stationary demand of the society may happen to require. But though the wear and tear of a free servant be equally at the expense of his master, it generally costs him much less than that of a slave. The fund destined for replacing or repairing, if I may say so, the wear and tear of the slave, is commonly managed by a negligent master or a careless overseer. That destined for performance of the same office with regard to the free man is managed by the free man himself. The disorders which generally prevail in the economy of the rich introduce themselves into the management of the former; the strict frugality and parsimonious attention of the poor as naturally establish themselves in that of the latter. . . It appears, accordingly, from the experience of all ages and nations . . . that the work done by free men comes cheaper in the end than that performed by slaves. . .

The liberal reward of labor, therefore, as it is the effect of increasing wealth, so it is the cause of increasing population. To complain of it is to lament over the necessary effect and cause of the greatest public prosperity. . .

The liberal reward of labor, as it encourages the propagation, so it increases the industry of the common people. The wages of labor are the encouragement of industry, which, like every other human quality, improves in proportion to the encouragement it receives. A plentiful subsistence increases the bodily strength of the laborer, and the comfortable hope of bettering his condition, and of ending his days perhaps in ease and plenty, animates him to exert that strength to the utmost. Where wages are high, accordingly, we shall always find the workmen more active, diligent, and expeditious than where they are low[.]

As was said above, propagandists never quote this part of *Wealth of Nations*. The living success of the American Republic does not depend, and never did depend, on what propagandists call "free enterprise" because by that term they mean "freedom in a state of nature." The wealth of the American Republic depends, and has always depended, on *free civic enterprise*. That economic theorists often fail to recognize this distinction is due to nothing more and nothing less than the moral neutering effect of mathematical Platonism, to the exclusion of all other considerations, in the misplaced paradigm of an impoverished, and impoverishing, modern day economic doctrine.

When the management of a business enterprise "outsources" its supply of labor from one country to another, it increases the wealth of the latter nation but decreases it in the former unless the capacity for labor stock in the former has already been exceeded. Under some conditions, for example in order for the business enterprise to open up a marketplace that would otherwise be closed off to it, establishing a "multi-national" enterprise is justified *provided that the wealth of the home nation is not decreased by it*. The proper economic standard by which free civic enterprise must be assessed is the wealth of the home nation. Increase in the personal wealth of individuals who may benefit from such a move is

totally irrelevant insofar as duty under the social compact is concerned. Acting deliberately to increase the wealth of a few *at the expense* of the broader political community is, therefore, a transgression of duty and a *crime* against the body politic. The distinction between microeconomics and macroeconomics is nothing but a convenient mathematical fiction.

Packard wrote,

I have strong recollections of the depression years in Pueblo, Colorado, in the 1930s. Although no one in our neighborhood was considered wealthy, there were poor families with virtually no income. Those who were fortunate enough to have means to support their own families shared willingly and voluntarily with those who could not provide food, clothing, or shelter for themselves. This personal experience left a lasting impression with me of the importance of personal caring and involvement.

Among the Hewlett-Packard objectives Bill Hewlett and I set down was one recognizing the company's responsibility to be a good corporate citizen.

Responsibility to the society in which a company operates is now widely recognized and accepted by American business.⁶ But it wasn't always so. I recall a conference I attended in the late 1940s that included people from various industries and organizations. We began talking about whether businesses had responsibilities beyond making a profit for their shareholders. I expressed my view that we did, that we had important responsibilities to our employees, to our customers, to our suppliers, and to the welfare of society at large. I was surprised and disappointed that most of the others disagreed with me. They felt their only responsibility was to generate profits for their shareholders.

Looking back, I suppose I shouldn't have been surprised. During the early decades of the twentieth century, profit was the businessman's sole objective. Labor was considered a commodity that could be bought and sold on the market.

Today Hewlett-Packard operates in many different communities throughout the world. We stress to our people that each of these communities must be better for our presence. This means being sensitive to the needs and interests of the community; it means applying the highest standards of honesty and integrity to all our relationships with individuals and groups; it means enhancing and protecting the physical environment and building attractive plants and offices of which the community can be proud; it means contributing talent, energy, time, and financial support to community projects.

The Hewlett-Packard objectives to which Packard refers were a set of seven top corporate objectives to which every other operational objective in the company's Management By Objectives system were inferior. The seven objectives were the company's counterpart to the six Constitutional objectives of government. The seventh corporate objective is worth re-quoting here:

7. **Citizenship.** To meet the obligations of good citizenship by making contributions to the community and to the institutions in our society which generate the environment in which we operate.

By "contributions" Packard did not mean only direct financial contributions, although this was part of it. He also meant contributions of time and labor to public and community service by the company's employees with full support and backing by the resources of the company for these non-monetary

⁶ Your author notes with a fond smile of remembrance that Dave Packard was not infallible in all his judgments.

contributions. Packard and Hewlett committed their entire business enterprise to republican citizenship in every country in which it had operations, to the benefit of all involved and the disbenefit of none. They *profitably* succeeded in this endeavor *with consistency* year after year after year to a degree unmatched by any other American business enterprise.

The word "justice" has *no* meaning in the context of the state-of-nature. The law of the state of nature is the law of the jungle. Justice has meaning only in the context of a social contract. The government of a Republic has a duty to promote free *civic* enterprise because this enterprise directly contributes to improvement of the general welfare of the political community. The government has *no* duty to protect uncivic free enterprise operating in a state of nature in relationship to the body politic of the Republic. Furthermore, it *is* a duty of government to intervene where an uncivic contract enterprise is acting in criminal transgression of civic duty through the actions of its owners and managers. Failure to do so is both unjust and is itself a criminal transgression of duty on the part of the agents of government to promote the *general* welfare of the nation.

§ 3. General Property and the General Welfare

All the personal wealth obtainable avails an individual no good use if his person and family is constantly in mortal danger, if his and their possessions are insecure, or if his or their health is so poor as to reduce life to miserable existence. Yet here, too, our considerations cannot be divorced from general economic welfare. At the same time, not all pertinent factors are factors treated by traditional economics. General economic welfare is merely one important facet of general welfare. Indeed, the concept of general welfare is one of those ideas so broadly encompassing that understanding it requires much careful reflection, so much in fact that general welfare might be appreciable to an adequate degree only if it be made the topic of a science. But what is a "science"?

The modern distinction between philosophy and science was first crisply drawn in the eighteenth century by Immanuel Kant. Prior to this, what we today call "science" was called "natural philosophy." Kant defined "science" as "a doctrine constituting a system in accordance with the principle of a disciplined whole of knowledge." By the term "system" he meant "the unity of knowledge under one Idea." A Kantian Idea (in German, *Idee*) is a concept in which objective validity is possible only in terms of regulative principles of *actions*. Under this understanding of what science is, a proper science is a disciplined approach to unifying knowledge in such a manner that what is learned and taught (the doctrine) is *reducible to practice*. If an intellectual endeavor is not ultimately practical, i.e. reducible to practice in some real application, it is not a science. Here Kant and Francis Bacon – whose writings inspired the founding of the Royal Society in Great Britain – agree with one another across the gulf of time. Bacon wrote, with regard to the proper character of natural philosophy,

We lay this down, therefore, as the genuine and perfect rule of practice, that it should be certain, free, and preparatory, or having relation to practice. And this is the same thing as the discovery of true form; for the form of any nature is such, that when it is assigned the particular nature infallibly follows. . . . Lastly, the true form is such, that it deduces the particular nature from some source of essence existing in many subjects, and more known . . . to nature than the form itself. Such, then, is our determination and rule with regard to a genuine and perfect theoretical axiom, that a nature be found convertible with a given nature, and yet such as to limit the more known nature, in the manner of a genus. But these two rules, the practical and the theoretical, are in fact the same, and that which is most useful in practice is most correct in theory.

We find the idea of the general welfare entangling all the other objectives of government – union, justice, domestic tranquility, the common defense, and liberty. It is not too broad to say it is in one sense the common coin with which is purchased the personal welfare of every person entering into the Social Contract. In a second sense, the general welfare can be called the price of personal welfare, for as Rousseau said,

I suppose men to have reached the point at which the obstacles in the way of their preservation in the state of nature show their power of resistance to be greater than the resources at the disposal of each individual for his maintenance in that state. That primitive condition can subsist no longer; and the human race would perish unless it changed its manner of existence.

In one sense, then, the *objective* to promote the general welfare stands as a kind of genus with respect to the other objectives of government. But general welfare *itself*, as an outcome of good government, is not a genus under which stand union, justice, etc. as species. Union *by itself* is not a welfare; justice *by itself* is not a welfare; tranquility *by itself* is not a welfare, &etc. As the attainment of personal welfare is the *motive* for joining in a social compact – a teleological effect, i.e., a *purpose* – general welfare stands as its necessitated (made necessary) condition of this teleological effect – a teleological kind of cause we express using the word "because." Put less abstractly, "I oblige myself to promote the general welfare of others *because* I must do so in order to safeguard my own." The *decision* to join in the association of the social compact is not itself a *civic* moral decision because I make it to fulfill my *natural* duty to myself and my situation. But *acceptance* of the social compact is the freely-made assumption of reciprocal duties regarding the situation of others and therefore *constitutes* a deontological *and civic* moral decision.

But this is merely empty theory unless we are able to speak of its *practical* implications, and these ultimately come down to specific cognitions of markers in actual life experiences by which one can *judge* whether or not the duties of moral obligation are being fulfilled. In the previous section we saw that judgment of general economic welfare is marked by the standard of civic morality (with civic morality *objectively* understood in deontological terms, and not in consequentialist or virtuous terms). General economic welfare is one disjunctive *application* out of many standing under a *systematic* Idea of general welfare. Public health and public safety are, likewise, *applications* of the same Idea and,

like general economic welfare, these applications are marked by the standard of civic morality. The duties of government in promoting the general welfare are defined both *with regard to extent and with regard to restriction* by this essential mark of deontological civic morality. We must next examine the consequences of this civic marker.

§ 3.1 Private vs. Public Property Regarded Ontologically

It seems to be reasonable to presume each of us adequately understands the idea of one's own personal health. It seems likewise reasonable to presume each of us understands that personal health and public health are two different ideas and *ipso facto* refer to two different things. But what is it that distinguishes between a matter of personal health and a matter of public health? When does a general concern for public health necessitate and justify a *public* concern for a matter directly affecting an individual's private health? It is clearly evident that there are some cases when a private health matter is also a public health matter. If a person has smallpox, that is obviously a matter of his private health; but if that same person walks around freely in public places and thereby presents a strong likelihood of transmitting the disease to other persons, that is just as clearly a matter of public health.

Reciprocally, if the community possesses the power to treat and cure smallpox, any citizen with smallpox is justified in calling upon the community for its assistance because each associate in the body politic has freely obliged himself to take up the duty to "defend and protect with the whole common force the person and goods of each associate." When any citizen so calls for aid and assistance, *the community has a civic duty to answer that call*. The community cannot ask, "Can you pay for the treatment?" and refuse its aid if its associate has not the stock to exchange for that aid.

But, reciprocally, the afflicted citizen cannot require the community to bear the full burden from the stocks of the other associates without in some manner contributing some of his own. He is part of the body politic; *his resources are his own but he has also pledged them to the common cause*. But, some will ask, how can this be? Is it not an outright contradiction to say "his resources are his own" and then, in the same breath, say "his resources are pledged to the common cause"? Does it not have to be either the one or the other case? The answer is, "No, it is not a contradiction, and no, it does not have to be either the one or the other." The proper question is, "How is it both?" *That* is the question we must now address. We will see that this puzzle is not a puzzle of contradiction but, rather, a situation of subcontraries. We are asking, in effect, how one and the same stock of goods is *both* a private possession *and* a public possession. We will see that this is as much as to ask, "What is the condition of civic responsibility that accompanies the benefit of civil liberty in regard to property under the social compact?"

If we adopt a strictly ontological perspective – a perspective opposed to deontological ethics – we

must take either the side of strict private possession or the side of strict public possession. The first side is that which ideological propaganda *mislabels* as "capitalism." The second is that which ideological propaganda correctly labels as "communism." *Both* sides, however, can gain objective pseudo-validity for their arguments only under the presumption of life in a state of nature. The first implies refusal to join in a social compact for mutual support and protection. The second implies not association but, rather, subjugation of the individual under rulers. The first side is, at best, outlaw; the second is slavery. Neither is compatible with civic community or with civic duty.

What is this thing called "capitalism" whose virtue is sung by those who call themselves capitalists and those who think they fervently support it? The pertinent dictionary definition is:

capitalism,

1. the economic system in which all or most of the means of production and distribution, as lands, factories, railroads, etc., are privately owned and operated for profit, originally under fully competitive conditions: it has been generally characterized by a tendency toward concentration of wealth and, in its later phase, by growth of giant corporations, increased governmental control, etc.

Your author has said "capitalism" is a mislabeling of this definition. Why? To understand this, we must begin by understanding what "capital" is. For this we turn again to Adam Smith:

When the stock which a man possesses is no more than sufficient to maintain him for a few days or a few weeks, he seldom thinks of deriving any revenue from it. He consumes it as sparingly as he can and endeavors by his labor to acquire something which may supply its place before it is consumed altogether. His revenue is, in this case, derived from his labor only. This is the state of the greater part of the laboring poor in all countries.

But when he possesses stock sufficient to maintain him for months or years, he naturally endeavors to derive a revenue from the greater part of it; reserving only so much for his immediate consumption as may maintain him till this revenue begins to come in. His whole stock, therefore, is distinguished into two parts. That part which, he expects, is to afford him this revenue is called his capital. The other is that which supplies his immediate consumption; and which consists either, first, in that portion of his whole stock which was originally reserved for this purpose; or, secondly, in his revenue, from whatever source derived, as it gradually comes in; or, thirdly, in such things as had been purchased by either of these in former years, and which are not yet entirely consumed; such as a stock of clothes, household furniture, and the like. In one, or other, or all of these articles consists the stock which men commonly reserve for their own immediate consumption.

The proper use of the word "capitalism" – if it is to be associated with capital, economy, and economic systems in the practical context of the wealth of nations – means no more and no less than employment of part of one's personal stock of goods-in-general for the purpose of producing personal *revenue*. A *capitalist* is then any person who so employs part of that personal stock. Again, a ten-year-old paperboy who deposits 25¢ per week in his savings account at a bank is just as essentially a capitalist as John D. Rockefeller.

It is *this* connotation of capitalism, and not that thing mislabeled "capitalism" by ideologists, that

the majority of people understand *practically* by the word capitalism. It is also this connotation that underlies the social compact. The ideologue's "capitalism," on the other hand, speaks of owning "all or most of the means of production and distribution." Suppose I own a bakery and suppose I employ you in my little enterprise. From my side of things, I am purchasing from you *that outcome of your labor* that provides me with some good I will use – either immediately or mediately, depending on what it is I employ you to do – *as the means* of producing the goods I will, in my turn, exchange to someone else for some other good that is to become part of *my* stock of goods. For me, *the means of production* is, in part, to employ your labor. To say I "own the bakery" is to say I (probably) own the inanimate stock of such things as mixers, ovens, bread-slicing machines, display cases, etc. that also make up part of my means for producing and distributing bakery goods. I certainly do not own you; I certainly do not own your labor *as an enterprise* because as an enterprise this labor is *your* enterprise. I *come to own* its tangible (or, in cases of other types of business enterprises, its intangible) outcome. For me the outcome of your labor is my means, but to you the outcome of your labor is the good you exchange in return for the stock of wages you receive from me.

Which of us, then, is "the capitalist"? Clearly, *both* of us are, or could be according to free choice, if what you receive from me is "more than sufficient to maintain you for more than a few days or weeks" and what I receive as revenue from my enterprise does the same for me. Equally clearly, *neither* of us are if neither of us receives as revenue enough stock out of our reciprocal enterprises for both of us to so maintain ourselves. This is nothing else than ***the civic definitions of the conditions of capitalism and capitalists***. The dictionary definition above is ontological and amoral; the explanation just provided is deontological in character and connectable in an ascertainable way to the social compact. With *free civic enterprise* any person can choose to be, or not to be, a capitalist the very moment his revenue of stock becomes sufficient that its immediate consumption is no longer necessitated by duties to himself or to his situation. One need not own a factory, a railroad, or any other tangible business-good. The same is not true under the mislabeled capitalism of uncivic free enterprise ideologues because the dictionary capitalism takes its context and its doctrines from the uncivic free enterprise of the state of nature.

Not surprisingly, it is this uncivic free enterprise Marx and Engels opposed in *Manifesto of the Communist Party*. Their aim was just as uncivic, just as despotic, and just as deficient in civic morality as the system they opposed, and communism is just as much a corruption of real economics as uncivic so-called "capitalism." Communism, however, is not a mislabeling, as the *Manifesto* makes clear:

The distinguishing feature of Communism is not the abolition of property generally, but the abolition of bourgeois property. But modern bourgeois private property is the final and most complete expression of the system of producing and appropriating products that is based on class antagonisms, on the exploitation of the many by the few.

In this sense the theory of the Communists may be summed up in the single sentence: abolition of private property.

We Communists have been reproached with the desire of abolishing the right of personally acquiring property as the fruit of a man's own labor, which property is alleged to be the ground-work of all personal freedom, activity and independence.

Hard-won, self-acquired, self-earned property! Do you mean the property of the petty artisan and of the small peasant, a form of property that preceded the bourgeois form? There is no need to abolish that; the development of industry has to a great extent already destroyed it and is still destroying it daily.

Or do you mean modern bourgeois private property?

But does wage labor create any property for the laborer? Not a bit. It creates capital, i.e., that kind of property which exploits wage labor and which cannot increase except upon condition of begetting a new supply of wage labor for fresh exploitation. Property in its present form is based on the antagonism of capital and wage labor. . .

You are horrified at our intending to do away with private property. But in your existing society private property is already done away with for nine-tenths of the population; its existence for the few is solely due to its non-existence in the hands of those nine-tenths. You reproach us, therefore, with intending to do away with a form of property, the necessary condition for whose existence is the non-existence of any property for the immense majority of society.

In a word, you reproach us with intending to do away with your property. Precisely so; that is just what we intend.

We need not exert much effort refuting the abundant absurdities set out in the *Manifesto*. Neither Marx nor Engels were economists, although they played at economics in much the same way their fellow propagandists of conservatism play at it in their distortions of *Wealth of Nations*. The *Manifesto* is pure demagoguery aimed at producing class warfare between the poor and the wealthy; *Capital*, the work that leads some to mislabel Marx an economist, is merely a larger volume of propaganda costumed in ponderous economic-sounding language and laced with Hegelian illusions. Its entire and sole point is to "justify" the agenda already set out years earlier in the *Manifesto*. This Marx attempted to do by an ungrounded reification of the idea of "value." He wrote,

The value of a single commodity, the linen, for example, is now expressed in terms of numberless other elements of the world of commodities. Every other commodity now becomes a mirror of the linen's value. It is thus that for the first time this value shows itself in its true light as a congelation of undifferentiated human labor. – *Capital*

Marx held that "labor" *congealed* elementary "values" to compose a "value in" every commodity. In this ontological view, we are supposed to acknowledge that, for example, a tractor has an *essential* something called "value" intrinsic to it even if one does not wish to personally own a tractor (and even if one *does* wish to *not* own a tractor). This is a Hegelian form of ontology in which it is supposed that an *intangible* thing called "value" is *conserved* and has a *substantial* real existence. But Marx' "value" utterly lacks real objective validity. The argument is an illusion Marx tried to sell by splitting hairs between "use-value" and "exchange-value." If one falls for the illusion, then Marx can "justify" the

Communist claim that the workers as a collective "rightfully" own all "capitalist" property:

Along with the constantly diminishing number of the magnates of capital, who usurp and monopolize all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organized by the very mechanism of the process of capitalist production itself. The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under, it. Centralization of the means of production and socialization of labor at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated. . .

The transformation of scattered private property, arising from individual labor, into capitalist private property is, naturally, a process incomparably more protracted, violent, and difficult, than the transformation of capitalistic private property, already practically resting on socialized production, into socialized property. In the former case, we had the expropriation of the mass of the people by a few usurpers; in the latter we have the expropriation of a few usurpers by the mass of the people. – *Capital*

Marx, with his Hegelian view of the world, held that this workers' revolt was an inevitable part of history-to-come, unstoppable in its momentum and absolute in its moral virtue. This is not to say Marx was insincere; nothing in the man's personal life suggests this. He was that most convicted of social dreamers, the impractical dreamer who thinks his dreams are waking reality and who is driven by a sense of outrage. Conditions for a great many working people in Europe in his day *were* Dickens-like and there *was* a great disparity in the distribution of wealth. Marx exploited this to the hilt in the propaganda that runs throughout *Capital*, e.g.,

Before the labor of women and children under ten years of age was forbidden in mines, capitalists considered the employment of naked women and girls, often in company of men, so far sanctioned by their moral code, and especially by their ledgers, that it was only after the passing of the Act that they had recourse to machinery. . . In England women are still occasionally used instead of horses for hauling canal boats, because the labor required to produce horses and machines is an accurately known quantity, while that required to maintain the women of the surplus population is below all calculation. Hence nowhere do we find a more shameful squandering of human labor power for the most despicable purposes than in England, the land of machinery.

Marx used the word "capitalism" in precisely the same connotation as today's conservative propagandist uses it. Both argue in ontology-centered moral terms. The revolution Marx championed "justified" its method on grounds expressed years later in Carl Sandburg's *The People, Yes* (1936):

"Get off this estate."
 "What for?"
 "Because it's mine."
 "Where did you get it?"
 "From my father."
 "Where did he get it?"
 "From his father."
 "And where did he get it?"
 "He fought for it."
 "Well, I'll fight you for it."

The champions of unfettered state-of-nature "capitalism" are usually less blood-and-iron graphic in their propaganda than Marx, but no better grounded. One of the most eloquent and widely respected spokesmen for uncivic so-called "capitalism" was Milton Friedman. He and Rose Friedman wrote,

Adam Smith's key insight was that both parties to an exchange can benefit and that, so long as cooperation is strictly voluntary, no exchange will take place unless both parties do benefit. No external force, no coercion, no violation of freedom is necessary to produce cooperation among individuals all of whom benefit. That is why, as Adam Smith put it, an individual who "intends only his own good is led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good."

Let us be sure to note the problematic qualifiers that run throughout this: (1) "promote *an end* which was no part of his intention"; that doesn't necessarily mean a happy ending; (2) "nor is it *always* worse for the society"; but sometimes it is; (3) *frequently* promotes [the interest] of society"; yes, and sometimes it works contrary to those interests. What Friedman cites about "no exchange will take place unless both parties do benefit" is true. If my choice is between starving to death or painting your house in exchange for being allowed to pick through your garbage can for scraps, then we both surely do benefit from the exchange. But let us not forget Smith's *other* words, quoted earlier, regarding "the masters" and the imbalances between their "combinations" and those of "the workmen." The Friedmans go on to write,

Economic freedom is an essential requisite for political freedom. By enabling people to cooperate with one another without coercion or central direction, it reduces the area over which political power is exercised. In addition, by dispersing power, the free market provides an offset to whatever concentration of political power may arise. The combination of economic and political power in the same hands is a sure recipe for tyranny.

Friedman's words here are frequently used by other conservative propagandists to agitate for the *reductio ad absurdum*: if less exercise of political power and "coercion" is good, none at all is best. This is clear and obvious hogwash. The ultimate dispersion of power is found in the state of nature. I don't have to trouble myself with coercing you or using any political power if I just kill you and take your shoes. It is a reversal of fact to say "economic freedom is an essential requisite for political freedom"; *political civic freedom is the essential requisite for economic freedom*, and political civic freedom means nothing else than the association in a republic under a social compact because *without that association there is no politics at all*. Here we have a case where, as Bloom earlier pointed out, the economist would subordinate political science to the science of economics – a science that in current practice is totally bereft of the implied consequentialist moral underpinnings that run throughout *Free to Choose*. Finally we have "the combination of economic and political power in the same hands is a sure recipe for tyranny"; it depends on whose hands we're talking about. If we're talking

about the hands of the leaders of a political party, yes, your author agrees with the statement. If we're talking about Ivan the Terrible, Attila the Hun, or Joseph Stalin, yes, your author agrees. If we're talking about the hands of the Sovereign Republic, no, your author does not agree. The combination of economic and political power in the hands of *rulers* is a recipe for tyranny. This is why the agents of government must not be allowed to become rulers or servants of private men who would be rulers.

The Friedmans later go on to write,

In the past century a myth has grown up that free market capitalism – equality of opportunity as we have interpreted that term – increases such inequalities, that it is a system under which the rich exploited the poor.

Nothing could be further from the truth. Whenever the free market has been permitted to operate, wherever anything approaching equality of opportunity has existed, the ordinary man has been able to attain levels of living never dreamed of before. Nowhere is the gap between rich and poor wider, nowhere are the rich richer and the poor poorer, than in those societies that do not permit the free market to operate.

The first paragraph is a well-aimed shot taken at Marx. But the myth is not entirely a myth, as the textile mills of nineteenth century New England bear historical testament. The *Friedman myth* is that uncivic free market capitalism – that is, business enterprise unregulated and unrestrained by any *civic limitation* – is either the same or else goes hand-in-hand with equality of opportunity. The second paragraph is simply false. In *some* places where "the free market has been permitted to operate" the "ordinary man" has certainly become more prosperous and better off. Among many notable cases we can point to Port Royal and the Caribbean pirates of America's colonial days. But to say *wherever* state-of-nature free market "capitalism" has been allowed to operate everyone benefited is just simply not true. *Free to Choose* chooses its examples as carefully as does *Capital* and uses the same propagandizing tactic of exaggeration. Your author does not doubt Friedman is sincere; but he does not doubt Marx was equally sincere. Perhaps sincerity is a virtue, but sincerity never turns an opinion into a reality or suffices to make dreams come true.

Whether argued from a basis in consequentialist ethics or from virtue ethics, the strict division laid down between private and public property can be settled only by resort to state-of-nature relationships and cannot avoid injuring to eventual destruction the social compact of a republic. One can hardly call a doctrine practical if its inevitable end result is the eventual destruction of the community it is meant to benefit. The ontological presupposition cannot provide a proper science of general welfare.

§ 3.2 Private vs. Public Property Regarded Deontologically

What is private property? This seems like an absurd and foolish question to ask. Each one of us is in possession of some number of things to which we point and say, "This is mine." These things make up the concrete instantiations of what each of us calls "my private property." But how private can this

be if a group of other people have the physical means and the inclination to come and take it away from you any time they choose? The individual has not the physical means to keep his property if a mob, or a government, comes with greater force to seize it. What does one say to Sandburg's trespasser when he says, "Well, I'll fight you for it"? What can one say if the trespasser is backed by the police powers of the state? Is there any protest one can make, prior to a doomed confrontation of force against force, except, "You have no *right* to do this!"? In a state of nature, such a protest is as feeble and ineffective as it is to cry out to a charging grizzly bear, "You have no *right* to kill me!" As soon as we introduce the concept of "rights" into any situation, we move the basis of reasoning straight into the arena of moral theory. All *objective* considerations of property rights are at their very roots moral considerations, and no *universal objective validity* can be found for these considerations unless these moral considerations are deontological.

In *Die Metaphysik der Sitten* Kant wrote,

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 be possible that I could be injured by another's use of it *even though I am not in possession of it*.

You are not in physical possession of your car while it is sitting in the parking lot and you are in the store buying groceries. If someone drives off in it while you are standing in line at the checkout counter, it is certainly possible you are injured – that is, your welfare is harmed in some way – by this action. Physical possession alone does not suffice to explain "what is mine." In addition we have to consider a second kind of possession, namely, *intelligible* possession. But what is that?

The nominal explanation . . . 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 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 . . .

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 idea of empirical *possession* in general . . . but must be applied to a pure idea of understanding *possession* in general[.] – [*ibid.*]

Kant's general point is that "possession" in the context of "ownership" is not a property of any object, nor is it a substantial relationship between that object and myself, but is rather an idea of convention. The idea of mere possession (i.e., holding it in my hands right now) is linked to the idea of *rightful ownership* through the higher idea of actual *deeds* (what is done) being *morally* right or wrong. But,

again, such a moral determination can only be objectively valid in a deontological context, i.e.,

Any one act is right if it or its maxim can subsist in each one's freedom of choice conjointly with everyone's freedom according to a universal law.

A deed is right or wrong . . . in general so far as it is obligatory or contrary to duty. – [*ibid.*]

This deontological explanation of possession is fairly self-evident when one considers that what I regard as being my property (whether it is in my hands right now or sitting at home while I am at the office) can be forcibly removed by another person. What we must consider is not an ontological "right of possession" but, rather, what will be the universal convention under which I can say "I can *rightfully* keep and use this object I call 'mine' in any way I see fit" *subject to my use of it in no way encumbering the civil liberty of any other person*.

That "my rightfully held property" is a matter of practical convention is quite evident when we pause to think about how the political community actually behaves. For example, the Idaho Constitution contains an entire lengthy article dealing with "water rights." One section of this article reads,

The right to divert and appropriate the unappropriated waters of any natural stream to beneficial uses, shall never be denied except that the state may regulate and limit the use thereof for power purposes. Priority of appropriations shall give the better right as between those using the water; but when waters of any natural streams are not sufficient for the service of all those desiring the use of the same, those using the water for domestic purposes shall (subject to such limitations as may be prescribed by law) have the preference over those claiming for any other purpose; and those using the water for agricultural purposes shall have preference over those using the same for manufacturing purposes. And in any organized mining district those using the water for mining purposes or milling purposes connected with mining, shall have preference over those using the same for manufacturing or agricultural purposes. But the usage by such subsequent appropriations shall be subject to such provisions of law regulating the taking of private property for public and private use, as referred to in section 14 of article 1 of this Constitution.

If one does not call this a convention, what would one call it?

There is no such *substantial* thing-in-the-world (Kant's "object of experience") as "a right," and only one *transcendental* innate (natural) right, namely the individual human being's power to self-determine his own actions. In *Die Metaphysik der Sitten* Kant wrote,

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.

By calling freedom an innate or natural *right*, it is to be understood that "right" here implies: (1) innate equality (independence from being bound by others to no more than one can in turn bind them); (2) being one's own master; and (3) being able to do to other people anything that does not, by the action, diminish what is theirs if they do not want to accept it (e.g., telling another person one's opinion, offering advice to someone, offering to do someone a favor or service, proposing a contract or

agreement, etc.).

There are *intelligible* (that is, intellectual) things-in-the-world-of-humans called "rights." But such a right subsists in the ideas of men, not the things in nature, and so are *definable* by men. Now, such a definition can be: (1) subjective and personal according to a private convention, as when one defines rightful possession of some stock of goods on consequentialist or virtuous grounds; or (2) objective according to an accepted common convention to which the associates in a political community consent, as when one defines rightful possession of a stock of goods from deontological grounds. Only the latter provides the possibility of forming an enduring political union in which the members enjoy civil liberties and can understand a common code of civic morality. This established convention, the purpose of which is to bring the civil union into being and keep it in being, starts nowhere else than a social compact because this freedom of convention is grounded in the natural freedom of every person.

Now let us reconsider Kant's words, "that is mine which to disturb my any use of it would be an encumbrance to me." By "encumbrance" he means that the hindrance – and appropriating what one regards as his private stock of any good is indeed a hindrance – *unjustly* limits one's *civil* liberties under the terms of the social compact. A *just* limitation of civil liberty can only be a hindrance capable of conforming to the tenet of moral legislation, i.e., *Act so that the maxim of your will always can hold good at the same time as a principle of universal legislation.*

Let us put a particular case example to this tenet. I join in the body politic, in part, so that when my private health is threatened, by some occasion I cannot overcome on my own, I can call upon the support and aid of that body to overcome that occasion and restore my personal health. Recognizing that this aid calls for others to sacrifice some personal stock of theirs, I agree in advance to likewise alienate some of my own to the common cause and in accordance with a common convention. I recognize this, to use a businessman's phrase, as merely "the cost of doing business with my political community." But I will not agree to alienate so much of that stock of goods I call "mine" that this alienation disproportionately hinders my capacity for maintaining myself and my situation relative to the hindrances others in the community are required to bear. The convention to be followed must be commonly and reciprocally *consented to* by *all* members of the association. This is a particular example of what is meant by "the maxim can always hold good as a principle of universal legislation."

This case in the particular always has to be judged by the association in relationship to the entirety of personal advantages provided by association in the political community. We see in this the linkage between the objective of promoting the general welfare and the objective of forming a more perfect union. Imbalances will always occur from time to time, because human agents are not infallible judges of equity, and in the correction of such imbalances we see the linkage between promoting the general welfare and insuring domestic tranquility. The balance to be sought will always come down, in the

end, to a balance persons must gauge between duties to oneself and one's situation vs. duties one freely assumes *reciprocally* in the relation of oneself to the situation of others.

One might protest that finding a perfect balance is impossible, that absolute satisfaction of this condition is unrealizable in practice in the real world. That is true, but it is also irrelevant. Deontological civic morality does not call for actual perfection; it calls for nothing more or less than *the on-going striving to make the community more perfect* as experience unveils its imperfections and inequities. The business of the self-government of the Sovereign (the state in action) is never completed. The work of making it *more* complete, i.e. of *perfecting* the union, is what maintains the civil state. This is indeed a worthwhile aim appreciable by every citizen. Rousseau wrote,

The passage from the state of nature to the civil state produces a very remarkable change in man, by substituting justice for instinct in his conduct, and giving his actions the morality they had formerly lacked. Then only, when the voice of duty takes the place of physical impulses and right of appetite, does man, who so far had considered only himself, find that he is forced to act on different principles, and to consult his reason before listening to his inclinations. Although in this state he deprives himself of some advantages which he got from nature, he gains in return others so great, his faculties are so stimulated and developed, his ideas so extended, his feelings so ennobled, and his whole soul so uplifted that . . . he would be bound to bless continually the happy moment which took him from [the state of nature] forever, and, instead of a stupid and unimaginative animal, made him an intelligent being and a man.

Let us draw up the whole account in terms easily commensurable. What man loses by the social contract is his natural liberty and an unlimited right to everything he tries to get and succeeds in getting; what he gains is civil liberty and the proprietorship of all he possesses. If we are to avoid mistake in weighting one against the other, we must clearly distinguish natural liberty, which is bounded only by the strength of the individual, from civil liberty, which is limited by the general will; and [distinguish] possession, which is merely the effect of force or the right of the first occupier, from property, which can be founded only on a positive rule.

The power of each person can be divided and classified in terms of what we might call various faculties. These are four-fold and include: (1) the person's physical power, which subsists in the physical capacities of his body; (2) the person's intellectual power, which subsists in his knowledge, intelligence, and judgment; (3) the person's tangible power, which subsists in his stock of tangible goods; and (4) the person's persuasive power, which subsists in his ability to communicate his thoughts and ideas to other persons such that collectively the capacity of the group is greater than the mere sum of the capacities of the individuals by themselves. This last we call synergy production or *leadership capability*. Again, "Each of us puts his person *and all his power* in common under the supreme direction of the general will, and, in our corporate capacity, we receive each member as an indivisible part of the whole."

These general faculties of a person can all be seen as constituting species of property. Those which by agreed upon common convention are to be placed at the disposal of the Sovereign thereby constitute the *general public property* of the body politic. Those faculties which are, again by

common convention, reserved for the private use of the person constitute the *general private properties* of the citizens. In this regard – that is, through this generalized idea of the nature of property – general public property is the stock of *human* goods provided for consumption by the state, while general private properties are at the free disposal of individuals to use for purposes of either consumption or capital. And by this idea the science of economics can now find a way to broaden its own horizons and to reconnect itself from the isolation its practitioners have brought upon themselves by that discipline's artificially narrow horizon of discourse. It must give up its Platonic eyrie to undertake a civic employment, in which its practical scholarship is made directly contributive to the *general* wealth of the nation. If and when it does so, it redresses the grievances justly laid against it in Bloom's criticism. Reciprocally, for so long as it maintains its isolation by nesting in a Platonic eyrie, it makes no contribution to the pool of public general property – it is outlaw scholarship – and the body politic is under no duty whatsoever to support its practice in any way.

§ 4. Public Health, Public Safety, and Public Education

The need to civilize the outlaw landscape of business enterprise is one important application task in regard to promoting the general welfare, but it is not the only one. There are also applications in the arenas of public health, public safety, and public education where attention needs to be paid and actions taken. All of these areas of application are interlinked, and so the specific reforms are neither simple to understand, easy to do, nor able to be quickly accomplished.

What is needed first in order to achieve the general objective of promoting the general welfare is a re-thinking of how we look at government, and how government looks at itself, in its relationships to economic enterprise and public education. Only after such a critique will it be possible to propose and refine better, clearly stated policy objectives. There is a strong need for educational accomplishments in service of this, for we cannot expect the new efforts to bear fruit before the old habits of thinking are hauled into the light, re-examined, and a better *civic* understanding of the issues is achieved. This section, then, has for its purpose further clarification of the objective of promoting the general welfare by means of examples.

As we step through the issues of public health, public safety, and public education, it is very important to stress that these issues are not decoupled from one another, nor from the needful reforms for turning the character of business enterprise away from its state-of-nature outlaw habitat to an established business environment of free civic enterprise.

§ 4.1 Public Health

At the time this is being written, the health care reform issue is one of the foremost controversies being debated in the United States. Unfortunately, the focus of this debate is not properly fixed on the

root issues but rather on symptoms. To debate health care reform, particularly within an over-confined scope, e.g. health insurance, is to debate a presumed solution to what is merely being supposed as the problem affecting the general welfare. It is extremely unlikely that the underlying problem will be solved by treating merely one or a few of its symptoms. It is true that within the general issue there are some time-urgent problems calling for rapid redress, and it is equally true that the most time-urgent of these problems do intimately link to problems in the nation's health insurance methods. But, again, these time-urgent problems are mere symptoms and not underlying causes of the health care crisis. Addressing them in the short term is just, but if we stop there and do not go on to address causes, the crisis will simply erupt again later after a great deal of both time and public/private stock have been consumed inefficiently and ineffectively.

Let us begin with the most obvious symptom. The cost of procuring health care has been rising for many years at a rate well beyond general inflationary pressures. This has pressed the fiscal resources of individuals, employing enterprises, state governments, and the general government to a point where now, as Smith might put it, the stock of goods is becoming insufficient to sustain persons, enterprises, and government agencies in meeting all their necessary occasional wants. Put another way, the cost of private/public health welfare consumption has become so great that meeting it is producing critical underfunding for meeting minimal needs in other aspects of individual private welfare as well as the general welfare. Yet "spiraling healthcare cost" is not the root issue; the root issue subsists in whatever the causes are that are driving these costs. Identify and redress the causes and the general welfare will be promoted; fail to identify and redress the causes, and the crisis will continue and the currently debated reform measures will prove ineffective.

It is too simplistic to blame "greed" as the root cause. It seems highly probable that "greed factor" is one factor at work, but if so it is a factor one can quite rationally predict as an outcome of an outlaw economic paradigm. There are some who make the presumption that if we merely "unfetter the free market" then Adam Smith's "invisible hand" will unfailingly steer us to a solution. This is utter hogwash, a child of the Friedman myth. *Uncivic* free enterprise is one of the factors that produced the health care crisis in the first place. It is not the only one, but it is certainly one of them and there is utterly no reason to think a greater degree of uncivic free enterprise will promote the general welfare, any more than uncivic free enterprise self-corrected abuses of child labor or the economic panics of the nineteenth century. Greed did not embroil 750,000 union members in civil disturbances in this country in 1894; desperation brought on by uncivic enterprise did, *precisely as predicted by Smith*.

Others support the presupposition that "socialized medicine" will provide the needed redress of the health care crisis. This, too, is a simplistic view and just as much an imaginary cure as the Friedman myth. It, too, is predicated on a presumption of cause, not an analysis of cause. The usual view of so-

called "socialized medicine" sees for government a management role or, at the minimum, an oversight role in health care management. But the agents of government are not individuals possessing such a gifted mix of personal talents, education, and experience in economic science, business, medicine, technology, and politics that one could or should realistically and practically expect the simple device of merely setting up a special agency to adequately deal with the crisis. Much more likely is: as the desperation of the crisis deepens, the ever more urgent demands for redress will lead to uncivic government actions under the excuse that the ends justify the means. This, of course, is consequentialist ethics, which has no practical hope of providing a basis for a *civic* solution.

A strong case can be made that government programs started in the 1960s, e.g. Medicaid and Medicare, produced unintended consequences by altering sources and distributions of revenue flows within that part of the economy where stock is consumed for health-related purposes. There is merit in these arguments but, again, it is not a complete analysis. Another factor lies with a rather curious metamorphosis in the division of labor that took place within the community of medical practitioners between the late 1950s and the present day.

There has been a major shift away from general practitioners to specialists in the medical community. It is not difficult to see the economic incentives behind this. In the early 1960s the general practitioner was the most common type of doctor and specialists were less common; specialists, as a consequence, could command higher fees for their services. Today the GP is the rare breed and most specialists operate their own independent enterprises in a rather peculiar analogy to our "Tom's Pin Whitening Shop" illustration. It is now often the case where one doctor cannot competently treat the whole patient, yet the independent character of their enterprises is such that no economies of scale are produced within the economic system. Duplication of costs is one obvious direct consequence of this. Another is that, quite simply, doctors are not well-trained as businessmen, whereas governmental and insurance regulations, with their associated penalties for mistakes in compliance, produce a need for more skilled business administration practices than most doctors are able to provide.

It is less clear why hospital organizations have contributed significantly to increasing costs of health care. Here one would expect that economies of scale and skilled business administration practices would both be practicable. But these have not been forthcoming and an analysis of why this is so is clearly appropriate. One factor is likely to be the more vigorous prosecution of malpractice lawsuits that has occurred over the past few decades, and here the analysis must focus on the question of *justice in the legal system*. Again, simply because something is legal does not mean it is just. Neither health care providers nor lawyers nor insurers nor patients nor juries have clean hands in this aspect of the issue, and this can be traced in part to an absence of civic (deontological) ethics practiced in the system as a whole and in part to inadequate public education in preparing citizens for jury duty.

Similarly, an analysis of the causes of widespread shortages of doctors in this country is needed. It is mere college-freshman-level economics to recognize that where a shortage of supply exists, there also will prevail a higher cost for procuring these services. Again, it would be a groundless supposition to presume the root cause here is exclusively "greed" or that the shortage is the result of some well organized conspiracy – although it would also be rash and naive to presume self-interested combination plays no role whatsoever.

Health care is an industry, and a vital one by virtue of its intimate connection with the general welfare of the Republic. It is also an industry that today feeds off the insurance industry and is fed upon by the legal industry. This economic system operates under the Industrial Revolution paradigm of uncivic free enterprise, and it should surprise no one that neither personal nor public health welfare is adequately served in such a Darwinian economic environment. Yet, as much and perhaps even more than any other special industry, the health care industry is directly and intimately connected to the core social compact of a Republic. Its special role as the servicing enterprise of health welfare bestows upon this sector of the general economy an equally special merited attention from government at all levels because this is where government's duty to the Sovereign in promoting the general welfare comes to one of its most immediate points of application to the social compact.

If careful and professional analysis should eventually find that the health care industry is, for this reason, of such a special character that its underlying economic system must be distinct from other industries, it would be just for the Sovereign to demand – and government to establish – whatever changes in this system are required to promote the *general* welfare. There is utterly no reason to hold that an economic model founded on shipping tea from India to England is so sacred economically that it cannot be touched. There *are* no sacred economic models. In ancient China, it is said, all healthy people of a village made regular payments to the village doctor; when someone fell ill or was injured, he stopped paying the doctor, and the doctor would come and treat him. Upon recovery, the now-former patient would resume making his regular payments to the doctor. There is some wisdom in this model: (1) it squarely sets the economics of health care in line with the purpose of health welfare; (2) it squarely fixes the *prime* objective on *preventing* suffering rather than *alleviating* suffering; and (3) it extracts a penalty (reduction of revenue) from the provider when the objective is not met.

This treatise does not present this as a proposal for health care reform, but merely *as an illustration* that paradigms can always be found that better center the character of an industry upon its relationship to the social compact. It was stated earlier that the social compact brings on a duty by each citizen to alienate part of his stock of goods to the public stock for purposes of health welfare; taxes are one way to do this, but this is not to say that public revenue must necessarily flow through central government agencies first. For health care reform to work, reforms must be based on social science with civic

morality, and not on the loudest voices of faction or sacred cow principles incompatible with civil liberty and justice.

§ 4.2 Public Safety

Promotion of public safety welfare shows a history of uneven effectiveness. The examples of agencies of government dealing with safety welfare with which most people are most familiar include the various divisions of the police, fire departments, units of the National Guard in the several states, the Federal Bureau of Investigation (FBI), and, to a lesser extent, the Federal Emergency Management Administration (FEMA). There are also volunteer non-government relief agencies in existence such as the Red Cross. In the great majority of cases, these agencies are responsible, effective, and carry out their duties with exemplary civic ethics.

Yet there are also numerous documented cases where agents of the police, the fire department, or the FBI have acted unjustly and oppressively against citizens. Incidents of violence during the civil rights movement of the 1960s, such as those in Birmingham and Selma, can serve as illustrations of this. So also can incidents where agencies have purposely exposed suspects to deliberate and unjust civil pressures by such tactics as using the press to impugn and assassinate the character and reputation of the individual. A disgraceful criminal example of this occurred in the case of Richard Jewell during the investigation of the 1996 Centennial Olympic Park bombing in Atlanta. The severity of the breach of the social compact that occurs when agents of public safety themselves become civic criminals, and the deep-rooted damage it does to the Republic itself, are so obvious we need not spend more time discussing it in this treatise. Let it suffice to say the tenet of means is a categorical imperative and any deliberate act by an agent of government that contradicts it is nothing else than a crime against the Republic regardless of whatever legal statutes may be on the books.

One important issue of public safety is the issue of how the body politic and its agents are to respond to the presence of outlaws and criminals within the geographic communities of the political community. Of these two groups, the case of the self-declared outlaw is less fundamentally menacing to the Republic because a self-declared outlaw has put the community on notice that he stands outside the social compact. Nonetheless, he poses a potential danger to the personal safety and well-being of individual citizens and, under terms of the Social Contract, he therefore also poses a potential danger to public safety. What must be clearly understood, however, is that the relationship between the outlaw and the political community is reciprocal. The outlaw chooses to live in the state of nature; the political community rejects the state of nature in exchange for the civil state. There is no objectively valid concept of justice or injustice in relations between the outlaw and the civil state. The outlaw is granted no civil liberties nor any civil protections by the political community, just as he recognizes no

civil liberties and provides through his actions no civil protection of the citizens. The civil community may choose to tolerate his presence within its geographical community, or it may choose not to do so. The single thing the civil community is ethically bound to do, under deontological ethics, is this: if the outlaw should choose to renounce his outlaw status and enter into the social compact, the political community cannot deny him this choice for any reason under the categorical tenet of means.

The situation is different for the criminal. Here we have the individual who has committed an actual and *deliberate* breach of the Social Contract through some culpable action. (We must emphasize here the distinction between criminal action and that which is merely a moral fault). By the culpable action, the criminal has forfeited *all* his civil liberties and *all* his protections. The political community might choose to allow the criminal to re-enter into the compact after whatever retribution or punishment it chooses to impose on him for his action, *but it is under no duty to do so*.

Here it must be said that Kant's analysis of punishment and clemency in *Die Metaphysik der Sitten* is flawed. Kant attempted to introduce a distinction between a private crime and a public crime, but such distinctions as he proposed fail to take into account the understanding of terms by which each citizen enters into the Social Contract. The body politic is bound by obligation to safeguard and protect each and every citizen, and a crime committed against one is therefore a crime committed against all. The only room for distinction here does not lie with the *deed* but rather with *the justness of the law that has been violated*. Violation of an unjust law is not a crime because the unjust law is itself uncivic and a violation of the social compact. Civic duty requires obedience to *just* laws; it requires civil *disobedience* to unjust ones. One can hardly put it more clearly than to say *no crime is committed if the deed violates an unjust law*. Here is another case where the mandate for general welfare is linked to another fundamental objective of government, namely the objective to establish *justice*.

There is no one single prescription for specifics as to how the political community is to deal with outlaws and criminals. The social compact goes no further than to require civil consent by all associates of the community's actions it chooses to prescribe *by law*. It is a fact and will remain a fact into the foreseeable future that most people judge right and wrong according to ideas arising from either consequentialist or virtuous ethics. One person might oppose any use of a death penalty for any reason; another person might, with equal sincerity, hold that the community should not consume its stock of public goods to imprison criminals and that capital punishment or exile is an appropriate retribution for *every* major felony (murder, robbery, rape, embezzlement, &etc.). These are issues of retribution and punishment that the community must sort out for itself in deciding what is *acceptable* to *all* its members. What is acceptable at one time in history may well become unacceptable at a later time. What is not at issue, however, is the total forfeiture of all civil liberties and protections by the criminal and the outlaw. Again, there are no such things as justice or injustice in the state of nature.

Safety, in the context of our discussion here, means the quality or condition of being protected from danger, injury, or damage. Its context takes in physical safety as well as security for one's civil liberties and the stock of goods one possesses rightfully. As one example of a current controversy over public safety welfare, we can look briefly at the contentious issue of gun control. Debate over how far government is authorized to restrict private ownership of firearms tends to center upon interpretation of the Second Amendment,

A well-regulated militia being necessary to the security of a free State, the right of the people to keep and bear arms shall not be infringed.

In the Revolutionary era every state had its own militia, differing from state to state in how that militia was organized and formed. In some states, every able-bodied man above some specified age was required to serve in the militia; in others the militia was made up of volunteers who enlisted for a specific length of service. In others, a system of conscription in response to dangers or emergencies was used. The original American militia were not national guard units, although some present day national guard units grew out of an original state militia (e.g. the 182nd Infantry of Massachusetts, which grew out of the Middlesex county militia regiment, first formed in 1636).

Militia units were, from the very beginning, the citizen-soldiers of the state governments. When the U.S. Constitution was ratified, the state militia were also liable to being called into the service of the United States as a whole. Today the militia is legally divided into the organized militia, which is better known as the National Guard and the Naval Militia, and the unorganized (or reserve) militia. Title 10, section 311 of the United States Code states:

The militia of the United States consists of all able-bodied males at least 17 years of age and, except as provided in section 313 of title 32, under 45 years of age who are, or who have made a declaration of intent to become, citizens of the United States and of female citizens of the United States who are members of the National Guard.

The gun control debate has become one of whether or not a distinct and categorical "right to keep and bear arms" is what was intended by Congress when the Bill of Rights was originally passed in 1789, or whether the Amendment is qualified by a condition, namely the condition of facilitating the forming and calling up of the unorganized militia.

There is a vast difference between the muzzle loading muskets and rifles of 1789 and modern fire-arms technology. Time and technology have made the issue of gun control a legitimate question and, as well, has made the appropriateness and applicability of the Second Amendment questionable. Three things, however, are clear. The first is that complete non-regulation of rightfully possessing firearms is in conflict with the objective of promoting public safety welfare. The second is: whatever else was intended by the Second Amendment, the overthrow of the government was *never* part of this intent;

those who argue for the categorical interpretation of the Second Amendment on this ground argue baselessly. The militia, from its very inception, was and is in service to State. The third is: the Second Amendment does not and was not intended to override the prerogative of state *and local* governments *either* to grant or to limit rightful possession of firearms. For example, the Vermont Constitution of 1777 states: "That the people have a right to bear arms for the defense of themselves and the state . . ."

The proper perspective from which the gun control controversy must be viewed is the civic question: What are the proper limitations of *rightful possession* of firearms *consistent with the public safety welfare* of the citizens of the Republic? Self defense is a legitimate purpose for rightful private possession of firearms because no person alienates his natural right to defend himself from injury to his person or property. Most people likewise hold that hunting and sporting usages are legitimate purposes as well, as is gun collecting for hobby purposes. But a great many people also hold that it is contrary to public safety to permit those individuals suffering from or under treatment for some forms of mental illness, e.g. schizophrenia, to rightfully possess firearms, and there is great merit in that argument too. Vigilantes, similarly, have no rightful standing within the social compact.

This much is apodictic: rightful possession of firearms is subject to alienations of natural liberty in the interests of public safety under the terms of the Social Contract. It is not an infringement of civil liberty to require conditions and licenses defining just terms of rightful possession of firearms any more than it is to require conditions and licenses for operating motor vehicles. Ideologues and propagandists who argue for *no* restrictions or limitations to rightful possession of firearms stand on no civic moral ground; these arguments are outlaw.

§ 4.3 Public Education

This treatise promotes no specific solutions or measures for the various applications to which the civic objective of promoting the general welfare applies. It may perhaps already be apparent to the reader why this is so. The core principle of *just* government, in determining what government may and may not do in service of meeting this duty, is founded upon civic morality. It would be a clear and obvious falsehood to claim that deontological civic morality – which alone can achieve universal and objective validity in its tenets – is understood by the vast majority of citizens today. One immediate consequence of this is that the political community has no shared objective common understanding of the duties of either government or the individual citizen. Indeed, there are many entitlement citizens who do not acknowledge that they personally owe *any* duties whatsoever to the larger community. These are the outlaws among us who expect succor from others but give none in return.

It was explained earlier in this treatise that government will affect the civic morality of its people through its actions *whether it intends to or not*. Its effects can easily be as much to the detriment of the

republic as to its benefit. The general welfare of the republic, and even the sustainability of the republic itself, is utterly and completely dependent upon its citizens having adequate knowledge and understanding: that one *assumes obligation* in making the social compact; of the *personal duties* these imply and, equally; *of what is necessary for the just and competent function of government at all levels within the political community*. It is equally necessary for agents of government to have not merely an adequate but a *higher* degree of understanding of these same. Agents of government must possess *superior* civic moral leadership skills. In *Representative Government* Mill wrote,

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

We may consider, then, as one criterion of the goodness of government, the degree in which it tends to increase the sum of good qualities in the governed, collectively and individually; since, besides that their well-being is the sole object of government, their good qualities supply the moving force which works the machinery [of government]. . . The judicial system being given, the goodness of the administration of justice is in the compound ratio of the worth of the men composing the tribunals, and the worth of the public opinion which influences or controls them. But all the difference between a good and a bad system of judicature lies in the contrivances adopted for bringing whatever moral and intellectual worth exists in the community to bear upon the administration of justice, and making it duly operative on the results.

Vocational education, whether it be in the trades, crafts, or the professions, is one obvious benefit of public education, which we will here understand to mean education from early childhood through all levels of college. Indeed, such an education is essential for the promotion of general economic welfare. But vocational education, necessary and beneficial as it is, is not sufficient all by itself for the promotion of the general welfare or, indeed, for any of the other five objectives of government and the viability of the social compact. Beyond this, liberal education, *at all levels of schooling*, is crucial and necessary for the continued existence of a nation of free people. Chapter 10 elaborates on this.

It is popular today for various spokesmen to say, "Our most urgent national need in the schools is better education in science, technology, and mathematics," with the understanding that better education in reading and writing is propaedeutic to better education in these. This might be one of our most urgent immediate needs – although it also might not be – but it is not *the* most urgent need. Across the spectrum there is a high level of dissatisfaction with government – general, state, and local – that has become so chronic that many people go so far as to take this dissatisfaction for granted. Your author is old enough to be able to remember and compare attitudes toward government and our system as it was half a century ago with what it is today; there is a pronounced and deep difference.

But this widespread sense of dissatisfaction is merely a symptom. *Our most urgent national need is for much better civics education* – that is, *good citizenship education*. This is the educational backbone for "promoting the virtue and excellence of the people themselves." It requires education in Western civilization so as to teach people how we came to be the people we are, what the crucial and essential problems on the road to republican government were, and how these problems were overcome. It requires education of the duties of citizenship and the nature of the social compact. It requires a holistic understanding of the intricacies of the various aspects of a modern society – those of justice, of economics, of political science, of psychology, and of moral philosophy – as much as and even more than mere specialized technical knowledge in one vocational field of enterprise. It requires, in other words, the education of *how to be a free individual in a civil community of free individuals*. And this is nothing else than what liberal education *means*. Here "liberal" stands for *liberty*.

Without this basis for understanding our common cause as fellow citizens in the Republic, our civil freedom is doomed to eventual extinction and the great majority are doomed to eventual subjugation under the heel of despotism. It has in recent years become popular among, especially, right-wing ideologues to dismiss higher education (that is, college education) as nothing more than a mere private good. Only a small fraction of the people ever attend college, the propaganda goes, and therefore there is no reason why the great body of people as a whole should be made to support institutions of higher education with their tax dollars. Rather, it is argued, higher education should be placed entirely in private hands and made to compete in the free market just like any other business. Let us clearly see this propaganda for what it is: *a criminal recipe for the destruction of the Republic and the enslavement of its people*. Some of these ideologues argue out of simple ignorance; not themselves understanding civic morality, human nature, economics, or the conditions for a free society, these ignorant ideologues *unintentionally* strive for the collapse and ruin of the American Republic.

Public education, including higher education, *is the single greatest public good*. Without it there can be no public welfare, only conflicts of private interests in a state of nature. Without it there can be no political union, only the subjugation of a great Toynbee proletariat until the revolutions come. Without it there can be no justice, only the Darwinian law of the common jungle. Without it there can be no civil liberty, only a vicious struggle for subsistence among outlaws. Without it there can be no common defense because disintegration leaves nothing common to defend. Without it there can be no domestic tranquility, only interludes of calm between eruptions of communal warfare. The ever-mounting campaign against public education, which is being carried on at all levels, is the most pernicious and treasonous form of political activism, the most un-American of all political activism, and it infects the body politic of the American Republic today as a deadly plague.

Yet there is much that is far from perfect in our system of education today. This is not correctable

by resort to the Friedman myth – the self-contradictory supposition that reversion to a state of nature is a prescriptive medicine for prevention of reversion to a state of nature. Privatization of the system of public education will cause the utter and complete collapse of representative government and the utter destruction of the American Republic. It is necessary to repair and improve public education, in service of the promotion of the general welfare of the nation, not abolish it. This is a duty of government at all levels – general, state, and local – and not merely any one of these levels by itself.

This repair and improvement – vital to the well-being of the nation – will not be accomplished easily or quickly. There is more than a century of damage to repair. It begins with Eliot's catastrophic experiment in education speciation in the dawn of the twentieth century and continues through the decay and death of liberal education in this country. Speciation enveloped all the social sciences and rendered them feeble and impotent. Speciation ravaged and murdered civic morality in the body politic. Speciation deprived teachers and scholars of the lessons of history, from which we learn the capacity for erecting a *just* democracy, and by doing so it robbed the following generations of this same vital knowledge. Speciation helped propagandists tighten the skeleton claw of "Adam Smith's invisible hand" around the throat of liberty with justice for all. Speciation paved the way for despots and demagogues to attack government of the people by the people for the people.

We have no liberal education in America today because there are none to teach it, save only some few and scattered educators found primarily within the nation's military academies, a few tiny colleges, and here and there among those rare individuals who took it upon themselves to educate themselves. We have no liberal education because the teachers of philosophy have permitted their scholarly field to become impractical and impotent in its relationship to the political community at large. We have no liberal education because the teachers of political science have not taught the science of government and substituted the trade of political careerism. We have no liberal education because the teachers of economics have allowed their scholarship to become Platonic and remote from human nature. We have no liberal education because the teachers of history have denuded the lessons of history of their meaning and consequences for deontological civic morality in civilization.

The point causes of our present crisis in education are legion and entangle every aspect of practical civilized life. Liberal public education is the essential aliment for the life of a republic. Government at every level has utterly failed in its duty to promote the general welfare in the sphere of education welfare to the depletion of our national intellectual stock. The redress of *this* situation is our most urgent national education welfare need. We must undo speciation and systematically remake education into *the practical doctrine of living in freedom*. Cicero wrote (*De Re Publica* III. III-IV),

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, whether it was discovered by

men who had had actual experience with various kinds of States, or was developed through the quiet study of these same learned men – 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 very often done in the past, an almost incredible and divine virtue. But if anyone has believed . . . that learning and a richer knowledge should be added to those faculties which the mind possesses by nature and has acquired by experience in public affairs, then everyone ought to consider a man who combines these attainments superior to all others. 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? . . .

And if we consider how many praiseworthy commonwealths exist now and have existed in the past, and remember that the establishment of a State which is stable enough to endure for ages requires by far the highest intellectual powers that nature can produce, what a multitude of great geniuses there must have been, even if we suppose that every such State possessed only one!

§ 5. The Objectives of Reformation to Promote the General Welfare

Other than in matters concerning interstate commerce, the Supreme Court has ruled that the general government does not presently have the constitutional authority to redress grievances by intervention for the general economic welfare in curbing the outlaw character of commercial enterprises. For example, Congress twice tried to outlaw child labor in factories (1916 and again in 1919), once by prohibiting interstate transport of products from factories where child labor was used and a second time by imposing an additional tax on incomes of employers who made use of underage child labor. Both laws were interpreted by the Court as being attempts to regulate manufacture (rather than, as they were disingenuously claimed to be by Congress, interstate commerce or tax bills) and were ruled unconstitutional (*Hammer v. Dagenhart* and *Bailey v. Drexel Furniture Company*). These rulings were followed by some subsequent agitation for a constitutional amendment granting Congress the power to prohibit child labor, but this agitation was *ad hoc* and did not meet with any success.

Ideology tends to sway the interpretive license the Supreme Court is willing or not willing to grant to laws meant to promote the general welfare. This is reflected when a particular court – e.g. "the Warren Court" or "the Burger Court" or "the Rehnquist Court" – is characterized as liberal, moderate, or conservative. The ideology of the Court tends to come into the public spotlight more often over issues pertaining to promoting the general welfare than over any other kind of legal issue. It is hard to see this as anything other than a natural consequence of the fact that the Constitution provided no explicit direction or mechanism in regard to the mandate of the general government to promote the general welfare. History, however, amply demonstrates the importance of this constitutional issue. The **purpose of the reformation** is thus: *to improve the ability of government to meet its objective of promoting the general welfare.*

From this we come at once to the prime objective of the reformation: *the prime objective of reform in meeting the general objective of promoting the general welfare is to provide mechanisms for insuring good citizenship in the conduct of all aspects of life in the political community in all*

matters affecting the general welfare. As discussed earlier, the issue of general welfare can be viewed in terms of those faculties of each person *enlisted for the stock of general public property* through association in the Social Contract. These faculties included:

1. the person's physical power, which subsists in the physical capacities of his body;
2. the person's intellectual power, which subsists in his knowledge, intelligence, and judgment;
3. the person's tangible power, which subsists in his stock of tangible goods; and
4. the person's persuasive power, which subsists in his ability to communicate his thoughts and ideas to other persons (leadership abilities).

That which promotes and enhances these general faculties of the individual likewise, when channeled into duties owed by each citizen to the community as a whole, promotes and enhances the general welfare of the nation. From this understanding of the source and nature of the general welfare, we come to the specific objectives of implementation.

Accordingly, the first objective of implementation is: ***to set up the necessary mechanisms to effect the promotion of public health welfare by insuring an adequate stock of health related goods for public consumption and ensuring unhindered access to this stock by every citizen in need.*** Specific legislative and/or regulatory actions taken by means of these mechanisms must deal with the various issues touched upon earlier, i.e., (1) ensuring adequate sources of public funding of health welfare by just and equitable means consistent with the terms of the Social Contract; (2) ensuring the adequate promotion of civic economic enterprise resources providing for the servicing of health welfare; (3) ensuring adequate and unrestricted access to the public health welfare resources by every citizen *at need*; and (4) ensuring that the stock of public goods designated for the promotion of general health welfare are consumed *only* for that purpose.

The second objective of implementation is: ***to set up the necessary mechanisms to effect the promotion of public education welfare by establishing and maintaining a system of public liberal education for the purpose of teaching and promoting the understanding of civic morality and the duties of citizenship under the Social Contract to every citizen of the republic.*** Without the explicit understanding of the nature of the political community and the duties required by it of every citizen, the well-being and even the existence of the American Republic cannot be sustained. The specific tasks that must be accomplished through the mechanisms of the second objective are daunting because the stock of intellectual goods needed for the endeavor to succeed are nearly bankrupt. We must, first, find a way to educate those who will teach; we must, second, undo the catastrophic paradigm of speciation in education; third, we must make this education universal throughout the political community; fourth, we must recruit the national corps of agents-educator.

The third objective of implementation is: ***to set up the necessary mechanisms to effect the***

promotion of public economic welfare through elimination of uncivic contract enterprise and its replacement by the establishment of civic community enterprise. We must not and cannot tolerate the continued existence of outlaw enterprise communities within the body politic nor permit a monarchical or oligarchic paradigm to hold sway in economic enterprise. Rather, civic community enterprises must be made to adhere to a *uniform code of civic conduct* by which recognition is given to the *whole* coalition of associates having an economic stake in a particular enterprise. This can be practically accomplished, as has been actually demonstrated by past successes such as the civic community enterprise of which David Packard was a co-founder. Such a code of conduct does call for the abolition of the dehumanized elements in so-called scientific management and for the refutation of the consequentialist fallacies attending the Friedman myth. None of this necessitates government management of private enterprise; the role of government is not that of managing any economic enterprise. The role of government is to enforce *civic practices* in the conduct, management, and operation of economic enterprises. Contract enterprise has demonstrated its unwillingness or its inability to regulate itself in this sphere, but the thorough-going practice of good corporate citizenship by every enterprise is necessary for sustaining the general welfare of the Republic.

The fourth objective of implementation is: ***to set up the necessary mechanisms to effect the promotion of public civic leadership welfare.*** Leadership is that intangible good invariably found subsisting somewhere in the very core of every successful enterprise carried out by groups of people. The phenomenon of leadership has been a riddle and a puzzle for centuries. Few agree upon how to define it; many think it cannot be taught but that it can be learned; none doubt that it exists in some way. Leadership, good or bad, makes all the difference there is in the success or failure of enterprises. It is not rare to find within human organizations the situation where the manager is not the true leader. Leadership has no granted title; the leader is the one who others *willingly* follow. Townsend wrote,

True leadership must be for the benefit of the followers, not the enrichment of the leaders. In combat, officers eat last. Most people in big companies today are administered, not led. They are treated as personnel, not people.

Something is happening to our country. We aren't producing leaders like we used to. A new chief executive officer today, exhausted by the climb to the peak, falls down on the mountaintop and goes to sleep.

Where are our corporate Ethan Allens and John Hancocks and Nathaniel Greenes, to say nothing of our George Washingtons, Ben Franklins, and Thomas Jeffersons? If we had to get the modern equivalent of our Founding Fathers together today, the first thing they'd do is hire Cresap, McCormick, and Paget to write the Constitution for them.

How do you spot a leader? They come in all ages, shapes, sizes, and conditions. Some are poor administrators, some are not overly bright. One clue: . . . the true leader can be recognized because, somehow or other, his people consistently turn in superior performances.

It might be true, as the old aphorism goes, that leaders are born, not made; on the other hand, there

is very good reason to think this is likely not true in many cases. By most historians' accounts, the young George Washington's performance as a twenty-two-year-old Colonial officer during the French and Indian War was anything but successful; yet the office of President of the United States was designed using him as its model. Cashman claims the essential characteristic of good personal leadership is "authentic influence that creates value." The fundamental qualities of leadership, he writes, are:

1. **Authenticity:** Well-developed self-awareness that openly faces strengths, vulnerabilities, and development challenges;
2. **Influences:** Meaningful communication that connects with people by reminding self and others what is genuinely important; and
3. **Value Creation:** Passion and inspiration to serve multiple constituencies – self, team, organization, world, family, community – to sustain performance and contribution over the long term.

If it is true, as Cashman and many others claim (including your author), that good leadership is a skill that can be developed, rather than an innate talent one must simply be born with, then promoting the development and institutionalism of enterprises for leadership development is an action holding the potential for enormous benefit for both the political community and its individual members. There already are, today, a number of organizations and enterprises in which leadership development is a clear focus of the enterprise. The commercial world contains several enterprises whose main offered product is leadership training. The cadet program of the Civil Air Patrol includes moral leadership training as a central focus in its educational activities. Many extracurricular activities in the public schools, such as athletics and other pupil/student activities, appear to develop leadership ability in at least some of the participants. There is a clear and fundamental distinction between *management* training and *leadership* education. Unfortunately, it is the former that historically has received most of the emphasis and the latter that has historically been largely neglected.

If leadership were a precious gem rather than an intangible good, societies throughout history would have to be said to have depended upon stumbling upon it by accident rather than deliberately mining for it. Being unable to fix a price tag to leadership, our investment in this intangible asset has been lacking. Aristotle noted (*Politics*, Bk. V),

But of all the things which I have mentioned, that which most contributes to the permanence of constitutions is the adaptation of education to the form of government, and yet in our own day this principle is universally neglected. The best laws, though sanctioned by every citizen of the state, will be of no avail unless the young are trained by habits and education in the spirit of the constitution . . . men should not think it slavery to live according to the rule of the constitution; for it is their salvation.

So, too, it is with civic moral leadership throughout the sphere of the general welfare of the Republic. A leader leads the followers to either good or ill effects. We must produce leaders who do the first.

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