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**THE
HENRY
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**HENRY GEORGE: MOTIVATING
THE MANAGERIAL MIND**

by
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HENRY GEORGE: MOTIVATING THE MANAGERIAL MIND

by

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Introduction

The chief purpose of this essay is to demonstrate how Henry George's writings provide a perceptual framework for widening the horizons of executives in the realm of multidisciplinary thinking and heightening managerial consciousness of the corporation's external universe. More specifically I hope to show how the insights of George have potential application for executives in focusing on systems theory and social ecology, two conceptual diagnostic tools of modern management. Both these disciplines demand a generalist approach to institutional and social reality which George practiced in his thinking. Evidence of this dynamic interdisciplinary spirit in understanding the purpose of the human condition is expressed by him in the following statement: ". . . rendering the world intelligible which enables him to see the connections of things around him and the bearings of things above and beyond him; to live not merely in the present, but to pry into the past and forecast the future. . . ."1

As a formidable thinker in the humanities, George provides a different perspective for dealing with corporate and societal issues not found in the methodological business approach which dwells chiefly on the application of tools and techniques. For modern management George is also illuminating because he serves as an example of how one man sought to make sense of his own times. He forces managers to make assumptions about themselves and their surroundings. Although George was fiercely opinionated, he was not dogmatic. Detesting the idea of producing intellectual clones, he fervently urged his readers to think things out for themselves.

So far from asking the reader to blindly follow me, I would urge him to accept no statement that he himself can doubt, and to adapt no conclusion untested by his own reason.²

The modern business scene is dominated by an antipathy toward the past. Relevance is too frequently dictated by the current income statement and balance sheet. Exclusive attention to the economic task has blinded many managements to other considerations related to the survival of the corporation. Common sense mandates that the corporation react to a total societal environment, not just to markets. The significance of the external world for many managements, however, is usually confined to reacting to the crises in the newspaper headlines. But business is no different than other social institutions, it does not operate in a historical vacuum. Because many contemporary problems and concerns have their roots in the past, comprehending the significance of the corporate world is impossible without regard to origins. George anticipated this wider view of the task of management, when he stated:

But industrial changes imply social changes and necessitate political changes. Progressive societies outgrow institutions as children outgrow clothes. Social progress always requires greater intelligence in the management of public affairs; but this is the more as progress is rapid and change is quicker.³

The tools and techniques of modern business play a crucial role in business performance but they are of little assistance in designing strategic vision and shaping the corporation's social purpose. When the claims of the past are ignored, the mechanics of business practice can have a tyrannizing effect on executive

imagination. The thoughts of the great thinkers of the past offer an untapped mine for understanding issues that have been encountered for ages by those leaders responsible for the conduct of organizations. George's insights provide a rich nugget for stimulating executive renewal and curiosity in dealing with the quality of life in modern times.

Charles Barker, regarded as the most esteemed of Henry George's many biographers, concluded that the intellectual heritage of George consisted of three interdependent categories of beliefs: namely, as a fiscal reformer emphasizing the single tax on land, as a political precursor of the Progressive Movement, and as a moral and intellectual thinker.⁴ In the popular mind, however, George's fame is predominantly associated with his controversial roles in economics and politics, but for the needs of modern management his strengths as a systems thinker and social ecologist are the realms of his greatest relevance.

Many critics contend that the single tax and his New York mayoralty campaigns reflect only a small part of what constitutes his greatness. According to Albert Nock, George regarded his fiscal remedy as a means to the more important end of a just society. Complaining that the emphasis on this putative economic tool diminished George's stature as a social philosopher, Nock stridently commented:

George the philosopher of freedom, George the exponent of individualism against statism, George the very best friend the capitalist ever had, George the architect of a society based on voluntary cooperation rather than enforced cooperation -- this George, the incomparable George, sank out of sight leaving only George the economic innovator, the author⁵ of a new and untried method of laying taxes.

Georgist enthusiasts argue that Nock's position is too extreme and that the land tax continues to have fiscal validity. It is not my intention to discuss the merits of the tax issues which continue to arouse controversy after a century of debate. In order to motivate the managerial mind to understand social complexity, my approach is to take a step back into the past and explore how a keen original mind attempted to improve his own environment. Moreover, it assumes that a great social philosopher offers executives the opportunity for intellectual renewal by developing critical intelligence without cynicism, promoting idealism without utopianism and fostering conviction without dogmatism.

Henry George amply qualifies for this role of intellectual stimulation. Indeed, if the noted American philosopher, John Dewey, is only partially correct, one questions the neglect of George in business literature. In paying tribute to George, Dewey wrote:

It would require less than the fingers of two hands to enumerate those who, from Plato down, rank with Henry George. . . . His clear intellectual insight into social conditions, his passionate feeling for the remediable ills from which humanity suffers, find their logical conclusion in his plans for liberating labour and capital from the shackles which now bind them. . . . No man, no graduate of a higher educational institution, has a right to regard himself as an educated man in social thought, unless he has some first hand acquaintance with the theoretical contribution of this great American thinker. . . . It is the thorough fusion of insight into actual facts and forces, with recognition of their bearing on what makes the human life worth living that constitutes Henry George one of the world's great social philosophers.⁶

Henry George's reputation in American history rests on his contributions as an economic thinker, fiscal reformer, and political activist. These features of his career have been exhaustively pursued by scholars in countless books and articles. His potential pertinence for modern management, however, has received no attention. It is my hope that this essay will fill an intellectual void by demonstrating that he provides insights for motivating the managerial mind; particularly in the areas of systems theory and social ecology.

Purposeful Vision and Systems Theory

In fulfilling its role as a professional leadership group, managements of business organizations face two major intellectual challenges. The first is the need to develop among executives in functional business disciplines a view that integrates their specialty with all other relevant disciplines toward the achievement of corporate purpose. The second is the requirement that executives comprehend in a meaningful pattern how external factors influence the survival of the enterprise.

These twin conceptual demands of relating how specialized functions (finance, marketing, production, public relations, innovation, etc.) contribute to the total purpose of organization and the critical relevance of external social forces shaping the destiny of the enterprise require a type of multidisciplinary thinking which is virtually non-existent in the codified knowledge found in management textbooks. In short, these operating realities call for the blending of executive vision and imagination within a variegated knowledge framework which in the past were considered tangential and residual to managerial performance. At present no acceptable approach exists for meeting these tasks facing modern management. It is, however, the hypothesis of this paper that exploring the way great thinkers grappled with the problems of their times may have an instructive impact.

A unique and distinctive vision of reality is the one common denominator which has enabled all the great social philosophers in the Western tradition to organize their thinking. In addition

to his panoramic vision, George is especially relevant for managerial needs because of his capacity to think holistically as a systems theorist and his ability to diagnose the dynamics of social ecology. Since the element of imagination plays a vital role in both these activities, before discussing any specific contributions it is in order to comment briefly on the character of his vision.

Kenneth Boulding, the Noble Laureate in economics, declared that Progress and Poverty is "the one book in economics that could be set to music."¹ A distinguished contemporary critic of George's era, John Jay Chapman, echoed in lyrical tones the poetic essence of his philosophical vision.

His is rapt. He is beyond reach of the human voice. He has a harp and is singing -- and this is the power of the book. It is preposterous. It is impossible. It is romance -- a rhapsody -- a vision -- at the long seeming end of a scientific discussion of rent, interest and wages -- (in which discussion of his destructive criticism of the other people must be admitted to be very strong -- conclusive -- but which leaves his own work subject to his own criticism). The burst of song, being the only lyric poetry of this commercial period is popular.²

George commenced his classic Progress and Poverty with a surrogate vision based on how a reincarnated Benjamin Franklin, the most brilliant technocrat of the eighteenth century, would have viewed the United States a century after its birth. After vividly and dramatically outlining countless technological innovations which would have startled the perceptive Franklin, he described how the founding father would probably have ecstatically visualized the human condition in the new industrial society of the late nineteenth century.

It would not have seemed like an inference; further than the vision went it would have seemed as though he saw; and his heart would have leaped and his nerves would have thrilled, as one who from the heights beholds just ahead of the thirst-stricken caravan the living gleam of rustling woods and the glint of laughing waters. Plainly, in the sight of the imagination, he would have beheld these new forces elevating society from its foundations, lifting the very poorest above the possibility of want, exempting the very lowest from anxiety for the material needs of life; he would have seen there slaves of the lamp of knowledge taking on themselves the traditional curse, these muscles of iron and sinews of steel making the poorest laborer's life a holiday, in which every high quality and noble impulse could have scope to grow.³

Meanwhile, in duly acknowledging the triumphs of capitalism and industrialism, objectivity prompted him to recognize that along with the flowers there were accompanying thorns which have been "engendered by progress itself."

The "tramp" comes with the locomotive, and almshouses and prisons are as surely the marks of "material progress" as are costly dwellings, rich warehouses and magnificent churches.⁴

On another occasion he made a more severe and extensive Dickensian indictment of the vulnerabilities of industrial society. Although George was a proponent of technology, he recognized that it was not without its social costs.

Every blow of the hammer, every stroke of the pick, every thrust of the shuttle, every throb of the steam engine, pay its tribute. It levies upon the earnings of the men who, deep underground, risk their lives, and of those who over white surges hang to reeling masts; it claims the just reward of the capitalist and the fruits of the inventor's patient effort; it takes little children from play and from school, and compels them to work before their bones are hard or their muscles firm; it robs the shivering of warmth; the hungry, of food; the sick of medicine; the anxious of

peace. It debases, and embrutes, and embitters. It crowds families of eight and ten into a single squalid room; it herds like swine agricultural gangs of boys and girls; it fills the gin palace and the groggery with those who have no comfort in their homes; it makes lads who might be useful men candidates for prisons and penitentiaries; it fills brothels with girls who might have known the pure joy of motherhood; it sends greed and all evil passions prowling through society as hard winter drives the wolves to the abodes of men; it darkens faith in the human soul, and across the reflection of a just and merciful creator draws the veil of a hard, and blind, cruel fate!

The voluminous research on George's career confirms that many of his social and economic themes, including the single tax, were previously discussed by other writers. What is astonishing about George's perception of reality, however, was that it was singularly his own. Prior literary thinkers had little influence on him. Subsequently, he cited Adam Smith, Thomas Jefferson, the Physiocrats, among others, for reinforcement of his views, but George was an original thinker. Writing without benefit of academic credentials, this self-educated scholar dissected reality by diagnosing his immediate surroundings into a comprehensive social philosophy.

The question of George's vision of society raises the question of exactly what he saw. He perceived, articulated, and conceptualized the fabric of a democratic society based on harmony, justice, and human dignity. Among the concepts enabling him to see so much in weaving his pattern of systems thinking were the following: ability to diagnose the whole out of factual fragmentation, sensitivity to the external events of organizations and their institutional impacts, awareness of the

fundamental question of corporate legitimacy, appreciation of the interaction of continuity and change, capacity to cross fertilize many academic disciplines into a meaningful configuration, competency in converting problems of social complexity into pragmatic relevance, recognition of the need to balance material and spiritual values and his emphasis on hope and decency in ameliorating social problems. Many critics have taken issue with his arguments and remedies, but his artistic gifts of analysis and synthesis are indisputable.

Artistry, the application of imagination to a professional discipline, is unteachable but learnable. Exploring the intellectual labors of a great artist such as George will not guarantee the development of imaginative conceptual thinking, but it can improve it by contributing to a greater appreciation of the role vision plays in understanding managerial purpose and responsibility. George's writings reflect a pattern of holistic thinking which provide illuminating intellectual rewards for any executive sampling them. To cite a specific example, he is particularly relevant in motivating the managerial mind on the significance of corporate mission.

The vision of corporate identity, its purpose and mission (the commitments to what an organization believe in and hopes to achieve) is the foundation of performance in all successful institutions. The ability of management to divine itself with reasonable clarity so that the objectives of the organization can be implemented is also the one great common denominator of all

successful businesses. Unfortunately, according to the findings of management scholars, this conceptual competency is more the exception than the rule.

In order to relate diverse knowledge into a harmonious whole, George realized that the overriding question for organizational effectiveness was "what was the thing intended to do?"⁶ Accordingly, he argued it was impossible to understand a society or institution without addressing the role of purpose as the "master key." He asked: "What is it for? What is its purpose or intent? -- is the master key that enables us to turn the locks that hide nature's mysteries."⁷

Without a consideration of purpose in the human condition, humanity is condemned to act aimlessly, taking a random walk through life. Maintaining that the world must "observe what is the superstructure of things before it observes what is of the foundation,"⁸ George insisted it was necessary to explore the rational of phenomena to get at the essence.

Thus, whether civilized or uncivilized, man is compelled, of mental necessity to look for cause beneath the phenomena that he begins really to consider, and no matter what intermediate cause he may find, cannot be content until he reaches will and finds or assumes intent.⁹

George provides us with a cogent and terse explanation of the critical role of purpose in comprehending any complex system.

To understand a complex machine, the best way is first to see what is the beginning and what the end of its movements, leaving details until we have mastered its general idea and comprehended its purpose. In this way we most easily see the relation of the parts to each

other and to the object of the whole, and readily come to understand to the minutest movements and appliances what without the clue of intention might have hopelessly perplexed us.¹⁰

Controversy with Economists

George's debates with the professional economists illustrate his focus on systems thinking by demonstrating his efforts to blend a specific discipline into a meaningful pattern. Despite its many merits, the publication of Progress and Poverty failed to receive a respectable hearing from the academic community. In addition to being uncomfortable with George's social remedies, the professional economists were further distraught because they felt his economic analysis had violated the scientific canons of their discipline by incorporating literature from other fields of study. When they could no longer ignore him because of his increased popularity, professional economists resorted to ad hominem criticism and attacked his lack of educational credentials.

As an autodidact of considerable scope and range of learning, George had contempt for the snobbish arrogance of academics who paraded their degrees as badges of knowledge excellence but who were divorced from the real world. Believing that intellectuals confused potential with performance and contending that the academic atmosphere was a poor substitute for experience, he wrote:

Education is not the learning of facts, it is the development and training of mental powers. All this array of professors, all this paraphernalia of learning, cannot educate a man. They can but help him to educate

himself. Here you may obtain tools; but they will be useful to him who can use them. A monkey with a microscope, a mule packing a library, are fit ambitions of the men -- and, unfortunately there are plenty -- who pass through the whole educational machinery, and come out learned fools, crammed with knowledge which they cannot use -- all the more pitiable, all the more contemptible, all the more in the way of real progress, because they pass with themselves and others, as educated men.¹¹

George was a solid supporter of capitalism and the competitive market system. He objected, however, to the parochial philosophic premises upon which the discipline of utilitarian economics was based. In suggesting a systems or organic approach to the study of economics, he took exception to the conventional wisdom because it postulates separated economics and ethics, divorced mind and matter, emphasized the economic part at the expense of the social whole, neglected the elements of social interaction, sacrificed change for the worship of continuity, and stressed quantitative measurement of knowledge but ignored the qualitative.

In short, George complained of the futility of understanding society exclusively through the filters of a single academic discipline, economics in this case. Such a focus could only produce a closed system of myopic conceptualization. He concluded that economics was too important a subject to be left in the hands of economists.

Yet, if political economy be the one science that cannot be left to specialists, the one science of which it is needful for all to know something, it is also the science which the ordinary man may most easily study.¹²

Unlike the professional economists who considered their discipline as the prime reality, George visualized it as only part of reality. He considered economics a science in the sense that it was a codified body of knowledge with tested principles. At the same time, he believed that unless the economic discipline is nourished by imagination, which involves factoring in experience and other forms of knowledge relevant to social issues, it will disintegrate into fossilized pedantry. George's background as an editor and political reformer forced him to consider the need of translating and implementing knowledge into effectiveness. Consequently, in order to achieve results it was necessary to wed the spirit of purposeful unity with the diversity of many knowledges.

According to George, members of the economic fraternity failed to create a satisfactory vision of the whole and were incapable of meeting the test of fusing their knowledge into a meaningful social configuration. Moreover, insisting that fragmentary vision assured misdiagnosis, improper remedies, and ineffective implementation, he noted: "Until there be correct thought, there cannot be correct action; and when there is correct thought, right action will follow."¹³

Undoubtedly, this variation of perceptual purposes between him and the vast majority of professional economists has contributed to his general neglect in academe. There were exceptions, however, including the eminent Joseph Schumpeter who singled George out as a first-rate economist.¹⁴ Parenthetically,

in comparison with Keynes, Schumpeter's popularity suffered because of his multidisciplinary approach, which had many structural similarities with George.

Managerial Illiteracy

As technology advances there is an inevitable tendency for knowledge to breed more knowledge in all the specialized functions of the corporation. The exponential growth of knowledge produces increased business fragmentation, making it difficult for executives to relate their disciplines to their peers in other sectors of the organization. The world of modern organizational life with its plethora of necessary experts is not conducive to producing interdepartmental harmony and vision of the whole. Managers are promoted according to their performance in specialized areas. As a result they are ill-prepared for conceptual thinking when they advance to higher levels in the corporate hierarchy.

A condition of managerial illiteracy results when business reality is viewed from the lens of functional specialization. The root of managerial illiteracy is a lack of vision, the inability of specialized experts to apply imagination in making their knowledge effective. Too few executives are aware of the artistic demands of their disciplines and the need to apply generalization to their professional disciplines. This is a classic example of the old adage reflecting misdirected focus in which some people have their noses to the grindstone and others their eyes on the stars.

Because business reality is frequently interpreted according to the dictates of departmental concerns, a myopic pattern of the business emerges. For example, financial analysts are mesmerized by the mystique of the bottom line, ignoring the fact that if profitability is not balanced with other corporate objectives it is only a numerical abstraction. Marketing specialists extol sales volume as a panacea for business success, neglecting to identify products and services in the revenue stream that are not earning the cost of capital. Personnel directors are enthralled by motivational techniques, disregarding achievement and contribution to economic results. Scientists in research laboratories seek personal satisfaction in challenging the frontiers of knowledge in their esoteric specialties, forgetting that the purpose of business innovation is to implement the corporate mission through customer satisfaction. Management scientists consider the computer an omnipotent tool of decision making but confuse statistical validity with corporate relevance. Public relations specialists measure their performance quantitatively by the number of publicity releases, but omit the search to justify corporate legitimacy and business contribution to the quality of life. Economists proudly proclaim their economic projections but assume that technological innovation will fall automatically like manna from heaven. Production engineers display a passionate concern for technological excellence, but confuse elegance with quality when cost considerations and customer utility are misdiagnosed. Lawyers exhibit a negative posture in preaching exclusively what should not be done, a stance which undermines and enervates entrepreneurial thinking. The above description

is purposely oversimplified but it reflects the warning of the paleontologist, Teilhard de Chardin, that "specialization paralyzes, and ultra specialization kills."

Vision, the ability to interconnect specialized functions into a meaningful contribution to the whole, is the foundation of managerial leadership and literacy. Without a clear set of organizational objectives, managing for effective results becomes an exercise in futility. As an ecumenical thinker, George is instructive because he saw that problems did not fit into neat discernible units. Although he was aware of the importance of specialized knowledge, in his mental model of the universe, his work always emerged whole and integrated.

George as a Systems Thinker

Systems theory is a diagnostic technique currently used by managers to focus on the relationships of specialized business functions with the purpose or mission of the firm. Recognizing the growing unmanageability and irrelevance of knowledge in isolation, a whole host of scholars in virtually every academic area preached the need for a holistic approach. The economist who pioneered the systems methodology was Kenneth Boulding. He argued that everything that interacts in a configuration must be studied as a whole. Admitting that no theory or discipline can capture the whole of reality, he considered systems theory the most feasible approach for dealing with elements of change and complexity encountered by modern organizations.¹⁵

As a methodology for integrating the diversity of the parts with the unity of the whole, systems theory infers that, in essence, there is no such thing as an isolated financial, marketing, production, public relations, or research decision, there is only a total business decision relating to the performance of the whole. Ideally the systems approach to the business enlarges the vision of specialists because of its emphasis on total business results and not just departmental outcomes. In short, according to the premises of systems theory, the whole does not equal the sum of the parts; but because of harmonious interaction and interdependence the whole is greater than the sum of the parts. Executives wishing to discard the tunnel vision of specialization and to replace it with a vision of broader purpose will find the writings of George illuminating in this regard. The truncated editings cited in this essay do scant justice to his brilliant vision. The message, however, is unambiguous; human affairs and social surroundings are unintelligible unless the vision of purpose is made clear.

As noted in his controversy with economists, little question exists that George supported the synergistic features of the systems approach. He used the biological metaphor of the human body to illustrate his reasoning. Noting that the various parts and sub-systems of the organism operated separately in an autonomous fashion, it was only possible to determine purpose through the body's governing function -- the brain. In discussing the relationship of the parts to the whole he noted:

The higher the stage of social development,
the more society resembles those higher

organisms in which functions and powers are specialized, and each member is vitally dependent on the others.¹⁶

George was consciously aware of the irreversible dynamics and increasing complexity of knowledge in an industrial society. "Mental power is," he asserted, "the motor of progress . . . the mental power which is devoted to the extension of power, the improvement of methods, and the betterment of social conditions."¹⁷ He was also acutely aware of the danger of misdirected and uncoordinated information which could inhibit a meaningful synthesis, thereby blurring any clear vision in the pursuit of purpose. In addressing this point of information overload, he said:

So, too, of knowledge, the body of which constantly tends to become vaster than one man can grasp, and is separated into different parts, which different individuals acquire and pursue.¹⁸

According to George, it was in man's ability to conceptualize and generalize about the purpose of the whole that the human animal demonstrated his superiority over the other species. He insisted: "Were man only an animal he would be an inferior animal." Viewing man as more than an economic and political animal, he contended it was impossible to understand him outside his cultural milieu. "But man is more than an individual. He is also a social animal, formed and adapted to live and cooperate with his fellows. It is in this line of social development that the great increase in man's knowledge and powers take place."¹⁹

In effect George was a systems thinker before the term became popular as a method of dealing with the problem of relating unity in diversity. His organic thinking is succinctly conveyed in the following passage:

Society is an organism, not a machine. It can live only by the individual life of its parts. And in the free and natural development of all the parts will be secured the harmony of the whole.²⁰

As George indicated, the establishing of clear purpose, based on what an institution plans to contribute to society, is the key to organizational results, without its implementation of objectives is futile. The mission of any organization is a top management task, which in the case of a business means responding in a meaningful fashion to such questions as: What is the business? What will the business be? and What should the business be? At the same time it is a myth to consider strategic planning a super function of top management alone. Regardless of the brilliance of any corporate mission statement, the responsibility for translating it into performance resides with all the operating managers and professionals within the organization.

As opposed to competent administrators, outstanding managers will always be in short supply. The ingredient that distinguishes excellent managers from the routine ones is the ability to convert their functional specialties into total corporate results. Rather than depending on some elite staff corps, they utilize a systems approach by applying their specialized tools and techniques to corporate purpose. George was a virtuoso in

systems thinking who displayed an artistry of relating the parts to the whole, but always within the framework of a clear purpose. Using George as an intellectual model of systems theory is one method of developing this managerial conceptual skill for those who lack it and of reinforcing it for those who possess it.

Social Ecology

Beset with unprecedented social demands, surrounded with unfamiliar cultural problems, confronted with a world of incessant turmoil and turbulence, the managers of current corporate America are encountering external pressures that would challenge the wisdom of philosopher kings. The luxury of concentrating exclusively on the task of economic performance is no longer a feasible alternative for modern management.

Because society has placed new demands on the corporation, managers, whether they like it or not, must integrate into their institutional mission a concern with the quality of life. Among some of the specific issues management must cope with are: acceleration of social expectations, technological impacts, government regulations, pressures from consumer groups, structural unemployment, foreign competition, demographic upheavals, decline of the central cities, negative externalities of air, water, and noise pollution and the problems of operating in an economy of global interdependence. It belabors the obvious to assert that corporate external circumstances require more than casual attention and passive reaction from management. Because it is impossible to escape these social explosions, any management ignoring them runs the risk of extinction.

The reality of the enterprise's external significance has received increased attention from corporate leadership. For example, Reginald Jones, former chairman of General Electric, declared that understanding social forces is "no longer a spectator sport." He added that in the decade of the eighties

executives "will swim with the same ease and aplomb that we swam in the functional waters of management, finance, manufacturing, engineering and public relations."¹ Jones' pleas for the inclusion of the outside environment as a survival function of the firm is a correct diagnosis. He clearly recognizes the contradiction of a healthy corporation in a sick society and that management is a leadership group by virtue of its status and power.

On the questions of implementation and methodology, however, Jones is understandably silent. He fails to address the question of how modern managements can cope with the stresses and strains surrounding them, given the limitations of their knowledge in social affairs. The task of comprehending the social and economic forces of the business presents a monumental challenge. In attempting to conduct a systematic social audit of the business, an executive will inevitably encounter such difficulties as: recognizing the dynamics and uncertainties of change, overcoming the legacy of academic fragmentation and the atomized view of subject matter, reconciling the reality of meaningful knowledge with the overabundance of information, probing the role of outside stimuli on corporate decision making and identifying critical social issues within a framework of conceptual purpose.

In emphasizing the role of leadership in public affairs, Voltaire remarked that "he who misunderstands his age carries with him all the misfortunes of his age." Unfortunately, neither Voltaire nor anyone else has provided a satisfactory approach for comprehending the dynamics and complexities of a society.

Although a methodology is lacking, it is possible to sketch the interdependent specifications for organizing our thinking about the environment. For example, in any list of specifications at least three organizing priorities stand out prominently.

First, the identification of key social issues and the assemblage of appropriate information pertaining to them must be geared to the mission of the enterprise. For example, when everything is relevant nothing is relevant; therefore, each corporation must identify and focus on the specific problems affecting its institutional survival. Second, the approach to social problems requires a multidisciplinary attitude. In short, because it is impossible to isolate the problems encountered by organizations within the framework of any single discipline, specialized knowledge requires supplementation from other intellectual fields. Third, in coping with the outside demand of business, managers must focus on preparing themselves for a new type of responsible self-development emphasizing such intangible and qualitative factors as: the stimulation of curiosity beyond functional business issues, the arousal of the powers of observation by reading in several disciplines, and sharpening the skills of imagination and communication in order to act as a generalized specialist.

Enumerating the specifications for understanding a confusing outside world of turbulence presents a challenge of such magnitude that no educational program exists to satisfy them. An approach that approximates the outlined specifications, however, is the discipline of social ecology. The first to coin the term

and give it credence in management literature was Peter Drucker, although he frankly admitted it was an approach and not the approach.²

In general, social ecology is the study of the reciprocal relationship between institutions and the social, economic, cultural, and political issues they encounter in the pursuit of their objectives. More specifically, it is a methodology for defining a particular problem affecting corporate survival. The problem then will determine the variety of knowledges required for a solution. It bears a close intellectual kinship and resemblance to systems theory in that it assumes no single academic discipline can capture the reality and totality of a given societal issue. Emphasizing that everything that interacts and impacts on a designated problem requires study as a holistic unit, social ecology is essentially a multidisciplinary approach which contends that although people may be experts in a particular discipline -- the social problem is never specialized.

Describing the characteristics of social ecology is a simpler task than the one of implementation. Given the departmentalized and fragmented nature of academic disciplines in colleges and universities and the route of functional specialization as the usual ladder of promotion in the business world, the acquisition of a "generalized mind set" (an essential for social ecology) is the exception rather than the rule for most executives, based on previous education and experience. Most managers expend a tremendous amount of time, effort, and energy searching for personal success and improving professional skills. Because economic performance is still the predominant

responsibility of managers, these are commendable goals. At the same time, exclusive concentration on them is an invitation to cultural illiteracy. Moreover, functional business competencies are pragmatically useless in addressing changing mores and social policy issues which require a synthesis of many specialized knowledges outside the field of business.

It is possible to muster persuasive arguments confirming that the multidisciplinary approach of social ecology is unteachable. Granted, the task of integrating diverse knowledge into a unified whole is a formidable one. But it is also possible to argue that social ecology is learnable by mature individuals willing to assume the responsibility and commitment necessary for their own intellectual self-development.

More specifically, it is the hypothesis of this essay that reflecting on the ideas of a category of great writers provides an avenue for obtaining a firmer grasp of social ecology. An intellectual retreat into the past permits a study of great issues and intractable problems divorced from the passions headlined in the daily papers. It goes without saying, but better with saying, that one of the underlying lessons of history is that improved knowledge of the past offers a clearer and deeper perspective of the present. Moreover, managers who are ignorant of the past are apt to see nothing unusual in the present.

Walter Bagehot, an eminent Victorian who combined the talents of banking and literary criticism, maintained that two categories of great writing exist. The first genre concentrates on a single theme, analyzing it in great depth. The second he

labels as a "ubiquitous" genre which "aims at describing the whole of human life, in all its spheres, with all its varied aspects, aims and objects."³

According to Bagehot, both groups have made important contributions to our understanding of civilization, but the latter category is more distinctive and in shorter supply. In effect, his use of the term "ubiquitous" for great writers is synonymous with social ecology. Although the term social ecology is a novel one for describing an inchoate discipline, the concept is an old one. As opposed to the specialists, the generalists who practiced social ecology in the past had the facility to incorporate diverse knowledges into a meaningful vision of the whole in dealing with the timeless topics of historical experience. Included on any select roster of models of social ecology were such original thinkers as: Plato, Aristotle, Shakespeare, Tolstoy, Dickens, and De Toqueville, to cite a few.

Henry George qualifies for membership in this distinguished intellectual group of social ecologists. In interpreting the human condition, he was acutely aware of the significance of the environment, which he labeled "the influence of the social net"⁴ on institutional activities. He also contended that with increased economic development, leadership groups had to accept the responsibility of greater civic virtue. He stated that ". . . the progress of civilization necessitates the giving of greater and greater attention to public affairs."⁵

John Dewey's description of George as a "pragmatic idealist"⁶ was based on his ability to liberalize his specialty of economics and to make more relevant his idealism. In addition to being, as noted by Joseph Schumpeter and others, a first rate self-trained professional economist, he recognized that economic description alone was inadequate in capturing the reality of events. He clearly recognized that once a problem was identified it could not be understood in isolation and that it was myopic to classify social issues by labeling them political, economic, religious, legal, or sociological. Defining the problem was the first step in George's approach to social ecology. The problem then determines the variety of knowledges required for a possible solution. No reader of George can ignore his methodology of fusing his central theme of progress and poverty with countless references from history, anthropology, religion, political theory, philosophy, and sociology, thereby, enriching his analysis against the canvas of his cultural environment.

A brief sample of his approach to social ecology with its focus on interaction and interdependence of cultural life is conveyed in the following passage.

That each society, small or great, necessarily weaves for itself a web of knowledge, beliefs, customs, languages, tastes, institutions and laws. Into this web, woven by each society, or rather these webs, for each community above the simplest is made of minor societies, which overlap and interlace with each other whereby the individual is received at birth and continues until death. This is the matrix in which the mind unfolds and from which it takes its stamp.

George is relevant to modern executives because his works constitute a clinical case study in social ecology of a thinker constructively committed to improving his society. As a model he is also pertinent because he was not only a thinker but a doer, a fact which should make him more congenial to businesspeople who are currently facing, either directly or indirectly, many of the same issues he discussed. As a practicing reformer and politician he offers insights into such themes as: ethical dilemmas of the business creed, vulnerabilities of the competitive market system, strengths and weaknesses of the democratic process, impact of technology, treatment of society's indigent, questions of social justice, the role of money as a motivator, conflicts of political pluralism, limitations of economic theory, fragility of urban and industrial life, the need to make power legitimate and accountable, and the significance of spiritual values.

It is obviously impossible for the average person to match the range and scope of George as a thinker. It is possible, however, to enter his mind through his writings. It also allows serious readers to formulate and share his vision within their own frames of reference, enlarge their own perceptions of social reality, examine their own values, and renew their personal developments. At the very least, a study of his ideas reinforces the notion that an insular and parochial financial view of corporate purpose has no place in the perspective of today's managers.

Social Darwinism

A clearer understanding of George's role as a social ecologist emerges if we view him against the prevailing intellectual climate of opinion of his times. It was his disillusionment and disenchantment with contemporary ideas that served as the frame of reference and rationale of his social analysis.

The dominant ideology of the late nineteenth century was Social Darwinism. Herbert Spencer, the English social philosopher, was the originator of its key tenet, "survival of the fittest," which promised not only progress in the biological world but also in the realms of economics and politics. Spencer's philosophy produced a broad intellectual consensus in the United States, receiving vociferous endorsement from the majority of academics, businessmen, clergy, economists, and journalists.

According to the popular dictates of Social Darwinism, economic success was a symbol of superior biological assets and divine providence, whereas poverty was a sign of individual incompetency and moral deficiency. Given the assumption that the current property and economic systems were providentially and biologically inspired, it was considered the height of folly to tamper with their social imperfections. Labor and social reform, therefore, were looked upon as artificial impediments which would disrupt the harmony of God's natural laws.

In short, the Social Darwinists ethically stressed what they deemed the ultimate good over the proximate good. This view was succinctly stated by its leading American advocate, William

Graham Sumner: "If we do not like the survival of the fittest we have only one alternative -- the survival of the unfittest."⁸ The existence of the predatory plutocracy in the midst of abject poverty and pervasive social abuses was rationally justified on the grounds that the ameliorating of conditions might admittedly benefit certain impoverished individuals in the short run, but in the long run it would weaken the successful evolution of humanity as a species. The cruel implication of Social Darwinism was that if people were made miserable enough they would vanish from the social scene.

George concluded that Social Darwinism was morally reprehensible, biologically fallacious, economically irrational, politically unacceptable, sociologically repugnant, and religiously bankrupt. Although he candidly admitted the strengths of the competitive economic system for its contribution to material progress, he took exception to the "get rich quick" and the "devil take the hindmost" attitudes which he considered crass and vulgar.

The vulgar expression of progress is, I think, very much the view taken by the money maker of the courses of the uneven distribution of wealth. His theory, if he has one, usually is, that there is plenty of money to be made by those who have the will and ability, and that it is ignorance, or idleness, or extravagance, that makes the difference between the rich and the poor.⁹

Moreover, he argued that the realities emanating from the materialism of Social Darwinism distorted the spiritual heritage of Western Civilization. Labeling Herbert Spencer "the pope of agnostics,"¹⁰ he claimed his philosophy promoted a divisive maldistribution of wealth, engendered a class of selfish and

irresponsible industrial oligarchs, contributed to the waste of physical and human resources, eliminated the role of social cooperation and destroyed the equality of opportunity inherent in the American Dream.

Dissatisfied with the grim and mechanistic tenets of "survival of the fittest," George felt compelled to replace it with a more analytical portrayal of the operation of society. In his search for a more meaningful and hopeful conceptual center to organize his knowledge around, he selected the interaction of "progress and poverty," the theme which became the chief focus of his social ecology.

George as a Social Ecologist

A volume exceeding the purpose of this essay is necessary to do George justice as a social ecologist. Consideration of space restraints compels a concentration in a few selected areas. I shall focus on three main factors -- the phenomena of change and continuity, the dilemma of achievement versus equality, and social responsibility.

Modern day businesspeople are no strangers to change, they encounter it at every turn. Sophisticated technology, unsatisfied consumer wants, demographic shifts, industrial and structural mutations, new forms of international competition, novel marketing techniques, escalating aspirations of the workforce -- all testify to the phenomenon of change. Coping with an ephemeral environment of impermanence is more the norm than continuity in today's world of business.

George was sensitively attuned to an environment of explosive industrial growth which was characterized by him as one of incessant flux and motion. His interest in social dynamics extended beyond the witnessing and recording of events, he distinguished himself from the typical social commentator of his period by his efforts to form a conceptual pattern of change and innovation.

Change and Continuity

In his consideration of change, George emphasized its irreversibility. Accordingly, he asserted that no amount of magic could reverse the trend toward the increased size and

complexity of society and its institutions. Constantly applying the biological metaphor, he insisted that the conversion of a man back into a boy or the reversion of an industrial cartel into a small business unit was a physical and economic impossibility. He characterized this intrinsic irreversible characteristic of the new industrial society as follows: "A civilization like ours must either advance or go back; it cannot stand still."¹

George diligently pursued a search for an organized pattern in the phenomenon of change. Essentially he saw it as an organic process in which all viable social institutions were concomitantly products and producers of change. In their societal interaction, institutions simultaneously altered themselves and created new social realities. In short, he viewed society as an energy exchange system in which each institution in its input-output relationship with the environment converted internal effort into productive social results.

In his analysis of the interdependence of inside and outside social trends, George accorded critical importance to external environmental forces, considering them the stimuli for decision making and the locus of results for any institution. On this point, he emphasized that "knowing the relation of outside things was essential."² According to George, businesspeople played a major role as catalysts of change by converting external opportunities into economic results. More specifically, they played the role of silent social revolutionaries in the advance of progress. "And commerce, which is in itself a form of association, operates to promote civilization."³

At the same time, George also recognized that the economic and technological achievements produced by business leaders undermined permanence and created new realities and problems which in turn demanded new responses. In this regard he suggested that most business leaders were radicals in economics but failed to consider the impacts of their achievements on the quality of life. He also believed that business leaders were almost totally unaware that their activities were creating a new form of society. On the neglect of business leaders seeing the social and personal result of their handiwork, he stated: "And while all about us, even what seems most firmest, is in constant change and motion, so it is with ourselves."⁴

Although George was a firm supporter of economic and technological change, he refused to subscribe to the notion advanced by the philosophers of the Enlightenment, Marxists, and other socialists that progress was linear, uninterrupted, and inevitable. Denying the inevitability of any dialectic, he considered all theories based on ideological determinism as mindless. George resisted all orthodoxies; being individualist to the core, he was his own man. In his social philosophy, the individual was of supreme importance in the historical process and not an appendage of any predetermined economic substructure. The claims of predictability associated with all deterministic philosophies of change he found were basically fallacious. "The earth," he argued "is the tomb of dead empires no less than dead men."⁵

His rejection of determinism, however, did not deter his search for a configuration in the dynamics of change. His study of ancient civilizations convinced him that instead of inevitable progress there was also the probability of disintegration. He concluded the fossilization of former societies should serve as a warning against the hubris and mindless optimism of present industrialized civilization and its institutions. Based on his analysis, he offered the following cyclical pattern of change. "Every civilization that the world has yet seen has had its period of vigorous growth, of arrest and stagnation, of decline and fall."⁶

One key to his interpretation was the interaction between growth and decay. All societies and institutions show a drift toward entropy, that is, a tendency for the system to run down unless counteracted by positive responses. For George, however, it was this basic fact, that the future was uncertain and unformed, which allowed it to be shaped to some extent by responsible individual action. In coping with institutional or social entropy, George pictured an inevitable conflict between continuity and change. Central to his analysis in this hypothesis was the critical role played by knowledge in reducing uncertainty. Visualizing mental energy as the instrument of change, he saw the application of knowledge as the essential feature in adapting to new social mutations.

Mental power is, therefore, the motor of progress and men tend to advance in proportion to their mental power expended in progression -- the mental power which is devoted to the extension of knowledge, the improvement of methods, and the betterment of social conditions.⁷

George frowned upon the chauvinistically popular doctrine of his day that technology was a reflection of the racial and nationalistic superiority of Western society. Instead, he viewed technological knowledge as a force as old as history by which humans supplemented their biological inferiority through the artificial means of tool-making. The modern West represented only the latest stage in the process of growth which was the result of a storehouse of technological knowledge constructed over the centuries.

We of modern civilization are raised far above those who have preceded us and those of the less advanced nations who are our contemporaries. But it is because we stand on a pyramid, not that we are taller. What the centuries have done for us is not to increase our stature, but to build up a structure on which we may plant our feet.

He added: "Human progress goes on as the advances made by one generation are in this way secured as the common property of the next for new advances."⁹ At the same time he recognized that current knowledge had to be continually renewed for the perpetuation of progress. The defense of the status quo by living off the mental capital of past knowledge meant that all creative energies would be directed toward "maintenance" of steady state organizations. He stated: "By maintenance I mean, not only the support of existence, but the keeping up of social conditions and the holdings of advances already gained."¹⁰

In short, the commitment to continuity alone will ultimately enervate human and physical resources leading to social inertia and institutional disintegration. George warned that the

incapacity to shift from the traditional status quo to a new transitional stage of organizational development would have dire results.

It is in this way that petrification succeeds progress. The advance of inequality necessarily brings improvements to a halt, and as it still persists or provokes unavailing reactions, draws even upon mental power necessary for maintenance, and retrogression begins.¹¹

The Georgist configuration of social development centering on the concept of knowledge and intertwined with the conflict of change and continuity transcended the linear approach of mechanistic adaptation and reaction to external events. Unlike the professional economists who envisaged their economic models within the framework of equilibrium, George stressed that the flux and motion of events produced a condition of dynamic social disequilibrium in the stages of either growth or decay. These insights compelled George to examine a challenge familiar to all businesspeople, the concept of innovation, or the systematic management of change.

Innovation

The prerogative of permanence is a privilege not granted to any business institution in an enterprise economy. With the exception of monopoly capitalists, George saw that success could be undermined by changes in consumer tastes, competitive inroads, and new technologies. Leaders in business organizations, therefore, were faced with the pivotal problem of dealing with the management of change. In short, what does the successful organization do for an encore? George recognized that risk was

invoked when a company committed resources to new opportunities, but he also saw that the greatest risk of all in a competitive market system was the risk of doing nothing. In pointing out the need for businesses to assume the critical task of innovation, he perceptively remarked: "To adjust our institutions to growing needs and changing conditions is the task which devolves upon us. . . . There is danger in reckless change, but the greater danger is blind conservatism."¹²

Anticipating Joseph Schumpeter's celebrated concept of "creative destruction," George contended that capitalism was doomed to stagnancy unless businesses practiced purposefully planned change. At the same time, he was fully aware of the obstacles in the way of managing change in an organized fashion. In addressing the problem, he recognized the powerful claims of the past in any organization which deflected energies toward the defense of yesterday and obscured the vision of tomorrow. He claimed the deadening heritage of the past manifested itself in many ways, particularly in the continued tendency to support policies that had relevance when initially introduced but because of changing circumstances had become ineffective. Indicating that in the pursuit of innovation, traditional knowledge served as a handicap rather than an asset, he stated:

There are two qualities of human nature which it will be well, however, to call to mind. The one is the power of habit -- the tendency to do things in the same way; the other is the possibility of mental and moral deterioration. The effect of the first in social development is to continue habits, customs, laws and methods, long after they have lost their original usefulness, and the effect of the

other is to permit the growth of institutions and modes of thought from which the normal perceptions of men instinctively revolt.¹³

In describing the perceptual difficulty that all organizations have in shifting from a traditional to a transitional stage of development, George pointed out how conservatives tended to co-opt the efforts of innovators by refusing to admit the obsolescence of the old knowledge. He described how executives are inclined to defend the old steady state equilibrium:

This tendency to resist innovation, even though it be improvement, is observable in every special organization -- in religion, in law, in medicine, in science, in trade guilds; and it becomes intense just as the organization is closed. A closed corporation has always an instinctive dislike of innovation and innovators, which is but the expression of an instinctive fear that change may tend to throw down the barriers which hedge it in from the common herd, and so rob it of importance and power; and it is always disposed to guard carefully its special knowledge and skill.¹⁴

George did not provide answers for innovation, but nobody can argue that he failed to anticipate that the fundamental strength of capitalism resided in its capacity to move resources through systematic abandonment from less productive to more productive results. Volumes have subsequently been written on innovations which have improved our knowledge of the subject. At the same time, because of the intrinsic uncertainty inherent in the task of innovation, it remains an elusive discipline. We do know, however, that in advancing the concept of innovation, George was describing one of the common denominators of all successful business organizations.

George diligently pursued a search for an organized pattern in the phenomenon of change. Essentially he saw it as an organic process in which all viable social institutions were concomitantly creatures and creators of change. In their societal interaction, institutions simultaneously altered themselves and created new social realities as a result of successful performance. But George also stressed that in a competitive enterprise system nothing fails like success. Because success was ephemeral the best way to avoid complacency was through the practice of innovation; that is, managing change systematically by continually meeting the unmet needs of the consumer.

Achievement versus Equality

"The association of progress with poverty," George exclaimed, "is the great enigma of the times." Viewing society in Dickensian terms, he tried to make sense out of the dichotomy of the modern industrial world as both the best of times and the worst of times.

George was not, of course, the first to probe poverty in the midst of economic growth. In her pioneering study, The Idea of Poverty,¹ Gertrude Himmelfarb traced the heated debates on this social question in nineteenth century Britain. As for the United States, however, the historians Charles and Mary Beard credit George as the first thinker to dramatize the poverty issue as a social problem, noting that Progress and Poverty was "the first approach to a critical diagnosis that made a rift in American complacency. . . . Through countless channels George's ideas filtered into various types of American thought, helping to make the country at least dimly aware of the social problem."²

In addressing his central theme of progress and poverty, his writings provide a clinical case study in implementing the principles of social ecology. Against the background of affluence and want, few academic disciplines escape his attention.

In his analysis he includes such topics as: demography, ethics, immigration, tariffs, education, urban planning, political reform, to cite a few. In focusing on multiple social

forces, however, he never loses sight of his main concern, which was to explain the persistence of poverty in the midst of expanding affluence.

Moreover, interspersed with his treatment of all these social trends, he depicts the presence of dilemmas and suggests the need for tradeoffs in resolving them in the interest of commonweal. George weaves into his social fabric the threads of such social dilemmas as: liberty versus license, pluralism versus community, immigration versus a vanishing frontier, legality versus equity, social responsibility versus self-interest, among many others.

The social dilemma of achievement versus equality, which plays a central role in George's social ecology, has perhaps the greatest significance for modern managers in gaining a perspective on their own social surroundings. Although George is almost a century removed from today's environment, the corporation as the main trustee of economic resources is expected to reconcile this dilemma by creating wealth and jobs, making work meaningful for employees, contributing to the quality of life and providing the avenue for an acceptable standard of living. The economic and social health of society depends in large measure on how the corporation responds to the achievement versus equality dilemma. Posing the problem in starker terms, it exposes the potential institutional contradictions of having a healthy corporation in a sick society. In short, it is a legitimacy test by which the corporation derives its institutional consent and authority from society. For what society bestows it can also take away, if an organization fails

in its main purpose of making a social contribution. With respect to the poverty side of the coin, this institutional challenge was alluded to by Samuel Johnson, when he said: "A decent provision for the poor is the true test of civilization."

Given George's broad and comprehensive treatment of the dilemma of achievement versus equality, for the sake of convenience I have separated his analysis into three major categories -- his perception of the dilemma, the role of expectations, and his examination of the various proposed remedies.

The Nature of the Dilemma

George visualized achievement and equality as the two intrinsic values of American civilization. Based on the historical tradition of the Protestant work ethic and the competitive nature of capitalism, successful individual achievement was a vital factor in the attainment of the American Dream. As an ardent Jeffersonian, he also devoutly subscribed to the central significance of equality promulgated in the Declaration of Independence. Despite his unrelenting endorsement of both values, he was conscious that in practice they were frequently contradictory rather than supportive. Commenting on the interplay between achievement and equality, George perceived a contradiction between these values when he stated: "Between democratic ideas and aristocratic adjustments of society there is an irreconcilable conflict. . . ."3

Because the two values contained the seeds of potential social conflict, George saw that when they operated at cross purposes the possibility for disharmony in the human condition arose. For example, he expressed concern that if the achievement drive resulting in accumulation and acquisition by the few were allowed to continue unchecked, it could dilute the value of equality by creating a concentration of plutocratic power threatening the democratic process and menacing economic growth.

For while the integration which accompanies social growth tends in itself to set free mental power to work improvement, there is, both with increase of numbers and with increase in complexity of the social organization, a counter tendency set up to the production of a state of inequality, which wastes mental power, and, as it increases, brings improvement to a halt.⁴

Moreover, if the opportunity for achievement were relegated to a small minority, the resulting inequalities would shred the bonds of society. Taking his cue from Aristotle on the importance of a strong middle class, George considered its absence as the chief cause of the downfall of civilization, when he asserted: "What has destroyed every previous civilization has been the tendency to unequal distribution of wealth and power."⁵

In order to avoid the drift toward inequality caused by irresponsible and mindless accumulation, the tendency toward maldistribution of wealth, George contended, required alteration of the environment in a positive fashion by the introduction of new social adjustment.

I do not mean that inequality is the necessary result of economic growth, but that it is the constant tendency of social growth, if

unaccompanied by changes in social adjustments which, in the new conditions that growth produces, will secure equality.⁶

In calling for social adjustments, George was not only concerned with economic amelioration. Accordingly, he maintained that only a community committed to the value of equality could tolerate various degrees of material inequality provided it accepted the dignity of the individual and was accompanied by social justice.

In expressing his support for the value of equality, George, however, rejected the appeals to egalitarianism and populist leveling advanced by a number of his contemporaries. Considering absolute equality a senseless goal, he said: "I do not mean to say that absolute equality could be had or would be desirable."⁷

In attempting to reconcile the achievement versus equality dilemma, he feared that if the pendulum swung too far in the direction of equality, it could threaten achievement, the wealth-creating capacity of society. Fearing that egalitarianism would kill the goose that laid the golden egg, he criticized those who claimed: "that the rich should be spoiled for the benefit of the poor, that the idle should be taken care of at the expense of the industrious and that a false and impossible equality be created."⁸

The most appropriate approach toward a balance between achievement and equality was to strive for a condition where everybody was rewarded according to contribution. He defined the ideal state in the following terms: "The ideal social state is

not that in which each gets an equal amount of wealth, but in which each gets in proportion to his contribution to the general stock."⁹

The Factor of Expectations

In intellectually wrestling with the contradictions inherent in the achievement-equality dilemma, George's thinking on the element of expectations factors is an additional dimension to the subject. According to George, the democratic social contract was erected on the promises of equal economic opportunity and equal political rights. As stimuli to political and economic status, expectations rendered vitality to the realization of both achievement and equality. In offering economic hope for material improvement and providing political identity, expectations served as the alternative to a stagnant society in which function and status were based on birth.

George's views on expectations pertained to the macro-economic, but his insights also illuminate the function of corporate marketing. Considering he was writing in a period of comparative economic scarcity, his comments on consumer aspirations anticipate many of the marketing concepts of mass consumption geared to an age of affluence. In recognizing the power of expectations as the catalyst of material fulfillment, George sensed the trend toward a consumeristic society when he stated that "new aspirations are quickening the masses."¹⁰

In contrast with the aristocratic European societies which reinforced privilege by perceiving luxury goods as a symbol of social superiority, George applauded the free market in a

democratic society for its ability to raise the standard of living by converting the luxuries of yesterday into the necessities of today. He alluded to this distinctive feature of the marketing process in the following terms: "Comforts, conveniences, luxuries that a little while ago wealth could not purchase, are now matters of ordinary use."¹¹

According to George, democracy and poverty were incompatible. He pictured the main task of business as the conversion of desires into economic results, the means for achieving middle-class fulfillment and the elimination of material inequality. Failure to achieve this goal of middle-class fulfillment would, according to George, exacerbate class conflict between "the haves" and "the have nots" and endanger the political and economic system. On this point, he warned: "So long as all the increased wealth which modern progress brings goes but to build up great fortunes, to increase luxury between the House of Have and the House of Want progress is not real and cannot be permanent."¹²

In George's view, expectations were neither static nor stagnant entities which assumed final forms. He saw them as part of an organic process characterized by stages of fulfillment. He implied, therefore, the need for constant marketing innovation, because businesspeople, in satisfying consumer wants, can never take the customer for granted. Describing the continuous process of the need for new satisfaction, he wrote:

The incentives to progress are the desires inherent in human nature -- the desire to gratify the wants of the animal nature, the wants of the intellectual nature, and the wants of the sympathetic nature, the desire to

be, to know, and to do -- desire that short of infinity can never be satisfied, as they grow by what they feed on.¹³

Although George was acutely aware that the materialistic pursuit of wealth was untrustworthy if divorced from idealism and social justice, he did not, however, consider it meretricious. Clearly recognizing its benefits as an antidote to impoverishment, he said:

As to the desire for wealth in the politico-economic sense as I have described it, there is nothing sordid or mean. Wealth, on the contrary, is a perfectly legitimate object of desire and effort.¹⁴

George's first-hand experience with Asiatic societies during his career as a sailor and his acquaintance with oriental philosophies convinced him of the futility of achieving economic performance within any system based on pure idealism. According to George, the quest for a nirvana which eliminated expectations condemned society to stagnancy and its people to poverty.

Without desire man could not exist, even in his animal frame of mind, and those Eastern philosophies, of which that of Schopenhauer is a western version, that teach that the wiseman should seek the extinction of all desire, also teach that such attainment would be the cessation of individual existence, which they hold in itself to be an evil. But in fact, as man develops, rising to a higher plane, his desires infallibly increase, if not in number at least in quality, becoming higher and broader in their end and aims.¹⁵

George perceptively anticipated a feature of expectations encountered daily by modern marketing specialists; namely, that once physical wants are satisfied consumer desires are shifted to "new vistas" in the psychological realm. In conveying the notion that consumers with excess disposable income purchase

psychological values rather than physical things per se, he stated:

Want might be banished, but desire would remain. Man is the unsatisfied animal. He has but begun to explore, and the universe lies before him. Each step that he takes opens new vistas and kindles new desires.¹⁶

Despite the paradox that materialistic values simultaneously fulfill and frustrate the individual, George considered it one of the risks of economic and political freedom. When he considered other alternatives he was convinced that no restraints should be imposed on the achievement drive of accumulation.

For my part, I would put no limit on acquisition. No matter how many million any man can get by methods which do not involve robbery of others -- they are his: let him have them. I would not even ask him for charity, or have it dinned into his ears that it is his duty to help the poor. That is his own affair. Let him do what he pleases with his own, without restriction and without suggestion.¹⁷

In projecting the shift from scarcity to affluence and the creation of a middle-class society, George detected a menacing potential for expectations to become excessive, exaggerated, and exponential. Noting the paradox in the fulfillment of rising expectations, he indicated "the potential for the human condition to become more intolerable, the more it is improved."¹⁸ In commenting on the escalating nature of material expectations, he advanced the concept of "relative deprivation." He hinted that despite an improvement in the standard of living the possibility existed that expectations could mutate into a demand for social entitlements. Consequently, in the incessant quest for "more and more" the possibility existed that the expectation of

instantaneous fulfillment would be substituted for the value of achievement, presenting the danger that society might live beyond its means. The current budgetary deficit is in large part a manifestation of the tendency of expectations to shift into entitlements. On this point he subtly warned:

All over the world the masses of men are becoming more and more dissatisfied with conditions which under their fathers would have been contented. It is in vain that they are told that their situation is much improved; it is in vain that it is pointed out to them that comforts, amusements, opportunities are within their reach that their fathers would not have dreamed of. The having got so much only leads them to ask why they should not have more. Desire grows by what it feeds on.¹⁹

As with all dilemmas George saw the need for trade-offs in order to attain a balance between achievement and equality. Without addressing the specifics, he urged the need for an equilibrium between materialism and idealism. At the same time, because of interplay of expectations in stimulating wants, he was never entirely comfortable with the outcome of his economic analysis. Consequently, in his quest for social justice he could never eliminate the ingredient of spiritual values from his intellectual universe. Permeating his economics are moral and ethical imperatives without which economic performance was an exercise in futility. George considered spiritual values as the pivotal factor in curbing unwarranted materialist expectations and cushioning irresponsible political promises in the name of equality. This aspect will be treated in more detail under social responsibility, but first a more mundane description of

how he viewed the remedies of his contemporaries in reconciling the achievement-equality dilemma.

Remedies

Throughout the history of Western Civilization the biblical injunction "ye have the poor always with you" was viewed as a tenacious tenet of the human condition. Today's intolerance of poverty makes it difficult to imagine that less than a century ago efforts to tamper with indigency in any systematic fashion was tantamount of defying the law of gravity. Pointing out the acceptance and entrenchment of poverty, George noted: "we are so accustomed to poverty that even in the most advanced countries we tend to regard it as the natural lot of the great masses of the people. . . ."20

Challenging the tradition that poverty was intrinsically ingrained into the pattern of social life, George took it as his personal mission to place the solution of the poverty problem on the reform agenda of the United States. Perhaps more than any other person he was responsible for raising the level of national consciousness on poverty and making it a subject of national debate. With regard to making it a subject of public controversy, it was characteristic of George to welcome differing views in addressing alternate solutions.

George was disappointed that economists avoided the issue of remedies by preaching the doctrine of self-interest, which for him was an effort to escape responsibility. He remarked: "Shortsighted is the philosophy which counts on self-interest as

master motive of human action. . . . It sees not the present and reads not the past aright."²¹ Moreover, when economists attacked his own proposals he repeatedly pleaded with them to suggest other alternatives. In exasperation, he denounced them for dwelling exclusively in describing the problem side of poverty but being intellectually bankrupt when it came to solutions. Concluding that the economists were unresponsive to the plight of the excluded and estranged in society, he examined the alternatives of those more sympathetic to the problem of the maldistribution of wealth.

The remedies proposed by his contemporaries for the removal of poverty shed light on George's social ecology in reconciling the dilemma of achievement and equality. Four main approaches were evaluated by George in his analysis -- government reform, socialism, trade unions, and philanthropy. Although he found them all personally objectionable, it must be noted that his disagreements were chiefly on the grounds of means rather than ends.

Government

In Charles Murray's recent book, Losing Ground, American Social Policy (1950-1980),²² the author concluded that Lyndon Johnson suffered a resounding defeat in his "War on Poverty," the most massive governmental assault on the problem in history. According to Murray, Johnson's Great Society programs not only failed to elevate the impoverished into middle-class status, but created a sub-culture of dependency which made them worse off than before.

The ineffective performance of government in battling poverty would not have surprised George. He objected to the methodology of transfer payments, whereby producers were compelled by the tax system to devote part of their income to non-producing recipients, as counter-productive for enhancing achievement and unacceptable in fostering equality. "It is the duty of the state," he declared, "to secure equality of rights and not the equality of profits."²³ In George's political theory, he not only objected to governmental interference in the distribution of wealth, but disapproved of political good intentions for improving human nature. He stated: "It is not the business of government to make men more virtuous or religious, or to preserve the fool from his folly."²⁴

Socialism

George exerted a profound influence on the international socialist movements of the late nineteenth century. His impact was particularly strong on the Fabian Society of Great Britain. Despite his close friendship with socialist leaders throughout the world and his deep sympathies with their goals, he was uncomfortable with the dogmatism of their ideology and found chimerical their blueprints for social harmony.

Acknowledging the idealism of the socialist dream, he believed it contained nightmarish implications with regard to implementation, because of its materialist premises, weak institutional foundations, denial of competition, and adversarial

politics. His general misgivings on the nature of socialism are expressed in the following passage.

We differ from the socialists in our diagnosis of the evil and we differ from them as to remedies. We have no fear of capital, regarding it as the natural hand maiden of labor; we look on interest in itself as natural and just; we should set no limit to accumulation, not impose on the rich any burden that is not equally placed on the poor; we see no evil in competition, but deem unrestricted competition to be as necessary to the health of the industrial and social organism as the free circulation of the blood is to the health of the bodily organism -- to be the agency whereby the fullest cooperation is to be secured. We would simply take for the community what belongs to the community, the value that attaches to land by the growth of the community; leaving sacredly to the individual all that belongs to the individual; and treating necessary monopolies as the functions of the state, absorb all the restrictions and prohibitions save those required for public health, safety, morale and convenience.²⁵

George argued that a managed economy was unequal to the task of regulating human affairs in a complex industrial society. In promising more than it could deliver socialism would inevitably lead to disappointments among the populace, making the cure worse than the disease. He tersely described "the fatal defect" of socialism as follows: "This is the fatal defect of all forms of socialism -- the reason for the fact, which all observation shows, that any attempt to carry conscious regulation and direction beyond the narrow sphere of social life in which it is necessary, inevitably works injury, hindering even what it is intended to help."²⁶

George's crusading zeal compelled him to agree with the socialists on the abuses of the industrial system, contributing

to popular myth that he was in the socialist camp. The evidence is clear, however, that he considered the socialist model unacceptable for promoting economic incentives and for removing social inequalities. According to George the architects of socialism had erected a flimsy economic edifice because they ignored the market test, slighted the entrepreneurial function, and sacrificed organic continuity for mindless change. He specifically spelled out that the system was a weak generator of wealth and an inefficient mechanism for investment and capital accumulation. In the final analysis socialism was an invitation to stagnancy because of its incapacity to abandon unproductive enterprises. Elaborating on these points, he remarked:

Of the investments of all kinds constantly being made under the equal sanction of the state some result in loss and some in gain. Supposing it is asked, "Why should not the state secure equally by compensating those who lose?"

The answer would be quick and clear. It is not the business of the state to secure investors from loss and it would be grossly unjust for it to attempt to do so. For this would be to compel those who made good investments to make up the losses of those who made bad ones. It would be to take from prudence and care their natural reward and make them bear the losses of recklessness and waste to punish forethought, to put a premium on ignorance and extravagance, and quickly to impoverish the richest community.²⁷

Trade Unions

George's relationship with the trade union movement was one of ambiguity. On the one hand, he was an ardent campaigner against poor working conditions, bowing to none in his compassion for the suffering of the laborer. He also relied on the union

vote as the core of his political support. At the same time, he ascribed serious defects to the union as a social institution and questioned its competency for ameliorating social and economic conditions. In his letter to Pope Leo XIII he granted the ability of the union to create short-term benefits, but for these advantages society had to pay a long-run cost. Considering it a Band-Aid but not a remedy, he stated: "What I wish to point out is that trade unionism, while it may be a partial palliative, is not a remedy; that it has not that moral character which could alone justify one in the position of your Holiness in urging it as a good in itself."²⁸

On another occasion, he was more specific in his reservations, indicating that in focusing on the immediate needs of a minority of workers, the trade union produced a false sense of achievement and equality.

Take trades-unionism. While within narrow lines trades-unionism promotes the idea of the mutuality of interests, and often helps raise courage and further political education, and while it has enabled limited bodies of working men to improve somewhat their condition, and gain, as it were, breathing space, yet it takes no note of the general causes that determine the conditions of labor, and strives for the elevation of only a small part of the great²⁹ body by means that cannot help the rest.

Essentially, he believed that the trade union shibboleth of "more and more" (higher wages, better fringe benefits, and shorter hours) was inconsistent with the demands of economic rationality. Because it contained the seeds of social irresponsibility, he viewed it as a negative institution, devoid of spiritual values and concerned only with its own parochial

needs. Destined to pursue its own self-interest and relegated to a role of opposition, he maintained:

Labor associations of the nature of trade guild unions are necessarily selfish; by the law of their being they must fight for their own hand, regardless of who is hurt; they ignore and must ignore the teaching of Christ that we would do to others as we would have them do to us, which a true political economy shows is the only way to full emancipation of the masses.³⁰

Philanthropy

George admired the spirit of charity but abominated the need for it. He applauded the generous sensibilities demonstrated by the private benefactors of his time, but also expressed indignation because philanthropy failed to address the deeper value of social justice. "Charity is indeed a noble and beautiful virtue," he asserted, "grateful to man and approved by God. But charity must be built on justice. It cannot supersede justice."³¹

George believed charity had unintended negative consequences when applied to the social problems of poverty. Instead of elevating the recipient, he felt philanthropy debased the individual by destroying incentives and created within the individual a sense of dependency tantamount to addiction. Questioning its validity as a mechanism for promoting achievement and equality, he remarked: "To learn to rely on charity is necessarily to lose the self-respect and independence necessary for self-reliance when the struggle is hard . . . charity has the effect of increasing the demand for charity, and it is an open

question whether public relief and private alms do not in this way do far more harm than good."³²

Living in an age of industrial moguls and robber barons, George had intellectual difficulties reconciling the ends of benevolence with the means of rapacious accumulation. Troubled by the moral question of the illegitimate acquisition of wealth which he thought was intrinsically corrupt, he insisted that philanthropy before it could be morally good must be preceded by justice. He emphasized this point when he stated: "That justice is the highest quality in the moral hierarchy I do not say; but that it is the first. . . . As the individual must be just before he can be truly generous, so must human society be based upon justice before it can be based upon benevolence."³³

The absence of social justice forced George, in a moment of personal disdain toward the philanthropists, to question their motives. Hinting that charity without justice was the tribute that vice paid to virtue, he said: "This is a hard word to the softly amiable philanthropists, who, to speak metaphorically, would like to get on the good side of God without angering the devil."³⁴

Resolving the Dilemma

In considering the solutions to the dilemma of achievement and equality proposed by the government welfare reformers, socialists, trade unionists, and philanthropists, George paid tribute to their intentions for improving society but considered their potential outcomes a mixed blessing. He found all the solutions paradoxically punitive rather than remedial. In one

form or another these alternative programs diluted the incentives for achievement and contributed nothing toward meaningful equality by creating a human condition of waste, profligacy, and idleness which would inevitably lead to the future disintegration of society.

Consequently, finding all the contemporary prescriptions unsatisfactory, George's celebrated tool for resolving the achievement versus equality dilemma was the single tax on land. The gist of his proposal was the taxing away of the unearned increment of land values. He never relented from the opinion that if capitalism were to overcome its vulnerabilities with regard to the maldistribution of wealth and meaningful social status, the land tax was the most appropriate fiscal measure. Whether or not the single tax on land is a sensible and effective instrument is a matter of debate. As a matter of record, George's fiscal remedy for over a century has been popularized, epitomized, politicized, analyzed, scrutinized, and criticized -- everything except actually realized.

Although the land tax is the chief source of George's fame, he always viewed it as a tool and not as a total remedy. Also central to him in resolving the dilemma was the goal of making the poor productive and creating a broad-based middle-class society. Suggesting the need for a credo of middle-class self-sufficiency, he said: "The more men need help, the less they can help themselves."³⁵

In order to facilitate the goal of making the poor productive, he urged employers to pay the workers what they were worth and to offer them the proper incentives. He wrote:

"Instead of lessening the incentive to the production of wealth I would make it more powerful by making the reward more certain."³⁶

Aside from his single tax, which was never implemented, George's emphasis on making the poor productive by pulling themselves up by their own bootstraps appears as a harsh and draconian remedy. George was, however, a most decent and compassionate man, whose whole life was dedicated to the creation of a just and harmonious society. It must be remembered that George interpreted the economic goal of making the poor productive and his fiscal reform of the single tax as the only means "to remove the causes that produce an unjust distribution of wealth."³⁷

From George's vantage point, economic tactics and fiscal reforms were necessary but insufficient in themselves. He considered them bloodless and their realization futile unless accompanied by social responsibility, spiritual values, and ethical considerations. According to George, these considerations were the sine qua non of all remedies: "All consideration of distribution involves the ethical principle; it is necessarily a consideration of ought or duty -- a consideration in which the idea of right or justice is from the very first involved."³⁸

Social Responsibility

In recent decades, corporate social responsibility, the issue of whether or not the enterprise has an accountability to society beyond its economic mission, has been a subject of intense intellectual controversy. Two polarized positions have emerged from the debate over the corporation's responsibility for improving the quality of life. In one camp there are supporters who argue that management, as a professional leadership elite, should undertake a conscious assault on social problems. A group of detractors maintain that business should stick to its mission of economic performance and leave the resolution of social issues to other societal organizations. In between the two extremes are a whole host of differing opinions. Despite the tons of ink poured on the subject, no consensus exists.

Based on his philosophy of combining technological advancement with social harmony and his belief in the need of incorporating spiritual values into the mission of the organization, George's sympathies would have been on the side of the proponents of corporate responsibility. In an era dominated by the ideology of Social Darwinism, discussion of corporate responsibility was tantamount to heresy, nevertheless, what George has to say on the subject may provide insights for the modern managers in understanding this thorny problem.

In order to obtain a sharper historical perspective and a firmer grasp of the issue of social responsibility, a few words on the early background of the movement are in order before analyzing George's views.

Throughout the last half of the nineteenth century any commercial concern with the improvement of the social environment was assumed to be the personal and private predilection of business philanthropists. This first serious intellectual discussion on the role of corporate social responsibility had its origin at the turn of the century. An interesting facet of its early roots was its distinctive international flavor. Among its chief pioneers were: the American, Theodore Vail; the Englishman, A. N. Whitehead; the Japanese, Elishi Shibusawa; and the German, Walter Rathenau.

Opposing the conventional wisdom of the times, all four pointed out the necessity of the corporation to demonstrate a concern for the quality of life beyond profit maximization. For example, Vail, the chief executive officer of AT&T, urged that the robber baron slogan of "the public be damned" be replaced with the philosophy of "the public be cultivated." Whitehead, a Harvard philosopher, preached the message to the new Harvard Business School "that a great civilization is one in which businessmen think highly of their obligations." Elishi Shibusawa, the greatest entrepreneur in Japanese history, focused on the need of business to undertake social duties, wanted to substitute the Confucian ethic for profit maximization, and argued for the elevation of the common good over personal gain.

It was the German industrial magnate, Rathenau, who provided the most comprehensive treatment on corporate responsibility in his books and articles. The spirit of his thinking, which has a distinctly Georgist tone, is captured in the following passage:

In days to come people will find it difficult to understand that the will of a dead man will bind the living; that any individual was empowered to enclose for private gratification mile upon mile of land, that without requiring any authorization from the state he could leave cultivable land untilled, could demolish buildings or erect them, ruin beautiful landscapes, desecrate or disfigure works of art; that he conceived himself justified, by appropriate business methods in bringing whatever portions he could of the communal property under his private control; justified, provided he paid his taxes, in using this property as he pleased, in taxing any number of men into his own service, and setting them to whatever work he deemed good for them, so long as there was no technical violation of the law; justified in engaging in any kind of business as long as he did not infringe a state monopoly or promote any enterprise legally defined as a swindle; justified in any practice or however harmful to the community, provided he was able to pay his way.¹

These thinkers followed George by a generation; nevertheless, in his analysis of social responsibility he anticipated many of their concepts. At the same time, it is important to view George within the framework of his immediate surroundings, which were still predominantly rural and agrarian. A product of his times, George did not live to see the twentieth century managerial revolution with its separation of ownership and control. Writing at the height of the trust movement, he was compelled to interpret the corporation as an extension of an individual owner, who, controlling the majority of shares, looked upon the company as a form of private property and viewed accountability chiefly in terms of private benefits.

George's writings on social responsibility do not form a unified whole, however, it is possible to perceive a coherent pattern by separating his analysis into a cluster of major

categories, which include: corporate mutation, social intelligence, knowledge and power, self-interest versus community, and spiritual values.

Corporate Mutation

As noted earlier, George's methodologies of systems thinking and social ecology made him acutely aware of the dynamics of institutional change. In emphasizing the interaction between the corporation and society he saw both having an impact on the other, resulting in the transformation of each into different mutations. He further asserted that one of the outcomes of economic growth was the increased complexity and interdependence between society and its institutions. Describing this mutational and structural change as "association and integration," he depicted a definite pattern of emerging new realities.

Now the growth and development of society not merely tend to make each more and more dependent upon all, and to loosen the influence of individuals, even over their own conditions, as compared with the influence of society; but the effect of association as integration is to give rise to a collective power which is distinguishable from the sum of individual powers.²

Moreover, as the corporation evolved into a larger and more sophisticated form, George pointed out the need for greater attention and sensitivity to environmental needs. One aspect of this response to changing conditions was the need for organizations to enlarge their mission. He specifically cited the need for survival objectives in the external arena of the

corporation, when he stated: "To adjust our institutions to growing needs and changing conditions is the task which devolves upon us."³

The feature of peaceful organic change was a major premise of George's institutional dynamics. Accordingly, he held that responsible adjustments to new conditions depended on cooperative efforts in the pursuit of social improvement, and stated that: "Improvement becomes possible as men come together in peaceful association, and the wider and closer the association, the greater the possibilities of improvement."⁴ One of his serious misgivings about socialism as a methodology for responsible social adjustments was that it fostered contrived and artificial growth which had the potential for rupturing the bonds of continuity. On this possibility, he warned: ". . . but such a state of society cannot be manufactured, it must grow."⁵

In George's configuration of mutational institutional change, he did not envisage any final structural form. As a prerequisite for various stages of harmonious development, he did, however, propose an operating guideline of design based on the principle "association in equality is the law of progress." He attempted to apply this concept as the common denominator of his thinking in evaluating all the strengths and weaknesses of organizational growth, but most specifically to the problem of large corporate structures.

In focusing on the unfolding relationships between business and society, George indicated that corporate concentration was one of the inevitable results of economic growth. Although he accepted the trend toward bigness as a fact of economic life, he

did not subscribe to the notion that large business combinations automatically produced positive results. Smooth institutional evolution was not inevitable, imperfections arose within the system. These were the opposite side of harmonious growth which he called the "negation of association." Under the rubric, he included such social frictions as: unemployment, waste, corruption, overproduction, monopoly, etc. Failure of institutional leadership to address these problems, he considered a form of corporate irresponsibility. In short, he believed that bigness was not a curse but could produce negative impacts. Here is a how he expressed the dichotomy: "The concentration that is going on in all branches of industry is a necessary tendency of our advance in the material arts. It is not in itself an evil. If anything, its results are evil, it is simply because of our bad adjustments."⁶

In summary, George based his theory of institutional dynamics on the organic evolution of new mutational corporate structures, accompanied by increased responsibility on the part of organizational leadership. Although he did not envisage any final corporate design, he proposed as the key to harmonious development the principle of "association in equality."

George did not spell out the detail of this precept, but one can speculate that he would have approved two recent dramatic developments which have qualitatively altered the structure of the corporation as a confirmation of his principle of "equality in association." The two silent revolutions which mirrored his concept of harmonious evolutionary development are the knowledge and pension fund revolutions.

The knowledge revolution has contributed toward the trend of establishing knowledge as a key factor in managerial authority. As a result, the traditional assumption of top management omniscience has been undermined by the creation of countless new professional specialties. In short, the fact that it is impossible for any one person to master the many complex knowledge disciplines within the modern corporation, the pattern of managerial authority and responsibility has become qualitatively diffused throughout the organization.

The explosion of pension funds has revolutionized the nature of property in the American society. At the present time approximately 50 percent of the stock equity within the large corporation is held by the trustees of pension and mutual funds. The effect of this egalitarian transition has shifted the base of ownership to the employees; resulting not in the nationalization of property, but its socialization. It is difficult to imagine why George would not have endorsed the flexibility of the corporation in adjusting to new forces in the environment by producing these twin realities of increased participative management and the expansion of corporate ownership as manifest implementation of "association in equality."

Social Intelligence

In George's day there was no listing for the term social responsibility in the corporate lexicon. In formulating his strategy for the concept, he coined his own term, which he designated as "social intelligence." His use of this inclusive label for social responsibility is not without semantic difficulties, but by examining how he attempted to amplify his thinking on the subject his message will become clearer.

As indicated earlier, in George's version of institutional change, as organizations become more powerful and technologically advanced, their leadership should display increased attention to the quality of life. To achieve effective performance in the pursuit of this task requires organizational leadership to develop a more sophisticated awareness of external conditions. To meet this new reality of change breeding change, George spelled out some of the demands of "social intelligence."

Each advance makes a demand for higher and higher intelligence. With the beginning of society arises the need for social intelligence -- for that consensus of individual intelligence which forms a public opinion, a public conscience, a public will, and is manifested in law, institutions and administration. As society develops, a higher and higher degree of this social intelligence is required, for the relations of individuals to each other becomes more intimate and important, and the increasing complexity of the social organs of the nation brings liability to new dangers.⁷

Depicting a correlation between accelerating change and "social intelligence," George postulated that the more profound the qualitative and quantitative composition of the former, the greater the need to concentrate on the latter. His proposition

contained the formula: "Social progress always requires greater intelligence in the management of public affairs; but this the more as progress is rapid and change is quicker."⁸

In addressing the role of "social intelligence" in corporate affairs he stipulated that it should transcend technological and material considerations. Insisting on the inclusion of the moral ingredient, he commented: "The natural laws which give us the steamship, the locomotive, the telegraph, the printing press and all the thousand inventions by which our mastery over matter and material conditions is increased, require greater social intelligence and a higher standard of social morals."⁹

Time and time again George reiterated the significance of the moral dimension as an intrinsic part of "social intelligence." Citing one sample, he remarked: "... it must be animated with religious sentiment and warm with sympathy for human suffering. It must stretch out beyond self-interest whether it be the self-interest of the few or the many."¹⁰

Knowledge and Power

In signaling the disparity of meaningful knowledge and effective performance for the task of social accountability, George identified a critical problem confronting modern management in undertaking additional obligations in the non-economic arena. For example, the competency of managerial knowledge has been reasonably demonstrated in the economic task of creating wealth and the parallel challenge of making employees

more productive, but the quality of its knowledge is less substantive in coping with the unfamiliar issues relating to the quality of life.

It was George's recognition of this intellectual restraint for dealing with negative externalities (or as he described them, "the negation of association") that prompted him in his version of "social intelligence" to accord the highest priority to the interrelationship of knowledge and power. Inferring that improved knowledge was a way of reducing uncertainty and legitimizing power, he stated: "There are moments in our lives that summon all our powers -- when we feel that, casting away illusions, we must decide and act with our utmost intelligence and energy. So in the lives of people come periods specially calling for earnestness and intelligence."¹¹

Consequently, he stressed that the tool of knowledge should not only be confined to material advances but should also play an integrating role in the amelioration of social circumstances. For George, the application of knowledge to both economic and social results were opposite sides of the same coin. He noted:

Mind is the instrument by which man advances, and by which each advance is secured and made the vantage ground for new advances. . . . The mental power, which is the motor of social progress, is set free by association, which is, what, perhaps, it may be more properly called, an integration. Society in this process becomes more complex; its individuals more dependent on each other.¹²

George also added that knowledge also created responsibility. Or as he described the relationship of knowledge and accountability: ". . . with the benefit comes the

obligation. Knowledge and power are neither good nor evil. They are not ends but means."¹³

George believed that the challenge of making power accountable was particularly crucial for an industrial capitalist society because it lacked the traditional sense of noblesse oblige so characteristic of aristocratic cultures. He posed the issue of legitimacy, or social consent, of the new ruling class in the form of a question. "But is there not growing up among us a class who have all the power without any of the virtues of aristocracy?"¹⁴ His conviction on the need for the industrial elite to justify its power was stressed in an interview with a reporter: ". . . successful efforts can come from the class above and not below."¹⁵

Although he considered the corporation on the whole a positive force for good, he wanted it to be responsible for its outcomes and impacts. Failure of the industrial elite to recognize this reality could result in its becoming the grave digger of the capitalistic system. Admonishing the industrial moguls on the dangers of the maldistribution of wealth and power, he stated: "A civilization which tends to concentrate wealth and power in the hands of the fortunate few, and to make others mere human machines, must inevitably evoke anarchy and bring destruction."¹⁶

With regard to the implementation of social responsibility, or to apply his term -- "social intelligence," he was cognizant of the information gap between economic and technological advances and the negative environmental impacts that followed in their wake. In addressing the mismatch between the inadequacy of

relevant knowledge and external problems, he remarked: "The evils that begin to appear spring from the fact that the application of intelligence to social affairs has not yet kept pace with the application of intelligence to individual needs and material ends."¹⁷

For George, it automatically followed that the greater the base of power the larger the responsibility. His conclusion was based on the rationale that the more influential the individual the greater the impact of his decisions on society. He sketched for society's leadership groups the progressive pattern of ascending duties. "As the individual grows from childhood to maturity, he must meet difficulties and accept responsibilities from which he may well shrink. So it is with society, new duties bring new difficulties and new responsibilities."¹⁸

Self-Interest versus Community

The blending of self-interest with the general interest was another important thread in George's fabric of social responsibility. He was appalled by the lack of responsible trusteeship with regard to natural resources, which he argued resulted in the senseless desecration of the environment. Moreover, he considered it a crime against nature to take more out of the system than was put in. Citing many illustrations, the mindless despoliation of the land mirrors one example of this shortsighted self-serving attitude.

Speaking generally the agriculture of the United States is an exhaustive agriculture. We do not return to the earth what we take from it; each crop that is harvested leaves the soil poorer. We are cutting down forests

that we do not replant; we are shipping abroad wheat and cotton and tobacco and meat, or flushing into the sea through the sewers of our great cities, the elements of fertility, that have been embedded in the soil by the slow processes of nature, acting for long ages.¹⁹

"Devil catch the hindmost," George proclaimed, is the motto of our so-called civilized society today.²⁰ He considered that this slogan was the epitome of self-interest, which contributed nothing to the larger purposes of the commonweal. For example, he cited the corruption of stewardship on the part of railroad magnates who contaminated the political process by abusing their economic power. "As to the great railway managers, they may well say, to use the phrase of the greatest of them, 'The public be damned!' When they want the power of the people they buy the people's masters."²¹

According to George, "We are made for cooperation."²² He added: "Man is social by nature. He does not require to be caught and tamed in order to induce him to live with his fellows."²³ In terms of social harmony, cooperation was a more acceptable catalyst for him than self-interest in the creation of a viable pluralistic society of multiple interests.

As the following two quotations attest, George attacked the myth of "economic man" and considered self-interest a narrow and parochial motivator incapable of creating trust within organizations and among institutions because it denied the higher impulses and aspirations of man.

In thinking of the possibilities of social organization, we are apt to assume that greed is the strongest of human motives, and that systems of administration can be safely based only upon the idea that the fear of punishment

is necessary to keep men honest -- that self-interests are always stronger than general interests. Nothing could be further from the truth.²⁴

It is not selfishness that enriches the annals of every people with heroes and saints. It is not selfishness that on every page of the world's history bursts out in sudden splendor of noble deeds or sheds the soft radiance of benignant lives.²⁵

George concluded that the only responsible alternative to self-interest in a democratic society of interdependent organizations was social obligation. In succinctly advancing the notion of duty, he wrote: "I believe that the idea of duty is more potent for social improvement than the idea of interest; that in sympathy is a stronger social force than in selfishness."²⁶

Spiritual Values

George's passionate concern for the relevance of spiritual values served not only as the keystone of his social responsibility but for his entire edifice of systems thinking and social ecology. These values, which represented the highest conceptual level of the moral order, provided him with a cosmological vision of civilization's core beliefs. He believed that, on the whole, Western civilization had been able to adapt to past change in a reasonably responsible fashion because of the vitality and relevance of its transcendental values.

As indicated earlier, George construed secular change as a continuous process which required social institutions to adjust to new circumstances. In a similar vein, he did not view values as static entities embalmed in a social reservoir. Consequently,

reaffirm them in different ways. Because transcendental beliefs were not empirically verifiable, George was frequently accused of romanticism and utopianism for including them in his social ecology. He countered by asserting that, although spiritual values were intangible and unmeasurable, they were, nevertheless, real in practice because they shaped the operating code of individual and institutional responsibility. Moreover, he added that purely rationalistic systems of epistemology were incapable of commanding the allegiance required for renewal and responsibility. In attacking Herbert Spencer and other materialists, he maintained that the fatal flaw in their philosophy was the elimination of the supernatural, which deprived the human being of dignity, hope, and accountability.

In this elimination of any spiritual element lies, it seems to me, the essential characteristic of Spencerian philosophy. It is not, as is largely supposed, the evolutionary philosophy, but an evolutionary philosophy; that is to say, the rejection of any spiritual element in its account of the genesis of things does not follow from its acceptance of the principle of evolution; but the peculiarity of its teachings as to evolution arises from its ignoring the spiritual element, from its assumption that, matter and motion, given their instructions, will account for all that we can see, feel, or know.²⁷

George attacked corporate behavior as irresponsible because it was grounded in unprincipled pragmatism " . . . in which all considerations of justice, mercy, religion, and sentiment are trampled under foot; in which men forget their own souls, and struggle to the very verge of the grave for what they cannot take

beyond."²⁸ According to George, social cohesiveness was impossible without spiritual values because, by going beyond the self-destructive forces of selfishness and egoism, they provided the nourishment for accountability.

In a "journal of civilization" a professed teacher declared the saving word for society to be that each mind his own business. This is a gospel of selfishness, soothing as soft flutes to those who having fared well themselves, think everybody should be satisfied. But the salvation of society, the hope for the free, full development of humanity, is in the gospel of brotherhood -- the gospel of Christ. Social Progress makes the well-being of all more and more the business of each; it binds all closer together in bonds from which none can escape.²⁹

Transcendental values assist man in organizing his ignorance about the unknown. Although they can never be posited with certainty, they arise the puzzling questions of life, such as: What is right? What is real? What is true? Where do I come from? Where am I going? Who am I? All these questions are unanswerable in any provable scientific sense. Nevertheless, because they form the basis of responsible action, every society must come to grips with these questions.

George believed that the answers to these questions resided in the transcendental legacy of the Judaic-Christian tradition, which encompassed three major elements: the concept of monotheism -- the acceptance of a God of love, justice, and mercy; the notion of the Kingdom of God with reward for the good and punishment for the evil; and, the theory of natural law positing that humanity's nature consists of reason, justice, and dignity and that from these ingredients, laws and humanistic behavior are deduced.

References to these three key spiritual beliefs permeate and percolate the writings of George. Some allusions have already been cited in other contexts, so I will confine myself to two quotations from his oft-repeated speech on Moses which focuses on the roots of responsibility by appealing to the brotherhood of man.

It is not the protection of property, but the protection of humanity that is the aim of the Mosaic code. Its sanctions are not directed to securing the strong in heaping up wealth so much as to preventing the weak from being crowded to the wall. At every point it interposes its barriers to the selfish greed that, if left unchecked will surely differentiate men into landlord and serf, capitalist and workman, millionaire and tramp, ruler and ruled.

How common it is to venerate the form and deny the spirit. There are many who believe that the Mosaic institutions were literally dictated by the Almighty, yet who would denounce as irreligious and communistic any application of their spirit to the present day. And yet today how much we owe these institutions! This very day the only thing that stands between our working classes and ceaseless toil is one of these Mosaic institutions.³⁰

Summary

In his own era, George's concepts on social responsibility in general and the relevance of spiritual values in particular were dismissed by hard-nosed business realists as visionary, sentimental, and romantic. Only if capitalism is seen as an exclusively economic system and the corporation is considered in institutional isolation does the nineteenth century businessman's version of reality make any sense.

Time has rejected the myopic wisdom of the business community and confirmed George's hypothesis of the dynamics of capitalism and the interdependence of its institutions. He foresaw that economic growth would alter the foundations of society and its organizations in the direction of increased size and complexity.

In anticipating larger concentrations of economic power, he concluded that businesses had to continue to re-establish their legitimacy or social consent in light of this new reality. Economic success, therefore, was inadequate if the corporation failed to assume accountability for the negative impacts it inflicted on society. Because George believed that a viable corporation in an alienated society was a contradiction in terms, it had a greater responsibility in its higher stage of development to supplement its economic mission with new social tasks for improving the environment.

In projecting this new corporate function of trusteeship and stewardship, George never devised a blueprint for implementation. He did, however, propose a moving target for approaching the organizational ideal of social responsibility which he called "equality in association." Among the suggestions he offered to the industrial elite were the following: need for a heightened awareness of the importance of the environment for corporate survival, acquisition of new forms of non-economic knowledge in adjusting to social change and improving the quality of life, harmonization of self-interest with the public interest, and the relevance of spiritual values in business operations. In conceptualizing social responsibility, his methodology of

holistic thinking compelled him to conclude that the deeper the probe into economic issues, the more they are found to be essentially moral.

Most critics of George have considered his ideas on social responsibility too idyllic for implementation in the practical world of economic competition. An opponent of corporate social responsibility in the modern era, Milton Friedman, argues that the corporation has no authority to usurp political functions by indulging in quality of life experiments nor does it have any right to pass on such costs to the consumer. He urges that the corporation concentrate on economic performance and pay its taxes as a good corporate citizen. Whatever the economic logic of his arguments, the corporation may not have this choice in view of the modern reality that the public has mounting expectations for greater accountability for contributing to the quality of life.

Moreover, the moral appeal to do what is right because it is right refuses to disappear from the corporate scene. The more the corporation succeeds in economic performance, the greater the pressure on modern management to address social dilemmas and negative externalities in the environment.

The latest manifestation of this trend, which reflects some of George's ideas on social responsibility and harmonizing competition and cooperation, is the recent report of the Catholic bishops on "Catholic Social Thinking and the United States Economy." The study challenges the corporate community to come to grips with the national and global problems of poverty, injustice, hunger, and despair. Whether or not corporate

leadership accepts and implements the challenge or regards it as an example of misguided good intentions remains to be seen.

In the case of George, his proposed solutions to social and economic problems have never had a serious performance test. A sobering and unsanguine reminder of his unfulfilled influence was expressed around the turn of the century by the American novelist, Brand Whitlock:

I have gone through every political philosopher. I can see nothing in socialism. The philosophy of Henry George of a free state in which the resources of the earth will be opened up to use is the only political philosophy that has ever commanded my allegiance. But the world is not interested in such a simple reform. It wants too much government, too much regulation,³¹ too much policing. And it may never change.

Conclusion

E. H. Carr, the British historian, once observed that history has a dual and reciprocal purpose -- "to promote our understanding of the past in the light of the present, and the present in light of the past." Academics have never been comfortable with this pragmatic approach to scholarship, contending it dilutes the search for truth by sacrificing scholarly substance for pragmatic convenience. Unlike the academics, businesspeople need not have the same misgivings about making information useful. Because they are concerned with converting knowledge into results, Carr's concept has operational validity for managers confronted with an astonishing array of unfamiliar disciplines. Operating in a world that refuses to stand still and confronted with turbulent issues that demand immediate responses, managers cannot afford the luxury of pursuing intellectual truth in an isolated ivory tower. Given these realities, they have little choice but to follow the notion of Carl Becker, the late Cornell historian, that "Everyman is his own historian."

Because this study of Henry George is addressed primarily to managers, I have focused on the pragmatic spirit of Carr and Becker. Consequently, I have eliminated any analysis of his celebrated single tax, avoided any treatment of his political career, chose not to discuss the scholastic debates on the meanings of his writings, and omitted any discussion of whether he was right or wrong. All these issues are, and will continue to be, pertinent to Georgist scholarship, but they have little

bearing on managerial activity. Instead, I have viewed George as an intellectual resource for enhancing and improving the conceptual thinking of executives. Moreover, I have concentrated exclusively on his strengths, considering his shortcomings irrelevant to my purpose.

In my judgment the two most important potential contributions offered by George in motivating the managerial mind are: as a model of systems thinking and his role as a social ecologist. The former demonstrates his ability to organize complex and diverse subject matter into a purposeful pattern and the latter reveals a methodology for dealing with dynamic social problems in a more meaningful fashion. Both these diagnostic conceptual tools provide executives with the basics of a managerial mentality so crucial for understanding the interdependence of corporate survival functions and a focus for comprehending the social issues affecting the enterprise.

Although George operated in a nineteenth century environment, his relevance for contemporary management resides in his treatment of timeless topics and intractable problems. His approach provides one way of meeting the corporate challenge of public policy which Irving Schapiro, former chairman of Dupont, described as follows:

We need a new breed of manager in the private sector, one that respects the ability to operate in the public policy arena equally as much it lauds the ability to manage the internal affairs of a business.¹

Equally important, his basic philosophical principles, which he refused to compromise during his career, remain ethical beacons for today's executives.

Someone once remarked that labels (socialist, liberal, conservative, pragmatist, mystic, romantic, capitalist, etc.) should be placed on bottles and not on people because they obscure more than illuminate. If one were forced, however, to introduce a term which reflected his position on the ideological spectrum, I would classify him as "a conservative innovator." The classification has compelling pertinence for modern management because it recognizes that the heart of the enterprise system consists in the systematic management of change, but that its soul resides in advancing values that will strengthen society.

George's vision of a free democratic society, therefore, called for effective economic performance within the framework of the human and spiritual values of Western culture. This message of hope is succinctly conveyed in the following passage.

But if while there is still yet time, [he said], we turn to social justice and obey her, if we trust liberty and follow her, the dangers that now threaten must disappear, the forces that now menace will turn to agencies of elevation. With want destroyed, with greed changed to noble passions, with the fraternity that is born of equality taking the place of jealousy and fear that now array men against each other; with mental power loosed by conditions that give the humblest comfort and leisure, and who shall measure the heights which civilization may soar.²

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