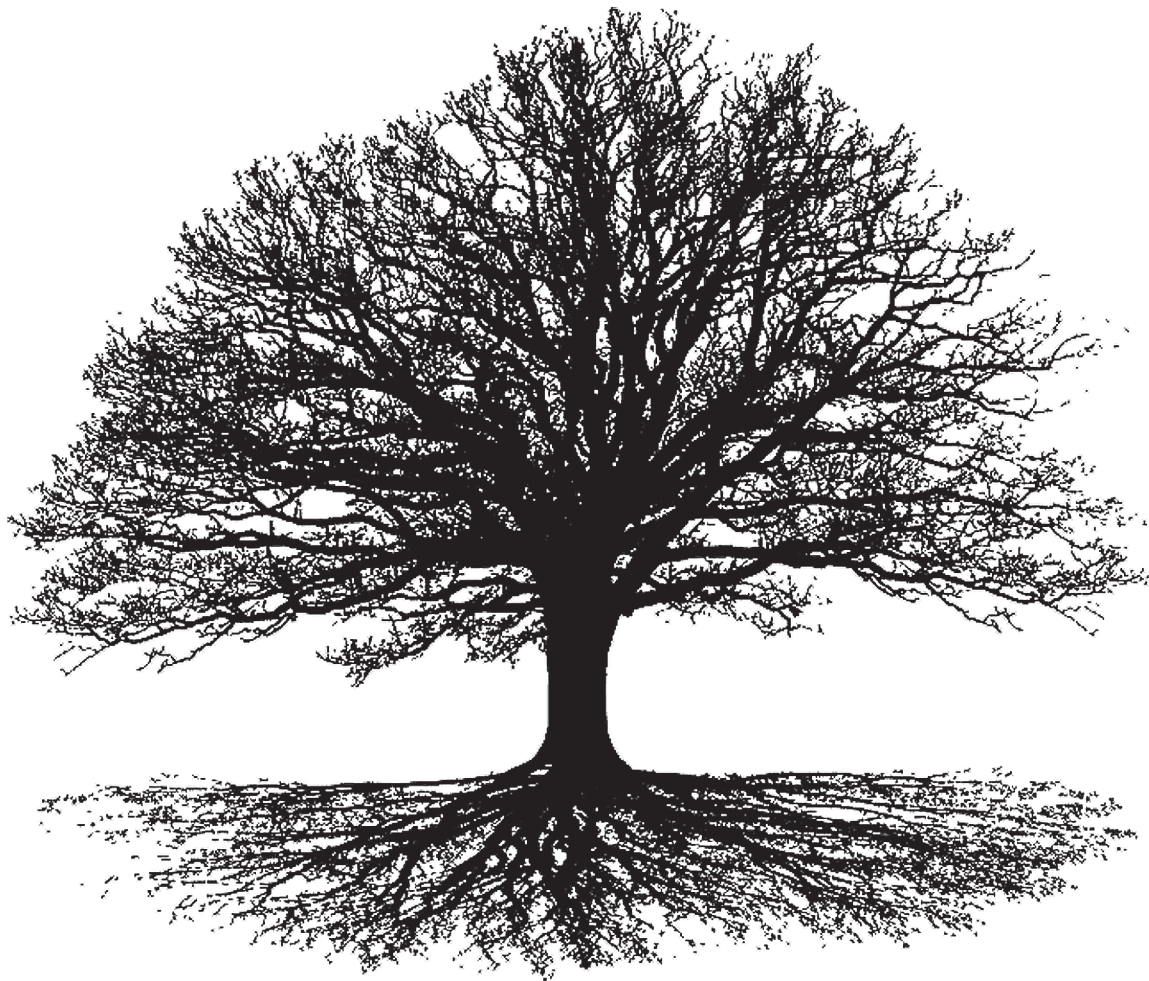


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# I Didn't Do It Alone:

## Society's Contribution to Individual Wealth and Success



By Chuck Collins, Mike Lapham and Scott Klinger

Responsible Wealth, a project of United for a Fair Economy

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# Introduction



Since 2000, Responsible Wealth has been involved in efforts to reform and preserve the federal estate tax, which is paid by less than two percent of the nation's wealthiest people. In the process, we have enlisted over 1,700 millionaires and billionaires to sign our petition against abolition – all of whom will owe estate taxes. Some would argue that this “billionaire backlash,” as *Newsweek* called it, is rooted in unselfishness or class betrayal.<sup>1</sup> But for many of the individuals who signed, it is a matter of simple accounting: they believe that they owe something back to the society that created opportunities for them.

The notion that wealthy individuals might have an obligation to pay something back to society is a radical departure from today's individualistic, anti-government ethos. Many successful people view government and society as irrelevant to their good fortune, or worse, a hindrance. They attribute their success to their own character, values and performance. We call this the “great man” theory of wealth creation. This myth is so popular that there is surprise when an individual breaks the mold and attributes his or her success to broader forces.

Some, however, recognize that in addition to their own moxie, creativity and hard work, other factors such as societal investment, privilege, historical timing and luck had a role in their success. For example, one of the leaders of the movement to preserve the estate tax is New York-based software entrepreneur Martin Rothenberg. He shared his story to underscore his support for reform, rather than repeal of the estate tax.

I'm a small business owner, and my family is in the top two percent of wealthy Americans who would get a windfall if the estate tax is eliminated. But I believe the estate tax should be fixed, not repealed.

Here's why: my wealth is not only a product of my own hard work. It also resulted from a strong economy and lots of public investment, both in others and in me.

I received a good public school education, and used free libraries and museums paid for by others. I went to college

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under the GI Bill. I went to graduate school to study computers and language on a complete government scholarship, paid for by others. While teaching at Syracuse University for 25 years, my research was supported by numerous government grants – again, paid for by others.

My university research provided the basis for Syracuse Language Systems, a company I formed in 1991 with some graduate students and my son Larry. I sold the company in 1998 and then started a new company, Glottal Enterprises. These companies have benefited from the technology-driven economic expansion – a boom fueled by continual public and private investment.

I've never once heard my family complain about the prospect of part of their inheritance going toward an estate tax. That's because we all believe that paying the estate tax does not mean choosing between taking care of your children and giving back to society. You can do both.

I was able to provide well for my family. Upon my death, I hope taxes on my estate will help fund the kind of programs that benefited me and others from humble backgrounds: a good education, money for research and targeted investments in poor communities. I'd like all Americans to have the same opportunities I did.

Rothenberg's story excited us about the possibility for a new American narrative of success. This narrative shows a more complex reality: both individual and societal forces are important in creating success.

This is no small challenge, for as we will show, the American self-made success narrative is deeply rooted. But we think candid stories such as these will ultimately lead to a more honest assessment of how wealth is created.

When Google goes public, its two founders and its CEO will become instant billionaires, as their stock ownership will be valued at \$3 billion each or more. They will instantly vault past Donald Trump's fortune on the Forbes 400 list. Overnight, the value of the company will dramatically appreciate to over \$30 billion.

Google is a powerful example of the ways in which societal investment creates a fertile ground for private wealth creation. Our taxpayer-funded institutions, which enable the Google wealth explosion to occur, are unparalleled on the planet. Consider the role of public research, regulated market mechanisms, property rights protections and the many other elements of publicly subsidized infrastructure that make the Google story possible.

As this report describes, companies like Google are built on a foundation of

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taxpayer-funded research and development. The company emerged out of the research and technology synergy of Stanford University and Silicon Valley. Its entire existence is built upon the growth of internet technology, a creation of federally-funded research.

Private investors in companies such as Google see their wealth dramatically appreciate when a company goes public. Why? When Google issues its IPO and becomes a publicly-traded company, the global liquidity provided to old and new investors will dramatically enhance their personal wealth. This liquidity can be worth some 30-50 percent of the value of newly public enterprises, according to some of those profiled here.

How is this possible? A regulated global marketplace, with rules governing disclosure and accounting practices, is what gives investors the confidence they need to part with their money. The wealth possibilities depend on social institutions maintaining the investors' trust.

If you doubt this, consider how the accounting scandals behind Enron and WorldCom affected the market value of dozens of publicly-owned technology companies. Hundreds of billions of dollars in wealth vanished overnight. Wealth expansion depends on trust, credible institutions, access to information and independent oversight. Cook the books, shake the public trust and then watch the wealth disappear.

Google's founders seem to be aware that they didn't create all this wealth on their own, and that they have obligations to the community. Google CEO Eric Schmidt told *Forbes Magazine* in 2001: "Lots of people who are smart and work hard and play by the rules don't have a fraction of what I have. I realize I don't have my wealth because I'm so brilliant. Luck has a lot to do with it."<sup>2</sup>

Admitting the role of luck, society's investment and other advantages is the first step in having a realistic discussion about the true sources of success and opportunity in the U.S. economy.

This new assessment is vital. Our collective understanding of the factors contributing to individual wealth creation will greatly affect the kind of society America becomes, and the extent to which we maintain the national ideal of equality of opportunity. It affects how we treat both the wealthy and the least fortunate among us. If success is rooted in luck and privilege, then perhaps we ought to either assure that luck and opportunity are more widely available, or be kinder to those without them.

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*"What we, the private shareholders, learned was that our business was worth a whole lot more as a public company than as a private company. The extra value would come from the fact that our stock would be liquid. According to our investment banker, liquidity alone would add 30 percent to the value of our stock."*  
- Peter Barnes





## I. American Origins of the Self-Made Myth

“The road to fortune, like the public turnpike, is open alike to the children of the beggar, and the descendants of kings.”

—A.C. McCurdy, *Win Who Will*, 1872

“Self made men, indeed! Why don’t you tell me of the self-laid egg?”

—Francis Leiber, political scientist, 1882

The belief that “I did it myself” lies deep in the American psyche. A reading of our history traces a deeply rooted tension between individual and community, self-sufficiency and interdependence.<sup>3</sup> We are all reared on 18<sup>th</sup> century images of yeoman farmers, wagon trains and lonely pioneer settlers engaged in isolated toil. And in the 19<sup>th</sup> century, religious pulpits, schools and penny presses churned out a gospel of individual success.

The 19<sup>th</sup> century American success story was an exclusively white male narrative. He was the day laborer or office boy who rose through the ranks to become the head of a great company. His success was the result of his individual character and effort, not external advantages or inherited opportunity. And the fruits of his merit were measured by the accumulation of riches.

The advice for an aspiring young person in that era was to develop good habits, character and morality. For example, historian Irvin Wyllie, author of *The Self Made Man in America: The Myth of Rags to Riches*, reports a belief that, “[t]hose who willed salvation and diligently cultivated industry, frugality, sobriety, perseverance, punctuality, loyalty, obedience, initiative, and a host of kindred virtues, would find their reward in success.”<sup>4</sup> By the late 1800s, such advice was repeated in a host of books and pamphlets about how to succeed in business.<sup>5</sup>

The rags-to-riches story fits elegantly with our national self-identity, forged in opposition to hereditary aristocracies of Europe. Unlike rigid caste societies of the *ancien regimes*, America aspired to be a country of individual initiative, freedom and opportunity. To Wyllie, however, there was a “fatal weakness” in this “success cult...that explained everything in terms of inner qualities and nothing in terms of the environment.”<sup>6</sup>

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This individual success myth overlooked a number of key social and environmental factors. One was location. No matter what personal qualities someone had, if they didn't live in a booming commercial center like New York City, Boston or Philadelphia, or an ascendant industrial town like Lawrence, Lowell or Rochester, they didn't become rich.

Another unique external factor was the opportunity that existed then thanks to expanding frontiers and seemingly unlimited natural resources. The US was conquering and expropriating land from native people, and distributing it to railroads, white homesteaders and land barons. Most of the major Gilded Age fortunes were tied to cornering a market and exploiting natural resources such as minerals, oil and timber. Even P.T. Barnum, the celebrated purveyor of individual success aphorisms, had to admit in *The Art of Money-Getting* that "in a new country, where we have more land than people, it is not at all difficult for persons in good health to make money."<sup>7</sup> He might have added that it also helped to be male, to be free rather than a slave, and to be white. People of color were explicitly excluded from federal largesse. Alien land laws, for example, prohibited most non-whites from owning land.

Then there was the luck of timing. Those born in the first half of the 19<sup>th</sup> century who survived the Civil War caught the wave of resource exploitation and industrial expansion. This was a time akin to the 1990s technology boom. Wyllie notes that from a statistical point of view, being born in 1835 was "the most propitious birth year for a poor boy who hoped to rise into the business elite."<sup>8</sup> Andrew Carnegie hit this lottery perfectly. He was born in 1835, held a desk job during the Civil War and reached business maturity after the fighting ceased.

The 19<sup>th</sup> century mythology of success began to lose its hold in the face of robber baron monopolies and the closing of the frontier as the century ended. The emergence of social sciences and their more complex explanations weakened it further. However, the strength of the self-made success myth appears to be cyclical, rising with the tide of great fortunes and accumulations in wealth. So, by the 1920s, the post-World War I prosperity reinvigorated the self-help credo. The modified formula for success now included professional training and an understanding of modern psychology in addition to character and hard work. But the Depression put a dent in this success ideology. Wyllie writes, "as virtuous men took their places in the breadlines, silence fell over many of the sages who had vouched for the doctrine of wealth through virtue."<sup>9</sup>

By the middle of the 20<sup>th</sup> century, scholars like C. Wright Mills were explaining the societal roots of success and poverty. This social science approach to understanding mobility, success and opportunity found growing support. Nonetheless, the 'self-made man' myth of the American narrative has great potency to this day. In explaining wealth and success, the practice of elevating individual character while ignoring social and environmental factors is an enduring national tendency.





## II. The Modern Myth: The Great Man Theory of Wealth Creation

The technology wealth boom of the last two decades has given rise to a new chapter in the individual wealth creation narrative. There is still, however, an inclination to enshrine individual effort and undervalue society's role. The great man folklore fills the pages of business magazines and the libertarian squawk radio: "I did it all myself." "I built this fortune on my own." "I never took any help from anybody." "I'm a self-made man."

This new cult of success has, not coincidentally, corresponded with a push for massive tax breaks for the wealthy. Such tax cuts are the public policy corollary of the great man theory of wealth creation. If enterprising individuals are the sole engines of successful business, then it stands to reason that they should be freed of any burdens that might prevent them from doing more of the same. In addition, the belief that wealth accrues to personal virtue means that taxes on wealth, by definition, penalize such virtue. The state should not take away that which has been heroically 'earned.'

In 2000, Responsible Wealth introduced a shareholder resolution at General Electric calling on the company to reduce the dizzying disparity between top management compensation and average worker pay within the company. The CEO at the time, Jack Welch, was paid over \$123 million plus options. During the public discussion about the resolution, Welch stated that he had created tens of billions in shareholder value during his tenure at GE. In other words, he was "priceless."

In a similar vein, "Chainsaw" Al Dunlap, when he was CEO at Scott Paper, was asked on PBS News Hour to justify his \$100 million pay package. "I created six and a half billion dollars of value," retorted Dunlap. "I received less than 2 percent of the value I created."<sup>10</sup> Dennis Kozlowski, the recently indicted former CEO of Tyco International, was asked to justify his \$170 million pay package in 1999, which was second on the annual *Business Week* executive compensation list. He responded, "I created about \$37 billion in shareholder value." There was no mention of the share of wealth created by the company's other 180,000 employees.<sup>11</sup>

The operative word in each of these stories is "I." These modern bootstrap sagas evoke the image of a cowboy, riding alone out on the range, with money raining

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down upon him. However, we believe that assessing one's contribution in this individualistic way is inaccurate, and even dishonest. None of these modern day CEO heroes mentioned the share of wealth created by the thousands of employees at their companies. To acknowledge the other people and the complex factors contributing to their wealth might loosen their claim to bloated compensation packages.



### III. Individual and Social Factors in Wealth Creation

Is there an alternative to the great man theory of wealth creation? Is there a more balanced narrative that honors the role of the individual while revealing a more accurate picture of the other factors of individual success?

Individual endeavor does matter and we should celebrate it. Some people accumulate great wealth because of their extra effort, faithfulness and sacrifice. They have worked and saved while others have played and consumed. And they have taken real risks, betting the farm or the house for a dream. Others succeed through leadership, which can infuse an organization with greater morale and productivity. Such leadership can sometimes be thankless and lonely, and the stress involved must seem, on many days, more trouble than it is worth.

Individual imagination and intelligence can transform an organization or an entire society. A creative idea can reroute the labor of a thousand toilers in a more effective and efficient direction. The cotton gin, the assembly line and the computer chip were technological advances in which individual inventors played a decisive role. Or consider how a piece of art, a song, or an evocative performance can move our hearts. We would be impoverished without these gifts to the world. Individuals should be rewarded for their contributions with social recognition and material benefit.

But how do we untangle the various threads of individual temperament, social privilege and luck in any of our lives? We know that there are some individuals who seem to stand out because of their energy, creativity, or spark. But what about the role of economic environment, historical timing and societal investment?

Biographies and the literature of success focus on the individual skills and qualities of wealthy people. These qualities include a passionate drive for excellence, interpersonal and organizational skills, maturity, the ability to take initiative and a willingness to delay personal gratification.

When asked about the forces that have shaped their success, many individuals will point to personal factors in their own social upbringing and environment that made a difference. These include parental values, a supportive family and spouse, skilled and able co-workers, key mentors, teachers, coaches and perhaps

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a particular educational institution. Seldom will people go beyond personal factors and qualities to include broader contributors such as luck, timing, privileged upbringing or societal investment. It is these factors that we will examine in more detail.

**Luck and Timing.** Luck is often the good fortune of timing, of benefiting from circumstances beyond human control. It can be the experience of being in the right place at the right time. Consider the different fortunes of an entrepreneur starting an Internet company in 2003 rather than 1997. The same good idea would face dramatically different prospects. We profile the good luck of Ross Perot's timing, starting his computer data processing company at the advent of the federal Medicare program, on pg 50.

Luck also includes winning the "birth lottery" that determines a person's parents and genes. For instance, a recent study concluded that tall people consistently earn more money than short people, with each inch of height being equivalent to \$789 a year in pay.<sup>12</sup>

And in one of our profiles, Nick Szabo describes his good fortune in surviving a plane crash while the person sitting next to him was killed. He then capitalized on his luck by investing his insurance settlement in Silicon Valley real estate.

**Colleagues and Co-workers.** For anyone engaged in a large endeavor to state "I did it alone" renders invisible all the contributions of co-workers, colleagues and those who went before in a given field. Ideas, products and books do not emerge in a vacuum. Other people's creativity, labor, feedback and suggestions are always involved. As President Franklin D. Roosevelt remarked,

Wealth in the modern world resulted from a combination of individual efforts. In spite of the great importance in our national life of the...ingenuity of unusual individuals, the people in the mass have inevitably helped to make large fortunes possible.<sup>13</sup>

Unfortunately, the contribution of the team, the helper, the editor and the laborer are often undervalued in measuring wealth and achievement.

Albert Einstein understood this. "A hundred times every day I tell myself that my inner and outer life are based on the labors of other men, living and dead, and that I must exert myself in order to give in the same measure as I have received and am still receiving."<sup>14</sup> Like Einstein, many of the individuals profiled in this report also talk about how they received tremendous support from colleagues and co-workers. Ben Cohen, for example, believes that Ben and Jerry's employees and co-workers were critical to their profits, and thus to his own success.

**Privilege: The "Born on Third Base" Syndrome.** Privilege is the head start that comes to someone by virtue of his or her birth or upbringing. Sometimes such advantages look modest, or are even invisible. Gifts from parents to pay for higher education or a down payment on a home, or to help start a business, can transform a person's options and change their life trajectory.

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*"The man on my left was killed and I was seriously injured. I collected \$22,000 from my injuries from the accident and invested it as a down payment in real estate. My wife and I made a profit of over \$1 million from this investment."*  
- Nick Szabo

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***“It’s very difficult to go to a bank and borrow money to start a business or to expand a business if you are Black in this country. You can borrow money to buy a car or a boat or a house, but when you go to talk about borrowing \$10 million dollars or \$20 million dollars, big time money to expand a business, you get a very chilly reception.”***  
**- Maceo Sloan**

Skin color, which still confers opportunity and privilege, is another dimension of winning what Warren Buffett calls the ‘ovarian roulette.’ In one of our profiles, Katrina Browne views her white privilege as a significant part of her economic security and status. Her ancestors directly profited from the slave trade as owners of slave ships. But she also believes that white people in general continue to benefit, though to varying degrees, from an economy built with enslaved labor.

Among the very wealthy, inherited privilege is often a guaranteed catapult to continued wealth. Almost a third of the Forbes 400, for instance, are born onto the list (149 members in 2001, with an average net worth of \$2.6 billion). Using baseball imagery, they essentially were born rounding third base and heading for home. And at least another quarter were born standing on the base path, meaning they were fortunate enough to inherit a small business, a piece of land with oil under it, or an investment of “parental equity” on flexible terms.<sup>15</sup> They combined this legacy with their own skill and effort, and built it into a successful enterprise. For example:

- Kenneth Field inherited the Ringling Brothers Circus in 1920 when it was worth tens of millions. He now has a net worth of over \$650 million.<sup>16</sup>
- Donald Trump inherited a real estate business valued at more than \$150 million and built it into an empire.<sup>17</sup>
- In 1998, the Forbes 400 listed Philip Anschutz (net worth \$5.2 billion) as ‘self-made’ even though he inherited an oil and gas field worth \$500 million.<sup>18</sup> Not a bad head start in life!

Each of these individuals contributed something unique, but they had a significant boost that someone born in the batter’s box doesn’t have. In the words of Seagram’s heir Edgar Bronfman, “[t]o turn \$100 into \$110 is work. To turn \$100 million into \$110 million is inevitable.”<sup>19</sup>

### **Society’s Role in Wealth Creation**

The United States has remarkably fertile soil for the creation of wealth. It is part of the inheritance that we all receive in the form of public and social investments that have been made over the centuries – what some refer to as the ‘commons.’ This is probably the most important element of America’s success narrative, and yet it is the most ignored or misunderstood.

The truth is that we have a robust economy precisely because we have an infrastructure that supports it. We have order and stability, a predictable system of rules for ownership and investing, and mechanisms to resolve disputes. Investors and entrepreneurs have confidence that the rules today will be the same next year and the year after. And we have a skilled work force thanks to

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our nation's substantial investment in public education.

**Public Infrastructure.** We have an incredible public infrastructure of roads, power, ports, rail and communications. Historically, much of this infrastructure was built with immigrant and slave labor that was grossly under-compensated for its contribution to society's shared wealth.

We also make enormous social investments in maintaining peace and order. Conrad Hilton, founder of the vast hotel chain, pointed out in his will that peace is a boon to hotel owners. Consider the fortunes that have been made in the travel and hospitality industry, from cruise ships, resorts, restaurants and fashionable destinations. After September 11<sup>th</sup>, these sectors of the economy were shaken, a powerful illustration of Hilton's point. Without vast taxpayer investments in keeping the peace, as well as in building mundane facilities such as roads and airports, Hilton's fortune would have been much smaller. For Amy Domini, who started a mutual fund, the safety, order and predictability of the market were central to her success.

**Public Investment in Research and Innovation.** As taxpayers, we should be proud that the US government is the biggest venture capitalist in the world. The federal government spends tens of billions a year on research, mostly in grants to universities. Without that investment, there would be no Internet, no human genome research and few medical wonder drugs. We should not underestimate the role of this research in creating the bedrock for wealth creation and the quality of life we enjoy. Martin Rothenberg, for example, believes he would be nowhere without the government's investment in technological advancement. (See "The Post-Sputnik National Defense Education Act" on page 21.)

Government investment in technology research also helps businesses to operate more efficiently. According to economist Lester Thurow, over half of the growth in the economy each year results from technology-induced productivity gains. Many of these gains result from publicly funded research as well. And public support doesn't stop once the technology has been developed. The US Government also offers tax breaks to companies that invest in using technology.

**Property Rights Law.** Over several centuries, our society has created a framework of property law that gives particularly strong protection to private property. This framework enables individuals to own and sell many different types of property, using mechanisms such as real estate titles and stock ownership structures. Venture capitalist Jim Sherblom (see profile on page 27) believes that the value of biotechnology investments are significantly enhanced because of the protection of US property laws.

**Intellectual Property – Patents and Copyrights Protect Original Ideas.** During earlier periods of US history, wealth was owned in the form of farms, forests and factories and other types of material property. However, much wealth is now based on intellectual property: ideas, patents, and copyrights. Our system is also more protective of intellectual property than most. In our profile of Bikram Choudhury, we show how a sequence of yoga postures can be copyrighted and protected. This has enabled Choudhury to franchise and sell a particular brand of yoga, generating great personal wealth. Our system of providing ownership

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*“The opportunities to create that wealth are all taking advantage of public goods (like roads, transportation, markets) and public investments. None of us can claim it was all personal initiative. A piece of it was built upon this infrastructure that we all have this inherent moral obligation to keep intact.”*  
- Jim Sherblom



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***Where would Phil Gramm personally be without the strong public spending and safety net that existed in the years after World War II?***

and enforcement protections is central to individual wealth creation.

Another interesting example of the value of patent protection involves the manufacture of the Styrofoam cup. The Dart family owes their fortune to US patent laws that enabled the Dart Container Company to patent virtually every design detail of the basic foam cup. When other companies developed foam cups with similar design characteristics, Dart Container used the court system to defend their unique design patents. Ironically, Kenneth Dart, president of the company, renounced his citizenship to avoid taxes on profits made in the United States. He was willing to profit from our society's patent and legal system, but not to pay the dues needed to maintain it.<sup>20</sup>

**Investments in Individual Opportunity.** At various points in US history, we've chosen to use our collective government resources to expand equality of opportunity and access to education. For over a century, we've had a national commitment to public education for all citizens. We've also made tuition assistance available for higher education. The GI Bill, for example, was among the most successful wealth broadening initiatives in US history. Over 35 million individuals received a debt-free college education. But investment in education benefits not only the individuals concerned. A well-educated workforce is also an essential building block for many successful companies. Martin Rothenberg speaks of the importance of an educated staff to his success in the profile below on page 37.

We have also sometimes invested in other programs designed to broaden wealth, such as mortgage assistance for first-time homebuyers and flexible financing for business startups. Post-World War II housing programs were very successful at increasing opportunity and membership of the middle class. But due to racial and gender discrimination, these initiatives were not universally available. (See box on page 36.)

**Charitable Institutions.** With the help of our tax system, which encourages charitable giving, we as a society have built an enviable infrastructure of charitable and cultural institutions. These include universities, hospitals, research institutions, humanitarian organizations, museums and cultural institutions. A number of the individuals we profile describe how they have benefited from private charities providing educational scholarships and research grants.

This is a partial list of the many, sometimes invisible forces that contribute to individual wealth creation. Together, they constitute a starting checklist in our conversations and surveys of successful individuals.

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## IV. “I Didn’t Do It Alone” Stories



Nineteenth century authors, looking for material for their self-help books and pamphlets, would query the wealthy and successful for pearls of wisdom. As historian Irvin Wyllie noted, “many of their questions were routine, but many were prejudicial.”

Was your boyhood spent in the country, or in a city? Did you use tobacco previous to the age of sixteen? Are you a church member? Is honesty necessary to business success? Should a country boy go to the big city if chances of success are fair in his own community? To what do you attribute your success? What maxims or watchwords have had a strong influence on your life and helped you to success? What books would you recommend to an ambitious boy?<sup>21</sup>

These questions obviously steered a subject to respond from a framework of individual character. But what if we asked questions that went beyond individual character such as:

- What was the role of luck and timing in your success?
- Were you born white? Male? Tall? How might that have shaped your prospects?
- Did you or your parents get direct government subsidies for higher education, homeownership or business development?
- Did you inherit wealth, a business or opportunities from your family?
- What were the social forces that had an impact on you personally and on your enterprise?
- How did you or your business benefit directly or indirectly from public investment and taxpayer dollars or preferential tax treatment?
- What do you believe are your obligations to this society? What are your views toward taxation?

It was in this spirit that we approached the subjects of the profiles that follow. Most of the profiles are original interviews conducted by the authors. But we included several profiles that come from researching public records. At the end are several independent profiles of people who don’t fully recognize society’s role in their individual good fortune.



## Peter Barnes: Wealth Comes From the Commons

*Peter Barnes is a writer and entrepreneur who lives in San Francisco, California.*

Peter Barnes co-founded Working Assets, a financial services and long distance telephone provider serving progressive investors and consumers. He is the author of *Who Owns the Sky?*, a book proposing a bold solution for environmental degradation and economic inequality called the “sky trust.” Recognizing the sky as a common asset that among other things absorbs pollution, Barnes calls for using the proceeds from selling pollution rights to fund wealth-building accounts available to all people.<sup>22</sup>

Over the last three decades, Barnes also worked as a journalist for *Newsweek* and *The New Republic* and as a business owner. His experience led him to co-found the Tomales Bay Institute, an organization dedicated to expanding our popular understanding of the “commons.” The commons includes, in Barnes’ words, “the gifts of nature, plus the gifts of society that we share and inherit together – and that we have an obligation to pass onto our heirs, undiminished and more or less equally.” This notion of the commons includes environmental assets such as the sky, fisheries, water and land. But it also includes the social commons, those things that no one owns, such as our property law system, the broadcast spectrum, the Internet and accumulated scientific knowledge.<sup>23</sup>

His understanding of the role and importance of the commons has greatly shaped and informed his perspective about individual wealth creation. During the 1990s, for example, enormous wealth was created in the stock market. The marketplace is often considered to be a private sector, detached from government. But Barnes includes these market mechanisms as part of the commons. The stock market is a human-created societal asset, with rules and systems that provide a credible and secure way to transact business. This market provides liquidity, which greatly enhances the privately held assets of many businesses.

The value added by the stock market itself can be seen from the experience of Working Assets as they considered taking the company public:

What we, the private shareholders, learned was that our business was worth a whole lot more as a public company than as a private company. We wouldn’t make more sales or profit – those would be the same private or public. The extra value would come from the fact that our stock would

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be liquid. We could sell it to any Tom, Dick, or Harriet, any day of the week. According to our investment banker, liquidity alone would add 30 percent to the value of our stock.<sup>24</sup>

For Barnes, this was a pivotal lesson. “That added value comes not from the company itself, but from society: from the stock market and the infrastructure of government, financial institutions, and media that supports it.” For many whose wealth has been created in the stock market, it is easy to forget that this entire system is an infrastructure that has been built over several generations and is regulated at taxpayer expense through oversight institutions such as the Securities and Exchange Commission.

And the US stock market is not just local. It is a highly sophisticated global marketplace where you can sell your shares virtually anywhere at anytime. This gives access to an infinitely larger market of potential buyers – the market for shares becomes the whole world. This greatly increases liquidity and value. As Barnes points out:

You are plugged into a global network; you get listed, and based on your filings with the Securities and Exchange Commission, people generally believe your numbers. You talk to a few analysts and, sight unseen, they pay you money. It’s a wonderful social creation that basically rewards private shareholders for adding their company to the grand casino that is the publicly traded stock market.<sup>25</sup>

For Peter Barnes, the stock market is just one of the ways in which a private enterprise benefits from society’s investment and infrastructure. The entire system of institutions that foster trust and faith in the marketplace is essential. When Barnes founded Working Assets as a money market fund, he was in charge of developing several advertisements.

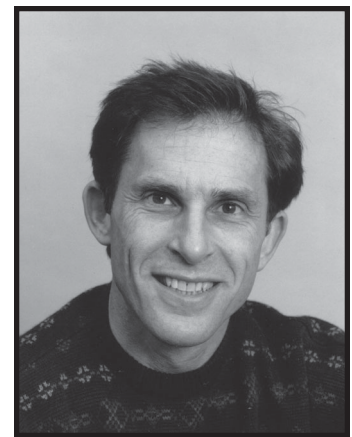
The next thing we knew, people are sending us big checks in plain envelopes. These people had never seen me before, nor met anyone from our company. They didn’t know us from a hole in the wall.

This system of trust should not be taken for granted. Barnes found that customers sent money, sight unseen, because they had trust that the system would protect them.

That system is a social creation that took centuries to build. It’s very complex and I personally didn’t have anything to do with building it. I wrote the ads, but no one would have responded without the whole infrastructure that gave people the trust.<sup>26</sup>

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*“For many whose wealth has been created in the stock market, it is easy to forget that this entire system is an infrastructure that has been built over several generations and is regulated at taxpayer expense through oversight institutions such as the Securities and Exchange Commission.”*  
- Peter Barnes



Peter Barnes

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***For Barnes, the challenge of capitalism in the 21st century is to recognize the value that is created by the commons, and to protect it, give it standing and clout.***

We have a recent example of what happens when this trust and confidence in the marketplace is shaken. After the Enron and WorldCom scandals, millions of investors lost confidence in the accuracy of corporate accounting. In the weeks after the June, 2002 disclosure of the WorldCom accounting irregularities, the stock market lost 28 percent of value. A study by the Brookings Institution, *Cooking the Books: The Cost to the Economy*, estimated that the decline in investor confidence cost the economy approximately \$35 billion.<sup>27</sup> This decline was rooted in the perception that the corporate scandals were not limited to just a few bad apples, but were more widespread. “The corporate scandals caused people to stop trusting the numbers that companies were reporting,” said Barnes. “Imagine how much value is created by trust and the whole system that assures that trust?”

Barnes is an advocate of a healthy capitalism that recognizes the value of the commons. This value is huge, as he believes that the commons is generally behind private wealth.

Most wealth comes out of the commons and individuals add a little bit on top of that. But because of the way capitalism is set up, for adding that little bit, you get to grab an enormous share of what comes out of the commons.

For Barnes, the challenge of capitalism in the 21<sup>st</sup> century is to recognize the value that is created by the commons and to protect it, give it standing and clout. There will still be those who generate substantial individual wealth, but it won't be because they have pocketed the wealth of the commons.<sup>28</sup>

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## Warren Buffett: This Society Disproportionately Values What I Do Well

*Warren Buffett founded Berkshire Hathaway and lives in Omaha, Nebraska.*



Warren Buffett, the second wealthiest man in the world and the founder of Berkshire Hathaway, holds a balanced view of how good fortunes are built. In a tribute he wrote about Peter Kiewit, the founder of a successful Nebraska-based construction company, he lifts up Kiewit's personal attributes in explaining his rise from bricklayer to master builder:

There's only one way to be the best in the construction business. Luck, patents, historical position, favorable geography, and even financial resources count for relatively little as determinants of success. Rather, you must have the ability to consistently blend men, materials and equipment into the most efficient solutions to new problems.<sup>29</sup>

But Buffett acknowledges the uniquely fertile soil of the American economic system when he imagines trying to create wealth in another society. At a 1996 Berkshire Hathaway annual meeting, Buffett noted that the American system "provides me with enormous rewards for what I bring to this society."<sup>30</sup> In a television interview, Buffett stated:

I personally think that society is responsible for a very significant percentage of what I've earned. If you stick me down in the middle of Bangladesh or Peru or someplace, you'll find out how much this talent is going to produce in the wrong kind of soil. I will be struggling 30 years later. I work in a market system that happens to reward what I do very well – disproportionately well.<sup>31</sup>

Warren Buffett's sentiments about society's investment translate directly into a different attitude toward taxation. In 1993, Berkshire Hathaway paid \$390 million in taxes.

Charlie [Munger] and I have absolutely no complaints about these taxes. We work in a market-based economy that rewards our efforts far more bountifully than it does the efforts of others whose output is of equal or greater



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***“I personally think that society is responsible for a very significant percentage of what I’ve earned.”***  
**- Warren Buffett**

benefit to society. Taxation should, and does, partially redress this inequality. But we remain extraordinarily well treated.<sup>32</sup>

Buffett feels that progressive taxation takes into account that some people’s skills, like his, are highly valued in the marketplace, while the skills of other people are undervalued. This is not a function of innate worth, in his view. As he explained in a public television interview:

If you’re a marvelous teacher, this world won’t pay a lot for it. If you are a terrific nurse, this world will not pay a lot for it...I do think that when you’re treated enormously well by this market system, where in effect the market system showers the ability to buy goods and services on you because of some peculiar talent – maybe your adenoids are a certain way, so you can sing and everybody will pay you enormous sums to be on television or whatever – I think society has a big claim on that.<sup>33</sup>

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## Jerry Fiddler: Public Support of Education Helped Get Me Where I Am

*Jerry Fiddler was founder and CEO and is currently chairman of Wind River Systems in Alameda, California.*



Unless you happen to be a computer programmer, you probably don't spend much time thinking about how your DVD player knows what to do, how a helicopter works, or where the little Mars rovers got their intelligence. All those devices have something in common. They're driven by software from a company you've probably never heard of: Wind River Systems. Wind River is a 23-year-old enterprise, based in Alameda, California, that sprang from government investment in research.<sup>34</sup>

At the helm of Wind River Systems for those 23 years – first as founder and CEO, then as chairman – has been a mild-mannered man named Jerry Fiddler. Fiddler knows that his success depended on many things, including public support of education, other people's investment, US government support of the Lawrence Berkeley Laboratory, and a whole lot of happenstance. In fact, were it not for a few quirks of fate, he might be a jazz musician, a photographer or a geologist today.

After attending public school in Chicago, Fiddler went on to attend the University of Illinois, one of the land grant colleges (see box on page 29), where he majored in music and photography. Following a graduate program in computer science, he headed west, where he landed a job at Lawrence Berkeley Laboratory (LBL).

They were looking for somebody with a dual background in the arts and computers to create user interfaces for big systems. I learned a lot about real time systems and computer architecture there, and that's really what prepared me to start Wind River Systems.

Fiddler started Wind River Systems as a consulting company in 1981, building on work he had done at LBL on touch panels. As he moved from job to job, he found that there were pieces of software that he could use again and again. By 1987, Wind River Systems had become a product-based company, focused on selling software. It began growing very quickly, more than doubling in size each year for six consecutive years.

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Wind River software is now found inside anything from digital cameras and cars to spaceships and the routers and hubs that control the Internet. From 1981 to today, Fiddler built the company from a few cutting-edge technological ideas to its present state: a company with over 1300 employees that provides a critical piece of our technological infrastructure. At its peak in 2000, the company had 2200 employees and was valued at \$4 billion.

Fiddler attributes his success to a combination of factors. “It’s a wide variety of abilities and a willingness to take risks, coupled with a fair amount of luck.” Luck, to Fiddler, includes:

being in a family situation that supported me to develop, and in schools with teachers who also helped me to learn and develop. You just don’t do it on your own. You do it with the help of parents and friends and teachers and coworkers and service providers.

To Fiddler, a big part of starting a successful business in the US is the existence of a massive accounting, finance and legal infrastructure to help companies get started, and an education infrastructure to provide the needed skills.

You can have a great idea in a developing country, but you won’t find the right advice, or the right accountants and lawyers, and you won’t be able to get it financed. And if you do, you won’t be able to find a market. So, part of it is just being in a place where the opportunity exists to start a business. The venture capital community and all the support structure around it is massive and unique; it really doesn’t exist in the same way anywhere else in the world.

There’s no way I would be here if I hadn’t worked at a national lab. It was the best place in the world to learn how to do this. I probably wouldn’t have gotten that job if I hadn’t had a master’s degree from a public university. I wouldn’t have had that master’s or a bachelor’s degree if there weren’t financial aid, and an assistantship in grad school. And had I not gone to a good public school, I probably wouldn’t have gotten *into* the university. So you just keep stepping back. Heck, if my mother hadn’t had the right pre-natal care, I could have been 28 IQ points less intelligent! So where does it start?

It all builds. In this country there is more opportunity and mobility than anywhere else in the world. But it’s very rare that a lot of factors beyond the individual haven’t contributed, a lot of stars haven’t aligned properly to create someone’s success.



Jerry Fiddler

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Fiddler reflects,

Something I learned as a musician is that being good is only one of many things you need to be successful. There are a million fabulous musicians out there who are never gonna be successful because they don't have the other support they need. They don't have the finance, the promotional backing, or the luck. And business is the same. There are millions of people who have the qualities that make you successful in business, but who weren't lucky enough to be in the right place at the right time or to get the right help. So having the capabilities is necessary, but nowhere near sufficient.

To take it up to a higher level, as a country, we are absolutely the envy of the world in terms of the intellectual horsepower we put together, the creativity, the technology, the leadership. Why is that here? To me, it's a product of the venture capital finance system, and of the immigrants who prized education and learning. But most of all, it's a product of the public education system. We could never have done it without a huge and wonderful public structure for education and support.

### **The Post-Sputnik National Defense Education Act**

A number of the individuals profiled in "I Didn't Do It Alone" came of age after World War II and received training in science and technology during the 1960s and 1970s. Several of them allude to the indirect role that the Soviet Sputnik satellite played in creating educational opportunity for them.

In October 1957, the Soviet Union successfully launched the Sputnik satellite. Two months later, a US attempt to launch a Vanguard rocket carrying an American satellite ended in failure. This induced a climate of national crisis and concern about the deficiencies of American students in math and science. But it also kindled national security fears as the Sputnik was also, in effect, the first Intercontinental Ballistic Missile, demonstrating the Soviet capacity to strike US soil with nuclear weapons.

This led to a massive infusion of funding in education and scientific research. Congress's main response was the National Defense Education Act of 1958 (NDEA) that stated "an education emergency exists and requires action by the federal government. Assistance will come from Washington to help develop as rapidly as possible those skills essential to the national security." The NDEA provided funding for both K-12 and higher education, but its most lasting impact was the creation and expansion of a network of research universities.

At this time, the federal government became the largest investor in research and development, providing taxpayer funds for basic and applied research to universities and to public agencies such as the Department of Defense, the Atomic Energy Commission, the National Aeronautics and Space Administration and the National Science Foundation. Since Sputnik, an estimated 75 percent of all engineers and scientists engaged in scientific research have gone into federally subsidized ventures in both the public and private sectors.<sup>35</sup>



## Maceo Sloan: Community Creates Wealth

*Maceo Sloan is founder and chairman of Sloan Financial Group in Durham, North Carolina.*

Maceo Sloan expresses his dream in no uncertain terms: “I want to help make 12 black millionaires.” Sloan, the founder and chairman of Sloan Financial Group and one of America’s most successful money managers, comes by his interest in creating wealth in the African-American community. His ancestors Aaron McDuffie Moore and John Merrick founded the North Carolina Mutual Life Insurance Company in 1888.<sup>36</sup>

Now the oldest and largest African-American owned insurance company in America, North Carolina Mutual Life Insurance (NCM) continues to espouse a philosophy described as the “double duty dollar,” protecting the lives and property of policy owners and creating jobs in the community that broaden prosperity for all.<sup>37</sup>

When North Carolina Mutual Life Insurance opened its doors in the late 1800s, it was continuing a tradition that began a century earlier in Philadelphia as the cooperative aid movement. Philadelphia’s Free African Society collected one silver shilling a month from each member. These funds were then redistributed to those in need. The isolation caused by segregation led black communities to develop mutual aid sub-economies such as this one, where money was re-circulated within the community. This gave rise to a black merchant and professional class.

By the early 20<sup>th</sup> century, the street in Durham where NCM was headquartered became known as the “Wall Street of Black America” for its role of capital formation within the African-American community.<sup>38</sup> From this street, prosperity spread throughout the community.

Maceo Sloan’s family was one of those families that prospered as black consumers spent their money at black-owned businesses. His father was Executive Vice President of NCM. Sloan began investing money when he was a junior in high school. When Sloan returned from graduate school in 1973, he too joined the “family business.”

While Sloan honed his investment skills at NCM, he also had a broader vision for the company, wanting to expand beyond insurance to raising significant

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pools of capital to fund black-owned businesses. Sloan explains his motivation:

It's very difficult to go to a bank and borrow money to start a business or to expand a business if you are black in this country. You can borrow money to buy a car or a boat or a house, but when you go to talk about borrowing \$10 million dollars or \$20 million dollars, big time money to expand a business, you get a very chilly reception. That's because of the stereotypical idea of what blacks can do and what blacks can't do.<sup>39</sup>

Over the last decade, Sloan has amassed an investment pool of more than \$3 billion, much of it from large pension funds. He puts into practice the principles he absorbed around the dinner table growing up: reinvest in the community, put money into the hands of those who have historically been denied it and watch what they make of the opportunity.

Sloan has invested tens of millions of dollars in wireless communication licenses, seeking to give black entrepreneurs a foothold in an industry where they've long been excluded. Sloan recalls this history of exclusion:

Back in the 1920s and early 1930s the United States government paid grants to do research on radio. Well, then they turned around and they gave the frequencies for radio stations of America to white males. In the early 1940s the United States government paid to do the research on television. And then they turned around and said, "Well, we're going to give away the frequencies for television stations, but we're only going to give them to people who have experience in broadcasting." Well, the only people who had experience in broadcasting were white males. So they gave away all the frequencies to white males in America.

Now we come to the 1990s and there are enormous fortunes that have been built on radio and television. None of them are black-owned. You do have a few blacks...that own a few stations, but you don't have any mega-fortunes built out of broadcasting in the black community. And yet, the whites of today say, "I don't owe blacks anything, I haven't taken anything from them. I never owned a slave." Well, that's absolutely true, but they're standing on the fortunes that have been built over the last 200 years in America.<sup>40</sup>

Sloan's commitment to changing the systemic rules around wealth creation also led him to help launch New Africa Advisers, the first American investment firm in post-apartheid South Africa. Sloan recognizes the direct link between economic power and political power. He aims to play a role in the creation of strong black businesses in South Africa as a means of strengthening blacks' role in the new democracy.

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*Now the oldest and largest African-American owned insurance company in America, North Carolina Mutual Insurance (NCMI) continues to espouse a philosophy described as the "double duty dollar," protecting the lives and property of policy owners and creating jobs in the community that broaden prosperity for all.*



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***Sloan puts into practice the principles he absorbed around the dinner table growing up: reinvest in the community, put money in the hands of those who have historically been denied it and watch what they make of the opportunity.***

Maceo Sloan sums up his views on wealth creation:

The wonderful thing about this country is that you can start from anywhere and you can move up the ladder. Everyone I've ever met in this country has had at least one opportunity. My definition of luck, 'cause luck is what it is all about, is *when opportunity meets preparation*. If you're prepared when you get an opportunity, they call it good luck. If you're not prepared when you get that opportunity, they call it bad luck.<sup>41</sup>

Opportunity comes in many forms. For Maceo Sloan it was the opportunity to stand on the shoulders of his ancestors. For those who come after him, it is Sloan's invitation to new entrepreneurs to stand on his shoulders.

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## Amy Domini: I Never Had to Worry

*Amy Domini is the founder and president of the Domini Social Equity Fund. She lives in Cambridge, MA.*



“In order to run a business in many countries, you have to be very comfortable with violence and corruption. That would have been impossible for a nice girl from Connecticut like me,” reflects Amy Domini as she accounts for her success as a leader in the socially responsible investing industry. “I’ve been allowed to grow and develop without the distraction of corruption or fears about my personal safety,” she adds.<sup>42</sup>

As a young stockbroker, Domini built her client base by teaching adult education classes in the evening. Her talent for helping clients connect their financial goals with their values set her quickly on the way to a successful career. She co-authored the groundbreaking book *Ethical Investing* in 1984, and launched the first socially screened index fund, the Domini Social Equity Fund, in 1991. Yet Domini believes she might not have had these opportunities if not for simple things like the Boston subway system, working streetlights and the neighborhood presence of police. These allowed her to move freely and safely as she was starting out in business.

Domini points to a number of other public services that allowed her business to grow:

Getting my message out over the public airwaves has allowed me to be far more successful than if I had been born in another time and place. The mail runs on time, allowing me to communicate with existing and potential shareholders, and the rise of the publicly financed Internet has lowered the costs of these communications still further. I can fly safely – and most often conveniently – throughout the country, sharing my ideas and gaining new clients, again thanks to a publicly supported air travel system.

Domini’s lessons about the role of public investment came early. She was born in Newtown, Connecticut, to a public school teacher and the owner of an eggplant processing plant. As a teenager, Domini recalls her parents pressing their fellow taxpayers to approve a tax levy to build a new high school. The levy failed and the new school was not built, leaving the students to suffer in a dilapidated building. “It was one of the first times I made the connection between paying taxes and the quality of life.”

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*Domini believes she might not have had these opportunities if not for simple things, like the Boston subway system, working street lights and the neighborhood presence of police. These allowed her to move freely and safely as she was starting out in business.*

This lesson was driven home when Domini and her young children accompanied her father to the Dominican Republic to visit some of the growers who provided eggplants to her father. Domini recalls that the driver, Chi-Chi, was employed because he knew which police to outrun and which ones to stop and pay bribes. “We were stopped five times on the way to town, with each policeman collecting a bribe,” Domini lamented. “I’ve never had to pay a bribe in this country,” Domini notes.

Domini operates in a highly regulated industry, overseen by the Securities and Exchange Commission. While acknowledging the recent ethical lapses in the securities industry, Domini believes it remains the most trusted in the world, something she sees as a key part of her success. Over time, she and others have used the system of law and regulation to create room for the social investment industry to blossom. For example, Domini won approval to launch the nation’s first socially screened index fund, and later obtained permission to include illiquid community loan fund investments in her mutual fund.

When conservative business interests attacked the growing power of social investors, seeking to limit their ability to effect social change by submitting shareholder proposals, Domini and her industry peers joined the battle. Their resistance was successful. Shareholders retained the right to voice their concerns about the social impacts of businesses as well as the financial bottom line. This victory of David over Goliath resulted from solid political organizing. Later, Domini set an example when hers became the nation’s first mutual fund to publicly disclose its proxy votes. The SEC now requires this disclosure from all mutual funds,

In her book, *Ethical Investing*, Amy Domini acknowledges that some people are tax avoiders, and so prefer to invest in tax-free bonds. But she is also quick to tell the story of an immigrant client who didn’t mind paying taxes, saying, “Uncle Sam has to protect us. My taxes pay for that.” Amy Domini’s life has been built upon the protection that Uncle Sam and his state and local government kinfolk have afforded: from safe streets and subways, to sound and efficient security markets, to the infrastructure that supports fast, reliable and inexpensive communication.



Amy Domini

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## Jim Sherblom: My Role In a Bigger Production

*Jim Sherblom is former Chief Financial Officer of Genzyme. He is now the President of Seaflower Ventures, a venture capital firm in Waltham, Massachusetts.*



Jim Sherblom is a venture capitalist who has worked in the biopharmaceutical industry for two decades. In the early 1980s, he was Chief Financial Officer of Genzyme, one of the largest public biotech firms in the US, with over 1700 employees. That might seem like enough for one career. But between 1989 and 1993 Sherblom was President and CEO of another biotech start-up company called Transgenic Sciences, Inc. And in 1993 he founded Seaflower Ventures, his own venture capital firm investing in life science companies. He is also currently pursuing ordination as a Unitarian Universalist minister, and envisions a dual career as minister and venture capitalist.<sup>43</sup>

In 1986 Sherblom oversaw the issue of Genzyme's Initial Public Offering (IPO). The IPO was accompanied by a dramatic increase in the company's value, from \$50 million at its last round of private financing to \$500 million two years later as a public company.

When we were a private company at \$50 million, investors had to be willing to keep their investment for several years. Only venture capitalists were willing to do that. Once you're in the public marketplace, you have much bigger pools of capital. A buyer could sell it the next day if they changed their mind. So they're willing to pay a substantial premium in order to reduce the risk of their investment in this way. Even Canadian companies don't have that same kind of deep liquid market for their start-up companies that we do.

What is this liquidity worth? "My guess is that it's worth 30 to 50 percent of the value of these publicly traded companies," suggested Sherblom. "It's the fact that people feel comfortable and have liquidity – that they can trade in and out of them so easily."

It's a mistake to attribute so much wealth to so few people. As Sherblom points out, there are a lot of "star CEOs where the creation of wealth was all attributed to them, ignoring the system that they were relying upon."

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***“We’re all in the community together, so we have a moral obligation to look out for those who are least able to look out for themselves. We are all standing on the shoulders of all who came before us, and creating a society for our children and those who come after us. We have obligations as part of that.”  
- Jim Sherblom***

You want to have talented people in that role, you’re relying on them. But it does neither them personally nor the system any good to oversell them as stars. It’s like having one player on the team to whom everybody attributes all successes and losses. It makes it hard for the system to work, for the whole team to function as a team.

Another significant societal factor that contributes to success in the biotechnology field is US property law protection. Sherblom reflects that it would be difficult to build the biotechnology sector in most other non-European countries. Companies put in a massive, long-term investment. They couldn’t afford to do that if someone could step in and develop the product more cheaply.

For Sherblom, the idea that anyone made their money alone, and so has no obligations, is ridiculous.

The opportunities to create that wealth are all taking advantage of public goods – like roads, transportation, markets – and public investments. None of us can claim it was all personal initiative. A piece of it was built upon this infrastructure that we all have this inherent moral obligation to keep intact.

According to Sherblom, if people think they “did it all themselves,” they are ungrounded and disconnected from their surrounding community. This ungrounding leads to anti-social behaviors, like some of the aggressive tax avoidance that some wealthy individuals and corporations pursue.

An accounting firm will make a million dollars creating all these offshore partnerships because it saves my company ten million dollars a year in taxes. Well, who did you take that ten million from? Who is picking up the slack?

In Sherblom’s experience, the most successful business leaders, those who’ve been successful for several decades, “are remarkably solid citizens. They find ways to give back to their community. They are very aware that they didn’t do it on their own, that they did this as part of a community.”

Sherblom believes we would do well to hold up examples of the people who find ways to give back. We need to lift up “the successful people who have enough humility to recognize they are playing a particularly wonderful role but it’s a role within a much bigger production.”

Sherblom, combining his outlook as both venture capitalist and pastor, observes that people who are “focused solely on themselves” and accumulation would be described in most settings as “pathological.”

Someone with a compulsive need to accumulate more assets than they would ever use in their lifetime, and with a

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complete disregard for other people's needs, is a pathological personality. It's unhealthy for them. It certainly limits their joy in life; they don't have the connections that you would expect a mature human being to develop in their lifetime. And they certainly aren't helping others.

Living in a society such as ours, where we have significant public and societal investments, creates obligations for its citizens, particularly those who have prospered.

I hope we can put back in the national discourse this notion of being a good steward of public resources. If I'm lucky enough to have been given ten talents, that doesn't mean that I'm ten times better than someone who only has one. And in some ways that means I have a greater responsibility for stewardship to share with other people who started with less.

We're all in the community together, so we have a moral obligation to look out for those who are least able to look out for themselves. We are all standing on the shoulders of all who came before us, and creating a society for our children and those who come after us. We have obligations as part of that.

### Land Grant Colleges

Several of the individuals profiled in "I Didn't Do It Alone" attended or worked at land grant colleges and universities. Jerry Fiddler attended the University of Illinois-Champaign/Urbana, for example, and former Senator Phil Gramm taught at Texas A&M. The land grant college system represents a lasting legacy of public investment in building and sustaining institutions of higher education in every state.

Land grant colleges were founded because of a need for more agricultural researchers, scientists and engineers at the time of the Civil War. Higher education was not then widely available to workers, and there was a strong feeling that it should be more accessible. The Northern states therefore passed the Morrill Act in 1862, which made land available to each Union state. States could sell the land to finance colleges that would be accessible to the general public. In addition to agriculture, engineering and military training, these colleges were to offer a "liberal and practical education." This Act established over 70 land grant colleges, including Purdue, Rutgers, Cornell, Iowa State and the Massachusetts Institute of Technology.

A second Morrill Act passed in 1890 extended the land grant college system to Southern states and provided additional endowments for all land grant schools. The law denied funds to states that made distinctions between races in admissions. However, it allowed the segregated South to establish a system of separate land grant colleges for blacks. A century later, in 1994, 29 Native American colleges received land grant status, making a total of 105 land grant colleges.

The land grant institutions played a vital part in boosting the productivity of US industry and agriculture starting in the late 1800s. They continue to have an important role today. As one historical report observes:

Today, America's land grant universities continue to fulfill their democratic mandate for openness, accessibility, and service to people. Many of these institutions have joined the ranks of the nation's most distinguished public research universities. Through the land grant university heritage, millions of students are able to study every academic discipline and explore fields of inquiry far beyond the scope envisioned in the original land grant mission.<sup>44</sup>





## Katrina Browne: I'm Still Benefiting from the Slave Trade

*Katrina Browne is a director of the forthcoming film, *Traces of the Trade*, and lives in Boston.*

Katrina Browne, 36, is a filmmaker living in Boston who knows that her life opportunities are largely the result of her ancestry. Browne is a descendant of the prosperous DeWolf family of Bristol, Rhode Island, whose three generations of involvement made them the country's leading family in the African slave trade. Over a half century, from the 1770s to the 1820s, the DeWolfs owned 47 ships that transported thousands of enslaved Africans to the Americas.<sup>45</sup>

Browne is currently working on a film, *Traces of the Trade: A Story from the Deep North*, that reveals the hidden history of her family and of New England, and invites the viewer to join her family in reckoning with this legacy. In the film, a group of ten DeWolf descendants travel the route of the Triangle Trade between New England, slave forts in Ghana and former family plantations in Cuba. On this journey, they meet with community members and scholars and try to come to terms with their shared history and its impact. They explore issues of white privilege and its consequences.

Browne's ancestor, Mark Anthony DeWolf, settled in Bristol, Rhode Island in the mid-1700s and became a merchant sailor with his business partner, Simeon Potter. Gradually they worked their way up, bought a ship and began making trading voyages. In 1769 they made their first slaving voyage. All of Mark Anthony DeWolf's many sons went into the slave trade.

By the late 1700s much of Bristol was invested in the slave trade in one way or another, whether through buying shares as investors, working on the ships, producing rum that went on the ships or making sails. The DeWolfs weren't the only Bristol ship owners, but they gradually became the most influential.

The DeWolfs diversified their business over time and slowly became vertically integrated. "It's a horrible thing to contemplate," says Browne, "but they were smart business people and figured out the system." By the second generation, James DeWolf had married into a family that owned a rum distillery, which he later took over. They also bought coffee and sugar plantations in Cuba and started a slave auction house in Charleston, South Carolina. They created their own insurance company and bank to insure the ships and invest funds.



So, the DeWolfs' enterprises profited from every dimension of the infamous Triangle Trade. DeWolf rum was sent to the coast of Africa on their ships and traded for Africans. Africans were shipped back to the West Indies and to the United States and often sold at the DeWolf auction house. Then sugar and molasses, produced by the labor of enslaved Africans, some on DeWolf-owned plantations, were shipped up North to the rum distilleries.

For the majority of the three generations that the DeWolfs were involved it was illegal to traffic in slaves. Rhode Island statutes outlawed the trade after the 1780s and federal law outlawed it after 1808. However, these statutes were rarely enforced.

Does something that happened over two centuries ago matter in terms of its impact on current-day wealth and opportunity? "Absolutely," says Browne, "I benefit to this day from my familial connection to the slave trade. The wealth that was created, even though it seems to have been spent long ago, did provide a continuity of elite status – such as through marriage into other wealthy families, and access to what it takes to succeed in this country"

In fact, a lot of the capital generated from the slave trade was the foundation for DeWolf and other famous New England fortunes, through the textile industry in particular. One of Browne's ancestors, James DeWolf, invested trading profits into at least one textile mill and possibly more. These were some of the earliest, most technically advanced textile mills. They laid the groundwork for the Waltham-Lowell textile mill system and the foundation of New England's 19<sup>th</sup> century industrial prosperity.

Browne thinks that as a descendant of slave traders, she has a special responsibility to address the legacy of slavery and the racial wealth gap. But she also points out that almost everyone of European ancestry benefited directly or indirectly from the slave trade. For instance, England, Spain, Portugal, France, The Netherlands, Denmark and Italy all had strong maritime economies and were involved in the slave trade. Europeans operated almost all of the trading posts along the African coast where Africans were bought and sold.

Through her research, Browne has come to understand that even poor European immigrants, and those who arrived in the US after the Civil War, benefited. Scholars explain that slavery was the economic engine that built America. "Why do people come to America? Because it's prosperous. Why is it prosperous? In large part, because it was built on slave labor."

This is the land of opportunity because we took off economically around the industrial revolution. And the New England revolution in the textile industry was heavily subsidized by unpaid labor, making the cotton cheap. Even someone far down the economic ladder, just working in a textile mill, benefited indirectly. His or her job depended on someone not being paid for picking the cotton. Our land of opportunity, this place that people all over the world migrate to, was made economically vibrant by slave labor.

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Katrina Browne

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- Katrina Browne

Many observe that despite significant obstacles, European immigrants have moved up faster and more easily than people of African descent. Browne believes this is a function of white privilege. It was easier for European groups to assimilate because they have white skin. So even in the face of initial prejudice at the hands of Anglo-Saxon Protestants, a generation later it was possible to blend in and do well.

For Browne and her family, the legacy has generally meant going to the best private schools and an ability to choose whatever work they want. There’s also been a level of influence, access, status and power that some have chosen to take advantage of. Browne says that she has experienced a great sense of entitlement and confidence. “Part of the education I got was an expectation that ‘you are a future leader,’ that of course I will be successful. I’m really aware that’s not what everybody got.”

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## Ben Cohen: Holding a Business in Trust for the Community

*Ben Cohen is one of the founders of Ben & Jerry's ice cream company, based in Waterbury, Vermont.*



Ben & Jerry's co-founder Ben Cohen's rapid-fire recitation of his resume can only bring a smile and a sense of amazement. Perhaps it's where he developed his appreciation for the work of the common man:

I went to public school in Merrick, on Long Island, and after that, I went to Colgate University for a year and a half, dropped out, went to a few other places and dropped out of all of them, and, you know, had a bunch of jobs along the way. I was a newspaper boy. I worked at McDonald's. I worked sorting mail, as a Pinkerton Guard, as an assistant superintendent, a garbageman, a Yellow Pages deliveryman and as a night mopper at a Jamesway Department Store. I was a short order cook, a taxicab driver in New York and a clerk at a hospital. I was a pottery wheel deliverer and I tried to make a living selling pottery, but nobody would buy my pottery. My first real job was at a residential school for emotionally disturbed kids in upstate New York as a crafts teacher.<sup>46</sup>

He never expected to make it big in the world of ice cream. In fact, when he teamed up with his childhood buddy Jerry Greenfield ("We met in seventh grade gym class running around the track. We were the two slowest, fattest kids in the class."), ice cream was supposed to be just a stepping-stone to something more desirable.

We decided to try out being in business for ourselves, and opened a homemade ice cream parlor. The idea was that it was just going to be a little one-storefront operation, and then we'd sell it in a couple years, and with the money we got, we'd buy a tractor-trailer and become cross-country truck drivers.

They started the business on just \$12,000: \$2,000 borrowed from his father, \$2,000 of his own, \$4,000 from Jerry, and a bank loan of \$4,000. Drawing on Jerry's biochemistry background and a college textbook simply called "Ice

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**One of every 100 Vermont families bought stock in the company. That money built the first plant in Waterbury. From that point on, Cohen believed he was “holding the business in trust for the community.”**

Cream,” they began cranking out “gobs of homemade ice cream,” searching for the right formula.

Neither Ben nor Jerry had much background in commerce. They consulted with the University of Vermont, and Cohen took a \$5 dollar correspondence course from Penn State University.

The way we got our business stuff was by mail from the Small Business Administration (SBA). The SBA published all these little pamphlets. They cost 25 cents apiece, and they were on all the different aspects of a small business. Whatever you needed to know, it was there, in one of these little pamphlets. And you know, there was no bullshit in ‘em. They were excellent.

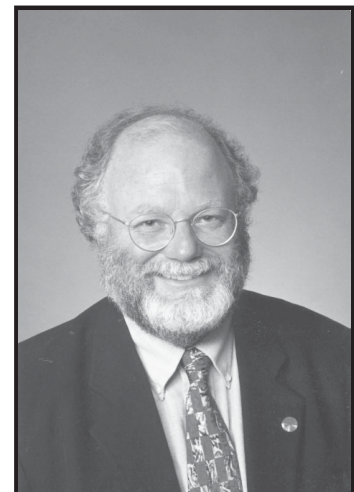
Cohen and Greenfield could be forgiven for feeling that their success was purely the result of their individual effort. The first years of the business were quite a struggle, and winters in Burlington, VT were particularly bad for selling ice cream. So they began selling 2 1/2 gallon tubs to restaurants out of the back of Cohen’s car. They eventually hit upon packaging their product in the printed pint containers for which they are now famous, and began selling it to mom and pop stores. They went from 50 accounts to 200 accounts in a matter of months, and took off from there.

Soon the business was bursting at the seams, with not enough room to store raw ingredients or finished product, not to mention “lousy” working conditions. Rather than go the standard route and take in venture capital, they decided to get money from the community. They held the first-ever in-state Vermont public stock offering, “against the advice of the lawyers, accountants and business advisers.” With a low minimum buy of \$126, they chose to make the offering available to “men and women on the street who didn’t have any financial sophistication.” One of every 100 Vermont families bought stock in the company. That money built the first plant in Waterbury. From that point on, Cohen believed he was “holding the business in trust for the community.”

The uniqueness of Cohen’s and Greenfield’s relationship to their investors was reflected in their annual meetings, which had the flavor of celebrations and attracted thousands of shareholders.

Most companies hold their meetings in out-of-the-way places at out-of-the-way times, and try not to have anybody show up. We did everything we could to get as many people to come as possible.

Employees, too, received different treatment at Ben & Jerry’s. Despite working 16-hour days,



Ben Cohen

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the two founders had modest salaries and did not receive dividends or profits while they were running the company. They also had a compressed salary ratio that started at 5-to-1, then moved to 7-to-1, meaning that the CEO could only be paid a maximum of seven times what the lowest-paid worker was making.

We had a profit-sharing system because we believed that the employees should share in the profits, because they were *creating* the profits. And we had a foundation that was run by the employees. They decided where the money should be given.

It's not that Ben Cohen takes none of the credit for the success of the enterprise, it's just that he keeps it in perspective. When pressed to identify his personal skills and talents, he responds,

Drive, perseverance, focus, passionate dedication, self sacrifice, somewhat of a talent for marketing, a passionate desire to integrate social concerns into our day-to-day business activities and kind of an intuitive sense of what kind of ice cream people would like to eat!

But he recognizes the value of all types of work and doesn't believe the rewards of one should be astronomically different than another.

Yeah, we put our life into it. Yeah, I was working 16 hours a day, but the people who were working for me, they were working 8 hours a day – that's *twice* as much. Each one is working *hard*. When I put in my 8 hours a day of mental work, I'm not working any harder than somebody on my production floor who's putting in 8 hours a day of physical work in an environment that's a helluva lot worse than my office.

Who created the wealth? It was really created by our customers and employees, people who worked with us. And when the company went public, we did grant a bunch of stock to the people that were working at the company at the time.

The company eventually was sold in 1999 to the multinational Unilever for about \$270 million. Cohen's share of the proceeds was about \$40 million. How does he view that money?

I always worked on the idea that 50% of the money that I get goes back to the community in the form of advocating for progressive social change – to change the system, so that we don't end up with as many people in poverty and needing remedial welfare-type bailouts. I believe very strongly, and I've got this quote up on my wall, "If we had justice, we wouldn't need charity." So I use 50% of the money I get to try to achieve that.

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*"Who created the wealth? It was really created by our customers and employees"*  
- Ben Cohen

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*An ardent foe of government spending, Phil Gramm even attacked the very veterans benefits, land grant colleges and subsidies that he personally benefited from.*

### **The Post-World War II Investment in Wealth Expansion and Opportunity**

A half a century ago, the United States made a substantial investment in broadening wealth. As part of this investment, the government subsidized and insured mortgages through the GI Bill, the Federal Housing Authority (FHA) and the Farmers Home Administration (FmHA). These housing subsidy programs allowed millions of Americans to purchase a home.

Prior to the 1940s, mortgages averaged only 58% of property value. Only those with substantial savings could own a home; in 1945, just 44% of Americans lived in owner-occupied dwellings. The new FHA and other mortgage subsidies enabled lenders to lengthen the term of the mortgage and dramatically lower the down payment to less than 10%. Government guarantees alone enabled interest rates to fall two or three points.

As a result of this investment, millions of families stepped onto the multi-generational wealth-building train in the three decades after World War II. By 1968, the percentage of American families living in owner-occupied dwellings had risen to 63%, thanks in large part to federal programs. Between 1945 and 1972, 11 million families bought homes and another 22 million improved their properties<sup>47</sup>. In addition, the FHA insured 1.8 million dwellings in multifamily projects. In total, these housing subsidy programs provided a wealth stake for 35 million families between 1933 and 1978.

The biggest beneficiary was white suburbia, where half of all housing could claim FHA or VA financing in the 1950s and 1960s. The home mortgage interest deduction also benefited suburban homeowners. Interstate highway construction served as an indirect subsidy, as it opened up inexpensive land for suburban commuters.

Unfortunately, for a host of reasons – including racial discrimination in mortgage lending practices, housing settlement patterns, income inequality and unequal educational opportunities – many nonwhite and Hispanic families were left standing at the wealth-building train station.

Today racial wealth disparities persist, and are far more extreme than disparities in income. Homeownership rates for blacks and Latinos are currently stalled at the level where whites were at the end of World War II. So, while over 70% of non-Hispanic whites own their own home today, homeownership rates for blacks and Hispanics combined average just 48%.

The post-World War II investment in middle-class wealth expansion was paid for by a system of progressive taxation. The top income tax rate coming out of the war was 91%, and the estate tax included a provision that taxed fortunes over \$50 million at a 70% rate. Today the top income tax rate is 35% and going down. The widely shared benefits of post-war spending meant that the progressivity of the tax system enjoyed broad political support.



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## Martin Rothenberg: My Success Was Paid For By Others

*Martin Rothenberg was founder and CEO of Syracuse Language Systems, based in Syracuse, New York.*



Martin Rothenberg does not forget where he came from, nor the help he received along the way. Now a successful entrepreneur in upstate New York, Martin is quick to credit the many public resources that were available to him.<sup>48</sup>

Rothenberg's story begins in Brooklyn, NY. The son of immigrant parents – a housepainter and a sales clerk – he attended public schools there.

I started my movement to technology by going to the Electricity and Radio section of the local public library when I was maybe 12 or 13 years old, and I picked out all the books, and I found one about electricity and radio that I could understand without any help. I just read it from cover to cover.

In a New York City technical high school, he took his first formal classwork in technology. But money for college was not in the family budget.

If I went to college, I would have to pay for it myself. I could never take money from [my parents] for a college education – that wouldn't be fair. That would come from the savings they had for their retirement.

Instead, following high school, Rothenberg put his technical skills to use doing television repair, and considered opening a shop of his own. But he was drafted into the Army in 1952 and after Signal Corps training spent the next 14 months in Korea. As the end of his tour of duty approached, Rothenberg recalls learning about what the GI Bill offered.

When I got home, they were offering me a full scholarship, including tuition and a stipend to live on. You'd have to be foolish to turn it down. By making it easy to attend college, the GI Bill encouraged people to make that step, to give up the immediate income for possible gains in their lifestyle and financial status later on. That's what it did for me.



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After graduating from the University of Michigan in electrical engineering, Rothenberg took a job with Hughes Aircraft, then another in the space program at Bendix. His first wife's degree program took him back to the University of Michigan, where he learned about a graduate fellowship program. This offered a forgivable loan on the condition that he go into teaching. He notes that the government's loan program was a direct result of the Russians launching the Sputnik satellite, as the country realized we did not have enough educated people in the area of technology.

The forgivable loan biased me towards going into education somewhat, by sponsoring my first year or two of college. I think that most people don't realize the extent to which the technology programs at the universities are sponsored by the government. I had grants all the way through my teaching career, starting from the first year. There were a couple of grants from private foundations, but mainly they were government grants. Besides paying for my own salary and lab equipment, the grants included tuition and stipends for assistants. So the young people who work for you in your laboratory are mostly paid for by the government. My university research provided the basis for Syracuse Language Systems. So that's in large part where my wealth came from.

After graduate school, he went on to teach at Syracuse University for 25 years, from 1966 to 1991.

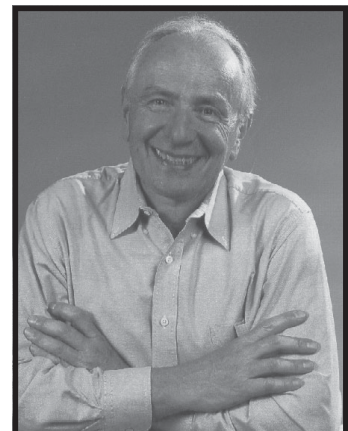
After the death of his wife in 1990, Rothenberg retired and started Syracuse Language Systems, which developed software for speech recognition and language learning. Of the name, he says:

The reason I called it "Syracuse" was because it was the Syracuse area that had all the skills necessary to make a high-tech software company. We had talented artists, programmers, marketing specialists and linguists for the language software. And of course, most of those people were educated in our public education system.

He started the business slowly, with just a few people, including his son, starting out in a government-sponsored "incubator" that provided below-market rent and subsidized support services.

As a software developer, the company relied heavily on patent and copyright law to protect its products.

Our company was the first company to make a consumer product using



Martin Rothenberg

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computer-based speech recognition, and I was awarded a patent in that area that protected our innovation. At a financially crucial time, we were able to get a sizeable legal settlement from one company that was copying our programs in Japan. On the other hand, one reason we couldn't go into China was because they *didn't* enforce copyright laws.

Not only was he able to rely on protection of his product by the US government, but he also gives credit to the government for starting the Internet. "In the last years of the company, we were heavily invested in using the Internet for language instruction."

He's quick to point out that he didn't – in fact, couldn't – do it alone.

The first thing that you have to do is gather a team. There's not much you can do as one person. You could start a small retail business, like my daughter has, but you're not going to make a *lot* of wealth that way. Generally, you have a team, and, unless you can find 76 hours in your workday, you just can't do everything.

When Martin Rothenberg and his financial partners eventually sold Syracuse Language Systems in 1998, it was worth approximately \$30 million. With a part of his portion of the proceeds, he established a small family charitable foundation dedicated to children, education and the environment.

But he also does not forget the others who made his success possible. Together with most of the other stockholders, Rothenberg gave a parting bonus to the company's long-term employees. He adds, "I consider grants from the charitable foundation to be in some measure from all the personnel of my former company, with my family acting as trustees."

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*"I think that most people don't realize the extent to which the technology programs at the universities are sponsored by the government."*  
- Martin Rothenberg



## David Lewis: There Are No Pockets in a Shroud

*David Lewis is a retired founder of Airgas. He lives in Carmel, California.*

David Lewis is retired now – sort of. He is still involved in seven or eight small private ventures. In 1982, Lewis was one of several founders of Airgas, a company that is now the nation's largest distributor of industrial and medical gas cylinders, with annual sales of \$2 billion. Listed on the New York Stock Exchange, Airgas is a conglomerate that acquires industrial and medical gas companies. But his roots in this business go back to when he was an entrepreneur, starting a company headquartered in St. Louis similar to those that Airgas has purchased.<sup>49</sup>

Despite being an entrepreneur, Lewis doesn't subscribe to the great man theory of success.

I know a lot of people who believe their success is only due to their hard work, their ingenuity, their energy and their willingness to take risks. They say 'I made it, it's mine and I'm going to hold onto it.' That thought process profoundly influences their views about many other issues such as taxes or charitable giving. My response is that a lot of factors go into building a successful business. For instance, did they go to a public high school or a tax-supported college? A lot of folks forget the help they got.

Lewis goes even further. He believes that he has a responsibility to the next generation. Lewis approached running his company from the perspective of both making a profit and being responsible to the broader community. "At one point my chief financial officer complained to me: 'Are you running a social agency or a business?' I said that we're running both and it will be a good thing in the long run. And it was."

Lewis's own life is a powerful example of both individual achievement and societal support. He served in World War II and received a free college education through the "Navy V-12" program. He graduated from Yale at age 19, then went on to the Navy and was commissioned one month before he was 20. "Everything," Lewis notes, "was paid by the service." After serving as a navigation officer on an aircraft carrier, he was able to use the GI Bill to get a Masters

Degree at Yale in metallurgical engineering. “In 1947 and 1948 I saw the GI Bill change a lot of people’s lives, and it was a wise investment for the country.”

In reflecting about his own personal success, Lewis describes the larger personal and social forces that influenced his good fortune. He grew up in a family with three other boys. “There were great expectations for all of us. There was no discussion about whether or not we were going to go to college: we were going. There was no choice.” Lewis reflects, “a key ingredient of success is a supportive family that expects things of you and helps you.”

During his business career, Lewis had the opportunity to travel to many areas of the world, including South and Central America and India. He saw the unique elements of the US economic system.

I don’t know how you can do business without the kind of infrastructure we have in the United States. Just a couple of examples: we delivered our cylinders on public roads that somebody else paid for; and we had a legal system that allowed companies to negotiate contractual agreements that could be relied on in future years.

Lewis believes we take for granted all the ways in which society helps a business like his. “The stock market enables you to raise money from a wider variety of sources; it provides liquidity for investors, so it’s much easier to raise your capital and expand your business.”

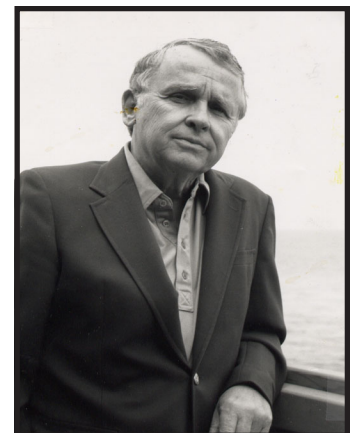
If anyone has spent any time in a third world country, they know how difficult it is to start a small business in a country without contractual laws, without a solid legal and financial system. I’m very familiar with South America and have spent time in India with Indian friends working to start businesses. It’s very different. The support of our legal and financial system as well as the absence of significant government corruption is unique in the world in assisting business enterprise. We take it for granted.

When pressed as to what personal qualities he brought to business, Lewis talked generally about the role of successful managers. He believes that a key quality among these managers is

The ability to gather people’s efforts together and set the direction – and get everyone to pull together. It’s a bit like being the conductor of a symphony orchestra. You don’t have to know how to play all the instruments. But you need to get everyone to play the same score, whether they’re playing an oboe or a harp.

Lewis doesn’t discount the special spark that some people have. Among the entrepreneurs he knows, “most of them operate with an inner confidence, confidence in self and the team to accomplish what we set out to do. They have

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- David Lewis***

a high energy level. These are people who are not easily discouraged, who keep moving on.”

However, his recognition of that spark does not alter his sense of connection to others and responsibility. So, after eight years in business, Lewis and other top managers decided the company should better reflect the diversity of the St. Louis community. “In St. Louis circa 1960, 32 percent of the population was African American. Yet our company didn’t reflect that diversity. So we set out to change the business, investing in developing people.” Later, the company also made a commitment to hire two inmates a year from the Missouri prison system. Lewis would personally meet with inmates once a month, before they were released, and talk to them about their future. Many came to work for the company. Two decades later, several are still there.

Lewis’s father used to tell him that “there are no pockets in a shroud,” meaning you can’t take it with you. “He wasn’t talking about living it up – eat, drink and be merry. He was essentially saying that everything you have, every influence you can make, is on temporary loan. What you do with that is the measure of your life.”

Lewis describes his parents as “unchurched,” but what they were talking about was “what church folks call stewardship.” For Lewis, one element of stewardship is “taking care of things, and recognizing our impermanence. We are just passing through.”

If you are a steward, it changes your point of view sometimes. It certainly influenced me in financial decisions in my personal life and business role. If you are handling shareholders’ assets, you are a steward. How you treat employees personally and financially is a matter of stewardship. Both companies I was involved with have extremely good employee stock ownership plans. When we expanded ownership of the company, with more workers participating, we were increasing their understanding of stewardship over assets too.

For Lewis, what people do with their assets when they die says a lot about what they believe about life.

Between us, my wife and I have seven children. We’ve given each of them a good start, and occasionally we help them out when they are in need. But there is no expectation on their part that they are going to end up with buckets of money when we depart. They know that we are leaving much of our substance to various charitable institutions that are doing good work in the world.

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## Gun Denhart: There's No Way I Did This By Myself

*Gun Denhart founded the Hanna Andersson clothing company in Portland, Oregon.*



Gun Denhart spent her first 30 years in Sweden before meeting her husband Tom, a native of Portland, Oregon. The two settled in Greenwich, Connecticut and had their first child in 1980. Denhart recalls, “We dressed him in Swedish clothes and people kept stopping me in the street to ask, ‘Where’d you get that?’” Neither Gun nor Tom Denhart had any experience with clothing or mail order businesses, but after they moved to Portland, Oregon in 1983 they launched Hanna Andersson in 1984 as a tiny mail order catalog offering high quality children’s clothing.<sup>50</sup>

We didn’t know anything about children’s clothes or about mail order. But we were lucky because that was just when the baby boomers were having a lot of children. There were a lot of synthetics in children’s clothing and we came with all natural fibers. People liked what we had because the quality was really great, and we had colors.

She doesn’t think for a minute that Hanna Andersson’s success is all her own doing.

I feel like there’s no way I’ve done this by myself. For one, my husband and I started this together, and he’s the creative one – he really created the catalog and the brand. But every single person we worked with has contributed to making Hanna what it is today.

Outside the company, she learned the basic skills she needed to run a business from a business association she joined early on in her career. She also credits the Social Venture Network, a progressive business alliance she joined in 1990, which enabled her to find like-minded entrepreneurs with whom she could discuss alternative business models.

As the company has grown, Denhart has always found ways to share the bounty. To promote repeat sales, the company offered a 20% credit on new purchases if customers returned their used items. These were then passed on to children in need. She recalls her first visit to an agency serving needy children: “It was just



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*“People in Sweden don’t like paying taxes, either, but nobody would ever suggest that you would close schools because you didn’t have enough money to keep them open.”*  
- Gun Denhart

an unbelievable eye-opener for me that there were actually children in America who didn’t have clothes,” she remembers. “Looking back at it, it was a turning moment in my life.” Her concern for the health and welfare of children has continued to this day.

When the time came that the company could consider raising wages, she realized there was another option. She decided to pay half the child care costs of employees, despite some grumbling from employees without kids. “They’re all our children” was her reply.

We’ve stuck with that policy and today we still do this. And we’ve found it’s a terrific tool for recruiting people and retaining them. I can make a humanitarian case for this, but I can also make a business case for it.

In addition, five percent of pre-tax profits are donated to the Hanna Andersson Children’s Foundation, which supports the health and education of vulnerable children. Employees decide where the donations go. “Every child in Sweden has access to high-quality health care, which is not the case in America. The fact that we don’t have universal health care in the US is appalling.”

In 1999, she co-founded the Oregon Business Association to lobby for progressive business issues like education and health care. OBA recently pushed for a tax increase to guarantee, among other things, a full school year. “If we don’t educate our kids, we will all be terribly worse off in the long run.” Thanks in part to their efforts, the legislature passed a tax increase, although it was turned down by voters in a referendum. “We said they should make things as efficient as they can, but if there’s a need for a tax increase, everybody should pitch in.” She adds: “I sleep better knowing I pay my fair share of taxes.”

Asked what it would have been like to run a business in Sweden, she says there is no way that a company like this would be successful there. The sheer volume of the market makes it possible here, together with the fact that Americans consume so much. She adds that the whole view toward business is different here. “If you’re an entrepreneur, that’s considered golden in the United States – people look up to you. My father was an entrepreneur in Sweden, and it was nothing that people looked up to necessarily.”

As for taxes, “People in Sweden don’t like paying taxes either, but nobody would ever suggest that you would close schools because you didn’t have enough money to keep them open.”

When she and her husband sold the company in 2001, their appreciation for the role of the employees made the transition a



Gun Denhart



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profoundly different event than most sales. Although there was no contract requiring them to do so, the Denharts devised a formula for rewarding employees based on their salary and their length of service. With tears welling up and a lump in her throat, she recalls meeting with each department about the sale and thanking employees personally for their contributions. “There were so many tears all around,” she recalls. “For some, the checks allowed them to pay off their debts. The less money they made, the more grateful they were for the bonus,” she adds.

There was no way we were going to not give the employees a part of the proceeds. There was plenty of money to go around. And we didn’t do this alone – a lot of people contributed to this happening.



## Nick Szabo: Bad Luck, Good Luck

*Nick Szabo is a retired executive from KLA Instruments and the former mayor of Cupertino, CA.*

Like a cat with nine lives, Nick Szabo's life has been repeatedly graced with opportunity born out of near-tragedy.<sup>51</sup>

Born in 1930, Szabo grew up in Hungary. Szabo's father grew up in an orphanage, but became a leading Hungarian industrialist. "We were quite well-off, certainly by Hungarian standards," Szabo recalls of his early life. But that changed quickly following the Russian occupation of Hungary in 1944. Szabo credits his father for getting his family out of Hungary one by one in the years following the Soviet invasion. "I was the son of a successful capitalist. I could have been killed," he remembers. In fact, after his successful escape, the Hungarian government tried his father in absentia and sentenced him to life in prison.

With most of his family resettled in Argentina, Szabo arrived alone at age 19 in America to pursue a college education. He says of his arrival in America: "It was merely by chance that I ended up in California. I was accepted at both Cal Tech and MIT. While traveling in Switzerland, I met an American who was planning to enroll at Cal Tech. I decided I might as well have a friend, so I headed off to California."

"I came here on a student visa, but when my passport expired, I became an illegal alien and was ordered to be deported." Cal Tech President Dr. Lee DuBridge advocated for his citizenship, arguing that the US needed engineers with Szabo's training. In 1955, he became a citizen, one of the few immigrants to move directly from facing deportation to citizenship without first being a permanent resident.

With his US citizenship in hand, Szabo continued his education, attending graduate school on the GI Bill and receiving his doctorate at the state-funded University of California at Berkeley. Upon graduation, he began working in the nascent Silicon Valley, which Szabo calls "a creation of the taxpayer." Working in the defense electronics industry, sustained by government contracts, Szabo was employed first by Lockheed, then by the Link Division of Singer. He finished his career as an executive of KLA, a leading provider of semiconductor manufacturing equipment.

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In 1969, Szabo survived an airline crash. “The man on my left was killed and I was seriously injured,” he explains. Opportunity in the face of tragedy once again graced Szabo:

I collected \$22,000 from my injuries from the accident and invested it as a down payment on real estate in Silicon Valley. My wife and I made a profit of over \$1 million from this investment as real estate prices in the Valley soared.

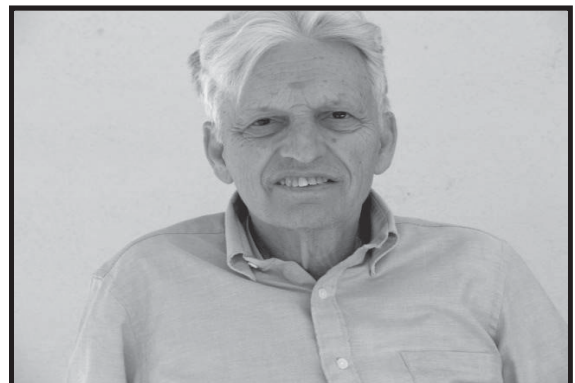
In 1969 Szabo and his wife Marcia also purchased the home in which they still live, which has increased in value 25-fold since that time. Despite the meteoric rise in property value, he notes with dismay that “because of Proposition 13, our property taxes are less than they were in 1978.”

Aware of the importance of government investment in the creation of Silicon Valley and in his own success, Szabo felt a responsibility to give something back. He became active in his community, moving from leadership of his neighborhood association to a seat on his town’s planning commission. Eventually, he became Mayor of Cupertino. He continues to advocate for progressive tax policies, including the preservation of the estate tax and reform of California’s dysfunctional property tax system.

When asked how much of his wealth was derived from his own hard work and ingenuity, Szabo laughs and says, “about 10%.” He credits his financial success to his father’s wisdom in getting him safely out of Hungary, Dr. DuBridge’s support in gaining his citizenship, his luck in surviving the tragedy of an airplane crash and the happenstance of his living in and investing in California as Silicon Valley came of age. “Having the right parents, being in the right place and the right time, and having the support of government in my education and subsequent work played the biggest roles in my success,” Szabo concludes.

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*“Having the right parents, being in the right place and the right time, and having the support of government in my education and subsequent work played the biggest roles in my success.”*  
- Nick Szabo



Nick Szabo



## V. “I Think I Did It Alone” Stories

There are successful individuals who have forgotten the societal roots of their success or vigorously deny the role of social forces in their good fortune. They use inherited privilege or societal investment to get ahead, yet work to eliminate opportunities for others.

There are people in America who won't admit how much wealth and advantage they've had. They've been dealt a royal flush. They were born on third base. They have the wind at their back, but don't admit it. These are the people who reap the most from government subsidies, yet when it comes time to spend money to give equal opportunity to the rest of America, they pull up the ladder. They lecture others about hard work, individual virtue, and meritocracy while personally harvesting the benefits of private inheritances and public subsidies.

Gwendolyn Parker is the author of *Trespassing*, a memoir about her own journey as an African-American woman in the halls of corporate privilege. She was troubled by George W. Bush's self-characterization on the campaign trail that he was a successful businessman.

How can George W. Bush, born into a family whose wealth and power and privilege far outstrip my own, not similarly see the truth about his own life? I wouldn't think less of Governor Bush if he just admitted that he'd been lucky, certainly very lucky, and left it at that. Few of us have led luckless lives, and there is neither merit nor shame in the truth.

But I worry about a Presidential candidate who feels compelled to re-form luck and privilege into primarily the sweat of his own brow. I worry particularly about how many American lives he'll need to misinterpret so that he can continue to tell the story he likes to tell about himself.<sup>52</sup>

What follows are three unauthorized profiles of individuals who have benefitted from society's investments, even if they don't entirely admit it.

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## Phil Gramm: “Selective Amnesia”

*Phil Gramm was US Senator from Texas. He is currently a vice chairman of UBS Investment Bank.*



Former Texas Senator Phil Gramm seems to have a case of selective amnesia when it comes to reflecting on his own life and success. Gramm is a fervent advocate of limited government and tax cuts. In a 1994 speech to the Daughters of the American Revolution, called “Rethinking the American Dream,” Gramm recounted his humble origins growing up in Georgia. He expressed his alarm over the growing pessimism and economic stresses that led Americans by a 2 to 1 margin to believe that their children would not do better than them. His prescription for America’s malaise: dramatically reduce taxes, privatize public education and cut welfare benefits.

Yet where would Phil Gramm personally be without the strong public spending and safety net that existed in the years after World War II? He was born in the military town of Fort Benning, Georgia, where his father was living on a veteran’s disability pension. He attended the University of Georgia, where his tuition and expenses were paid by the government as a result of the War Orphans Act. The War Orphans Act had been introduced by US Representative Olin (Tiger) Teague, whom Gramm succeeded as a Democrat in Congress in 1978.

Gramm eventually got his doctorate in economics with the aid of a complete fellowship paid for by the post-Sputnik National Defense Education Act (for more information, see page 21). This was one of the great post-war sources of debt-free higher education. Gramm taught economics at Texas A&M, a land grant college that was founded and sustained as a result of enormous federal and state subsidies. After ten years of teaching, he exchanged one publicly funded paycheck for another, serving in Congress for 24 years.

His legislative career in Congress was distinguished by several decades of votes to cut taxes, reduce public investment, and slash education funding. An ardent foe of government spending, he even attacked the very veterans’ benefits, land grant colleges and subsidies that he personally benefited from. If Gramm got his way, it would be much harder for those of humble origins in the next generation to replicate his success.



## **H. Ross Perot, Jr.: The Welfare Billionaire**

*H. Ross Perot, Jr. founded Electronic Data Systems in Dallas, Texas.*

H. Ross Perot, Jr. is best known as a candidate for President. In 1992 he ran as an independent, using \$57 million of his own money, and won 19 percent of the vote. He then founded the Reform Party and ran as its candidate in 1996.

Perot was born in Texarkana, Texas in June, 1930. He attended public and private schools and Texarkana Junior College. Perot is largely regarded as a self-made millionaire, but his father, H. Ross Perot, Sr., was a successful cotton broker in an area where cotton was king. Perot credited his father with giving him exposure to business. While the Perots struggled during the Great Depression, the family owned a spacious home, attended a private country club and sent Ross and his sister to a private Christian school.

At a young age, he demonstrated a number of qualities that would foretell his rise. He was highly disciplined, competitive and hard working. As a teenager, he embarked on a number of jobs and entrepreneurial ventures. He entered the US Naval Academy in 1949 and was considered a natural leader among his peers.

Perot left the Navy and moved to Dallas, Texas where he took a sales job at IBM. By all accounts, Perot was a quick learner and showed a great deal of initiative and innovation.

While he was working with one IBM client, Texas Blue Cross, Perot identified a niche for a future business. He thought that IBM put too much focus on selling computers and not enough effort into helping clients use the machinery. "I realized that people did not want computers, they wanted the results that came from computers."<sup>53</sup>

In 1962, Perot founded Electronic Data Systems, a one-man data processing company that went on to employ more than 70,000 people. But in its early days, EDS owned no computers and rented office space from Texas Blue Cross. The company struggled to make a profit in its early years. In 1964 it had earnings of \$400,000, but made only \$4,100 in profit. But EDS was a company that was in the right place at the right time.

In July of 1965, the US Congress passed legislation establishing the Medicare and Medicaid programs. A cornerstone of Lyndon Johnson's Great Society

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initiative, these insurance programs would entitle 30 million US citizens to health benefits. This would in turn create an enormous volume of paperwork and an acute need for data processing systems.

EDS moved into this enormous market, using its inside connection with Texas Blue Cross, the agency that would administer the federal program in Texas. Texas Blue Cross gave EDS its computer data business without any competitive bid. In their 1968 contract with Texas Blue Cross, EDS was paid \$250,000 to develop a computer program to process Medicare claims. While government funds paid for research and development of the system, EDS retained ownership of the program. Essentially, the research and development costs for EDS's main product were paid for with tax dollars.

Gerald Posner, in his biography of Perot, called him the "Welfare Billionaire":

The EDS program, developed with the help of Texas Blue Cross and paid for by federal funds, was the same one that Perot kept reselling at a significant profit to other states...The issue was of no small consequence, because between 1966 and 1971...the federal government paid EDS \$36 million. Its closest competitor during the same time, Applied Systems Development Corporation, received just \$275,000.<sup>54</sup>

The EDS Medicare contract was a windfall. There is no question that the early relationship with Texas Blue Cross helped build the company and enabled it to catch a veritable wave of opportunities.

In 1965, the first year of EDS's government contracts, revenues were \$864,000 and profits were \$26,487. By 1968, EDS had revenues of \$7.5 million, with profits of \$2.4 million.<sup>55</sup> While EDS's pretax profits were only 1 percent in 1964, they grew to 40 percent in the years between 1966 and 1971. Government analysts estimated that in its Texas Medicare work, profit margins were over 100 percent.<sup>56</sup> By 1971, EDS received \$20.7 million of the \$23.2 million paid to all Medicare subcontractors, or 90 percent of the market share.

On September 12, 1968, the company went public. While the overwhelming majority of the company's business was tied to the Medicare program, the public offering prospectus represented the company as a diversified and well-rounded business. In the ensuing

### **US Property Law: A Form of Social Wealth**

The property definition and rights systems of advanced industrialized countries such as the United States are themselves a form of social wealth. It is hard to imagine what life would be like without them. Peruvian economist Hernando DeSoto describes our system as part of what he calls the "mystery of capital."<sup>58</sup> This 'mystery' helps explain the disparities between countries like the United States and nations in the global South, which have less advanced property definition systems. DeSoto believes that no entrepreneur in the West "could be successful without a property rights systems based on a strong, well-integrated social contract." He offers a vision of the chaos that exists in countries where property rights cannot be clearly defined:

Imagine a country where nobody can identify who owns what, addresses cannot be easily verified, people cannot be made to pay their debts, resources cannot be divided into shares, descriptions of assets are not standardized and cannot be easily compared, and rules that govern property vary from neighborhood to neighborhood or even from street to street. You have just put yourself into the life of a developing country or former communist nation.

Without the common effort of our ancestors, we could be in the same situation. Our property rights systems came into being over decades in the nineteenth century. Politicians, legislators and judges pulled together the scattered facts and rules that had governed property throughout cities, villages, buildings and farms. They then integrated them into one system. This pulling together of property representations was a revolutionary moment in the history of developed nations.



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*In their 1968 contract with Texas Blue Cross, EDS was paid \$250,000 to develop a computer program to process Medicare claims. While government funds paid for research and development of the system, EDS retained ownership of the program.*

public offering buying frenzy, Perot's personal 10 million shares became worth \$230 million overnight. At their peak in 1970, EDS shares traded at \$162.50, putting Perot's personal net worth over \$1.5 billion.<sup>57</sup> In 1984 Perot sold EDS to General Motors for \$2.5 billion. Initially Perot retained a large ownership interest in the company and a board seat at General Motors, but in 1986 GM bought out Perot's remaining stock for \$700 million.

The rise of Ross Perot can no doubt be attributed in part to his many strong personal qualities. But looking at this simple biography, it is hard not to also see the contribution of other forces. These included fortunate timing, a virtual monopoly on a growing sector of government subcontracting, and public tax dollars subsidizing private research and development.

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## **Bikram Choudhury: Ancient Yoga Practice and Modern Profit**

*Bikram Choudhury founded the Bikram School Yoga in Los Angeles, California.*



In the 1960s, a number of Indian swamis sent their disciples to the United States to ‘save the West’ from soulless materialism, stressful competition and physical disease. Among them was Bikram Choudhury, now well known as the founder of Bikram Yoga or “hot yoga.”<sup>59</sup>

Choudhury arrived stateside in 1971 and assisted then-President Richard Nixon in his struggle with phlebitis. Nixon was so impressed that he offered to help Choudhury set up a school in Southern California. In 1973, Choudhury opened the Bikram School of Yoga.

Since then, Choudhury has built up a network of schools and been a teacher to a number of celebrities and athletes, including Shirley MacLaine, Raquel Welch, Kareem Abdul-Jabbar, John McEnroe and Quincy Jones. He has developed the Bikram sequence of 26 postures and two breathing exercises, conducted over 90 minutes in 105-degree heat.

Yoga has made Choudhury a wealthy man. He has over 330 Bikram Yoga franchises and a net worth of over \$7 million. In 2003 alone, he made \$2.6 million from teacher training. And according to Jennifer Anderson, head of affiliation for Choudhury’s enterprises, “two more studios open every day.”

Bikram Yoga is a fabulous case study of the ways in which America’s unique system of patents, property rights and legal protections contribute to wealth accumulation. Choudhury came to save the West, but he also, in his words, learned “the American way.” In February 2003 he announced that he trademarked his name and copyrighted the blueprint for his classes, down to the specific phrases he utters. The copyright covers the unique sequence of postures and breathing exercises that Choudhury reproduces daily in his network of studios. He is now in the process of franchising the Bikram Yoga brand and instituting franchise fees.

The notion of franchising is new in the yoga world. While there are several schools and distinct subgroups of yoga, there is little in the way of a franchised yoga infrastructure in the United States. Some leading yoga figures are aghast at the idea. “I would love to ask how a 57-year old man can own a 5,000 year-old pose,” says Suzanne Matthews, a Colorado yoga teacher. Ifat Erez, director of Vancouver’s Prana Yoga and Zen Centre, said, “I cannot trademark anything of my teaching because it’s not mine. I didn’t invent anything. I’m just using the teaching that’s been around for 5,000 years.”

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***“I would love to ask how a 57-year old man can own a 5,000 year-old pose,” says Suzanne Matthews, a Colorado yoga teacher.***

“Many people think yoga belongs to the world,” Choudhury’s attorney Jacob Reinbolt told the *Los Angeles Times*. “That is wrong.” Choudhury’s unique method “is one of the most easily protectable pieces of intellectual property there is,” he added.

Choudhury points out the clear benefits to tighter controls over his method, chief among them predictability for the yoga customer. Just as you can be guaranteed the same quality of coffee at a Starbucks, whether in Seattle or Savannah, the same will be true of Bikram Yoga. When traveling, it’s nice to know that you can drop into a Bikram Yoga studio and be led, with consistent quality, through the familiar sequence. And intellectual property and franchise laws protect teachers who make an investment in learning the Bikram method, reassuring them that they won’t be undersold by a pirate imitation.

A key aspect of our US system is that we have enforceable property laws. Choudhury and his attorneys have threatened legal action against about 25 yoga studios that still incorporate his program without sending a \$200 monthly franchise fee. His web site puts studios on notice that they can be fined \$150,000 for each violation. Most studios that received the cease-and-desist letters have changed their ways.

But Choudhury did sue one studio’s owners in Costa Mesa, California. “They are on the street today,” he told a reporter for *The New York Times*, with his characteristic bravado.

They are closing their school. They cannot say my name.  
She cannot teach my yoga anymore, because she lost her  
license...That’s why America is a great country. They have  
something called law and justice, and they use it.

The courts will eventually decide if Choudhury’s contribution to yoga is sufficiently creative and original to justify copyright protection. Choudhury’s wealth, in any case, is owed to thousands of years of yoga tradition. But it is also owed to our particular American system of property rights protections.

Regardless of the outcome of the legal dispute, several things are for certain. Bikram Yoga is popular and growing and will greatly enhance the lives of millions of people. There is something compelling about the particular ‘product’ that Choudhury has developed and marketed, and as a result of this, he will become fabulously wealthy.

If Choudhury remained in India, would he have had the same success? Not likely. He might have a large following, but he would probably not be able to claim ownership of a yoga sequence and profit from it as he has in the United States. Without the US systems of property laws, Bikram Choudhury would not be a wealthy man.

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## IV. Conclusion: Towards a New Narrative of American Success



The mythology of self-made success would not be such a problem if it were a matter of simple personal self-delusion. But this worldview, held by many who hold great power and influence in our society, has serious consequences for the kind of society we have, and for our commitment to equality of opportunity.

From this creed of individual achievement, it is a short distance to “This money is all mine” and “Government has no business taking any part of it.” If one really believes that “I did it all myself,” then *ipso facto* any form of taxation is a form of larceny.

And, if I really believe that “I did it all myself” without any head start, help, assistance, what do I believe about others who aren’t in my successful position? If I’ve managed to get where I am without help, why can’t others do it alone? Why should they get special help? But if the notion of individual success is a *myth*, then that has a different set of implications for the luckless.

Perhaps the myth-makers understand what is at stake here. If luck, privilege and societal investment are at least as important in determining success as individual character, then shouldn’t the rules of the economy reflect this? Shouldn’t the vagaries of luck be minimized, and starting-gate equality be strengthened?

When the founder of Sears and Roebuck, Julius Rosenwald, attributed his success primarily to luck, he heard audible complaints. A trade journalist retorted:

If financial success was chiefly a matter of luck, there would be strong grounds for the surtaxes that governments so savagely levy on large incomes, for the voraciousness of unionized labor, and for the leveling process of Socialistic doctrine.<sup>60</sup>

In other words, keep telling them it’s your character. If they think it’s luck, there may be social claims on your money.

The fact is these narratives *do* have implications for public policy. If society’s role in wealth creation is as big as we suggest, then society has a claim upon these great fortunes and an obligation to create a level playing field.

The individuals profiled in this report have several clear responses to the ques-

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***“This notion of the commons includes environmental assets such as the sky, fisheries, water and land. But it also includes the social commons, those things that no one owns, such as our property law system, the broadcast spectrum, the Internet and accumulated scientific knowledge.”***  
***-Peter Barnes***

tion of obligations. Most talk simply about recognizing the enormous benefits of working in US society, and the need to “give back.” This includes both charitable contributions to institutions that build opportunity, and tax dollars for vital public goods, services and education.

Instead of a deep resentment toward the taxman, there is a recognition by these individuals that they are part of a society, that ‘we are all in this together.’ For some, this is a concept of solidarity or stewardship. For others, it’s a need to maintain balance and harmony. Paying taxes is the price paid for the incredible market mechanisms, educational systems and social safety nets that ensure greater opportunity.

Our hope for this report is that it encourages more people to reflect and discuss the various factors involved in wealth creation. We believe a clearer accounting of how wealth is created, who creates it, and how public investment plays a role in wealth creation will lead to more equitable public policy and broader economic opportunity.

**Got a story?**

**We are interested in continuing to collect stories and publish profiles. If you know a good “I didn’t do it alone” story, or would be interested in being interviewed, contact us at [ccollins@faireconomy.org](mailto:ccollins@faireconomy.org)**

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- <sup>57</sup> Posner, p. 47.
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- <sup>59</sup> Source material for Bikram Choudhury profile: Jason Blevins, "Legal threat churns yoga style's harmony: Royalties sought for 'Bikram' poses," *The Denver Post*, April 13, 2003; Harvey Enchin, "Yoga and the Art of Making Money," *The Vancouver Sun*, September 14, 2002; Vanessa Grigoriadis, "Controlled Breathing, in the Extreme," *The New York Times*, Sunday, July 6, 2003; Hilary E. MacGregor, "Had Your McYoga Today?," *Los Angeles Times*, July 7, 2002; Hernando deSoto, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (New York: Basic Books, 2000). Quotes from p. 15 and p. 52.
- <sup>60</sup> "Success as Mere Luck," *Literary Digest*, (1929), p. 9. See Wyllie, op cit, p. 55.