Contra-capitalism

The Exit Ramp from Market-Oriented Business

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"If names be not correct, language is not in accordance with the truth of things." So says *The Analects of Confucius.* Which is why the argument set forth by Michael C. Munger and Mario Villarreal-Diaz in an article in a recent issue of *The Independent Review,* "The Road to Crony Capitalism" (2019), cannot be properly rebutted without a fresh set of "names" (terms, concepts).

The first name that needs to be changed is the terminus of the road, *crony capitalism*. That term now rarely refers to cronies in any literal sense, and it has never referred to capitalism. In the United States, *crony capitalism* generally denominates one form of the interventionist political-economic system, specifically, an interventionist system operated for the sake of business. Randall Holcombe, who refers to the same system as "political capitalism," said truly that "it is a distinct economic system and should be analyzed as such" (2018, x).

But Munger and Villarreal-Diaz's important suggestion is that we need more than an analysis of pro-business interventionism. We need an analysis of the intermediary process, the exit ramp, that leads executives away from a system of market-oriented commerce in a manner that then tends to foster a system of pro-business interventionism. How can we understand that exit ramp? Is it the result of interventionist ideology? Or is it rather the result of executives who cynically manipulate

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interventionist ideologies? The ideological explanation is familiar from intellectual histories of progressivism and the American System (Lively 1955; Fine 1969). The cynical explanation is familiar from the bootleggers-and-Baptists thesis (Yandle 1983, 1999).

Munger and Villarreal-Diaz put forward a third explanation that does away with the role of ideology. The exit ramp that leads a nation away from a system of market-oriented business and toward pro-business interventionism, they argue, results from businesses' rational decision that rent seeking is often a superior method for gaining revenue (2019, 341). To assess that explanation, however, a second name change is needed. The term *rational decision* must be replaced with *prudential decision*. Within the context of U.S. corporate management, an executive's goal is supposed to be his company's long-term financial value, and pursuing that goal is not a matter of calculation. It is a matter of prudence.

When Munger and Villarreal-Diaz's thesis is rephrased in terms of practical wisdom, a fourth explanation for the exit ramp emerges, and this essay puts forth that explanation. Rent seeking that leads a business (and ultimately a nation) away from its market orientation may sometimes represent not the rational pursuit of self-interest but the irrational pursuit of self-interest. It may result from what Aristotle called *akrasia*—the evasion of what one knows or senses is in one's best interest.

In his multivolume history of Enron, Robert Bradley Jr. (2009, 2011, 2018) reports that the many subversions of market-oriented business management he witnessed in his sixteen years at the company did not result from green-eye-shade profit seeking. They resulted from the hubristic desire to gain more than one had earned—which is the essence of rent seeking—and the results of that hubris tended to subvert the business's economically successful practices.[1] Where Munger and Villarreal-Diaz say that rent seeking may be immoral but profitable, this fourth explanation paraphrases Talleyrand: it is worse than a sin; it is a blunder.

What's Wrong with the Term *Crony Capitalism*?

Rejecting the term *crony capitalism* is not just a matter of words. It is a matter of the categories we use to think about things. What family of political-economic systems does crony capitalism belong to? What are its sibling systems within the family, what are its cousin systems, and how did it come to differ from them? Lacking proper categories, one cannot answer these questions, and without the ability to answer them, one cannot analyze the essence of "crony capitalism," much less the steps that lead to it and away from a market orientation.

1. Rent seeking "occurs when an entity seeks to gain added wealth without any reciprocal contribution of productivity" (Majaski n.d.). This is achieved, typically, by gaming the rules of an economic system, often via political influence. Think of it as firm-specific inflation: expanding the money supply that is one's revenue stream by using no means but fiat.

Crony Capitalism: No Longer Cronyism

The term *crony* derives from the Greek term *khrónios,* meaning "long-lasting," and it was initially spelled "chrony." The word originated as a Cambridge University term for a school chum, and its first recorded use was in Samuel Pepys's diary in 1665. But given that so much of the traditional British Establishment was based on "the old school tie," the term *crony* came to refer to any business or political contact that one could rely upon for favors because of a close personal association. In that sense, "cronyism" is similar to "nepotism" but widened a bit to include close associates as well as family.

The next step was taken in 1979 when a forty-page samizdat pamphlet detailed the patron–client mechanisms of Philippine dictator Ferdinand Marcos. Written by a young philosophy instructor, Ricardo Manapat, the pamphlet was titled *Some Are Smarter Than Others* (see Sunico 2017). That was a shortened version of what Imelda Marcos said to *Fortune* journalist Roy Rowan when he asked how the couple's friends had become so wealthy so fast. In his pamphlet, Manapat popularized the term *crony* as a designation for the presidential couple's intimates, who were showered with economic benefits. And within the Philippine context of that time, the term *crony* was appropriate. The claque around Marcos comprised about eight close associates. Manapat depicted them collectively as "the Octopus" (Sunico 2017).

But the full term *crony capitalism* was first coined for a *Time* magazine article about the Philippines, published in 1981 and called "Friends in Need," with a subtitle or kicker that read "A Case of Crony Capitalism" (*Time* 1981). Neither the field reporter nor the in-house writer had anything to do with the headline. It was the creation of the *Time* editor George M. Taber, who later admitted that after reading about Marcos's pervasive cronyism, he coined the phrase *crony capitalism* simply because "I have always been a sucker for alliteration" (Taber 2015).[2]

In 1984, the term was injected into the mainstream of American political discourse when Congressman Stephen J. Solarz wrote an op-ed for the *New York Times,* "Press for Philippine Reforms." (Solarz, D-NY, was head of the Subcommittee on Asian and Pacific Affairs, under the House Foreign Affairs Committee.) Picking up Taber's term, Solarz said: "Through the establishment of monopolies and the centralization of corruption—what Filipinos call 'crony capitalism'—the country's top leadership has siphoned off the nation's wealth on a vast and unprecedented scale" (Solarz 1984).

From 1980 to 2000, according to Google's NGram Viewer, use of the term *crony capitalism* increased by 16,000 percent. Much of that increase was due to the

2. In his speech, Taber got the date wrong. He was thinking of a cover story on capitalism that he had written in 1980 (Taber 1980). William Safire (1998) got the right date in his article defining crony capitalism.

East Asian financial crisis in 1997. That crisis is now long in the past, and yet in 2021 usage of the term remains at an elevated level.

The likely explanation for the phrase's continued popularity is that pro-capitalist analysts have broadened the use of it in order to have a word with highly negative connotations that they can employ to attack pro-business interventionism. In 2013, Holcombe wrote: "Crony capitalism is an economic system in which the profitability of business depends on political connections" (542). No. It is an economic system in which the profitability of business depends on political connections to intimate personal associates. To level the charge of cronyism legitimately, one must identify the cronies involved and their personal link: Roberto Benedicto, the Filipino sugar czar, had been a fraternity brother of Ferdinand Marcos; Juan Ponce Enrile, the coconut czar, had been Marcos's lawyer for personal affairs when Marcos was a senator; Rodolfo Cuenaca, the infrastructure czar, was an early fund-raiser for and favorite golf partner of Marcos. To use *cronyism* as a synonym simply for pro-business interventionism is to use it as a mere devil-word.

Crony Capitalism: Not Capitalism

If the first drawback of the term *crony capitalism* as currently used is that it does not often refer to true cronyism, the second drawback is that it has never referred to capitalism.

In an *Independent Review* article in 2010, Bradley and I showed how modern economic systems can be theoretically divided into four groups by using just two axes: private versus public ownership and private versus public control (Bradley and Donway 2010). Socialism involves public ownership and public control. That is familiar. Less familiar is the arrangement of feudalism, which involves not only public ownership but also private control. The king ("the government," "the nation") is said to own the whole realm, but control of the economy is largely farmed out to the king's followers in return for service or loyalty or taxes. Capitalism, which evolved from feudalism by making the sovereign's ownership nominal ("fee simple"), represents private ownership and private control.

Historically, the next step—producing the fourth system—involved rendering capitalism's private control of property increasingly nominal by giving close oversight to the state. This system was advanced through the influence of the German Historical School on key American scholars (especially economists and sociologists) who took their degrees in Bismarckian Germany (Fine 1969, 199). The increasing influence of Social Gospel Christianity in the late nineteenth-century Anglosphere was also a considerable factor (Fine 1969, 200). The result was the dominance of a new political-economic system in the United States in the twentieth century: the increasingly public control of property combined with an increasingly nominal private ownership. This system has no settled name but has been called "progressivism," "the Third Way," "the Middle Way," and so on. Here I call it "interventionism" because the ownership of property is still in private hands and thus the public control of it is perceived as an "intervention" into that ownership.

Under this fourfold analysis of political-economic systems, one can say that the original "crony capitalism" was a gangster type of feudalism. Everything was at the disposal of the "Big Man" (Crewdson 1986). Imelda Marcos said so: "We practically own everything in the Philippines, from electricity, telecommunications, airlines, banking, beer and tobacco, newspaper publishing, television stations, shipping, hotels and health resorts, down to coconut mills, small firearms, real estate and insurance" (qtd. in Salonga 2000, 15).

Now, however, *crony capitalism* is used by pro-capitalists to refer to a type of interventionist political-economic system—one that is either directed by business or operated on behalf of business or both. Sociologically, this business-directed system differs from the interventionism sought by American Bismarckians and Social Gospellers (who expected to be in charge). But the system now called "crony capitalism," pro-business though it be, is a form of interventionism, not of capitalism or feudalism.

Instructively, the man who coined the term *crony capitalism, Time* editor George Taber, labored while editing the article to undo his title's implication that crony capitalism was a form of capitalism. The closing line of "Friends in Need: A Case of Crony Capitalism" reads: "Crony capitalism is thus turning into crony socialism" (*Time* 1981). That is a sloppy use of the word *socialism,* but it points to an important truth. Crony capitalism is not a variety of capitalism. A crony "capitalist" is not a type of capitalist.

The Road to Pro-business Interventionism: Ideology

What pro-capitalist analyses now generally refer to with the term *crony capitalism* is a system of pro-business interventionism. But how does that system arise out of an earlier market-oriented system? That is the question posed by Munger and Villarreal-Diaz's "The Road to Crony Capitalism." It is an important question, but it may have more than one answer.

Does pro-business interventionism emerge (in whole or part) from ideological beliefs, like the more familiar versions of interventionism generated by progressivism in the early twentieth century and the Hamilton–Clay American System before that? Or does pro-business interventionism result partly from a cynical business manipulation of interventionist ideologies, as seen in regulatory capture? Or is the emergence of pro-business interventionism perhaps not ideological at all? Does it—as Munger and Villarreal-Diaz hold—arise in a mixed economy from business's rational rent seeking? A fourth nonideological suggestion, put forward by Bradley (2018), is that pro-business interventionism also arises from irrational and self-destructive profit seeking, including rent seeking, by a business management that has ignored or lost the framework previously governing its successful market orientation.

Let us consider first the ways in which pro-business interventionism might be either a genuine manifestation of ideology or a cynical exploitation of ideology and ideologues by business executives seeking profit.

Is It Progressivism?

The ideology of progressivist interventionism has typically used two basic arguments on its own behalf and against its rival, free-market capitalism. The first says that businessmen tend to be evil and therefore require government regulation; the second says that the capitalist system itself is evil by nature and therefore requires government regulation.

The belief that American capitalism is rife with hustlers, in the bad sense as well as the good, has a long tradition in the United States. The conservative historian Walter McDougall cites Crevecoeur's *Sketches from Eighteenth Century America* but especially Melville's nineteenth-century novel *The Confidence-Man* (2004, 3–7). For the progressivists of the Progressive Era, however, American capitalism was not just a system that hucksters exploited; it was a system pervaded by hucksters, and the worst got on top.

A politically influential expression of this viewpoint was the book *Sin and Society* (1907) by the well-known University of Wisconsin sociologist E. A. Ross, who had studied at the University of Berlin. In that work, first published as a series of articles in the prestigious *Atlantic Monthly,* Ross coined the term *criminaloid* to designate the many business executives who (he believed) lived by fraud but were too powerful to prosecute and thus to be made real criminals, as they should have been. President Theodore Roosevelt gave Ross an enthusiastic foreword for his book.

The second moral argument says that the capitalist system is inherently selfish, leading executives to mistreat competitors and employees. Historically in America, this argument was associated with the Social Gospel Christians of the late nineteenth century, the most influential of whom was Richard T. Ely, also at the University of Wisconsin, though as an economist. (He had earlier been Ross's teacher at Johns Hopkins University.) A sample of this viewpoint was given by a correspondent of Ely, the Congregational minister Josiah Strong, who wrote to him that the competitive system was "thoroughly selfish, and therefore thoroughly unchristian [*sic*]" (qtd. in Fine 1969, 173).

In principle, a business executive might advocate interventionism on the basis of these progressivist ideological arguments, just as academics and politicians do. But it would be an odd argument for a business executive to adopt and even odder for it to serve as the basis for a pro-business interventionist system. Nevertheless, because progressivism has increasingly dominated higher education over the past century, a number of college-educated executives undoubtedly do believe these anticapitalist arguments and seek to bring them into the workplace. A famous article by Milton Friedman was in part a warning to postwar corporate executives not to join the "social responsibility of business" movement as a form of penance for the sinfulness of business. The executives had, he said, a fiduciary duty to be selfish—to maximize profit—on behalf of their shareholders (Friedman 1970).

Is It Hamiltonianism?

A second and quite different ideology that might underlie pro-business interventionism says that business activity is a good thing, indeed one of the best things about America, but that the laissez-faire approach to business does not fully realize its potential. This view also has deep roots in America, going back to Alexander Hamilton and Henry Clay, and in fact it is often called the "American System." Abraham Lincoln may also have been of this school, perhaps under the influence of Henry Charles Carey (Lively 1955). The three traditional mechanisms of this interventionism have been protectionism, public infrastructure, and subsidies to business.

As an argument for interventionism, the ideology of the American System is a much more natural fit for business executives. In the 1980s, DuPont chairman Irving Shapiro was a notable advocate of the Hamilton-like movement called "industrial policy." But he had come up through the legal department at DuPont, and his advocacy was most notable after his corporate tenure. In the late twentieth century, at least, few active executives gave speeches saying, "I am a Hamiltonian in economics."

A few business executives may, for ideological reasons, advocate progressivist regulation, as shown by their willingness to do so even when it is to their own company's net detriment. A few executives who believe in the American System may advocate protectionism and subsidies for ideological reasons, as shown by their willingness to do so even when it injures their own profits. But the operative term is *few.* There are *very* few.

The Road to Pro-business Interventionism: Manipulation

Because consistent advocacy of interventionist ideologies is rare among executives, analysts have been tempted to conclude that when executives do invoke these traditional ideological arguments, whether progressive or Hamiltonian, they are using ideology for cynical purposes. For example, in 1991 Enron's founder and CEO Ken Lay sought an oil tariff on the grounds of "national security," a respectable American System argument (Bradley 2018, 317–18). But Lay had never come out as a Hamiltonian. On the contrary, he had declared: "I believe in God and free markets" (qtd. in Dolbee 2001). When critics observed that an oil tariff would drive up the price of all domestic hydrocarbon energies, such as Enron's natural gas, Lay's desire to support "national security" economically seemed suspiciously a self-interested measure. More generally, when executives who preach free enterprise suddenly rely on the tenets of progressivism or the American System to advocate a regulation or subsidy that benefits their company, the alleged principles behind their advocacy seem cynical, not ideological.

The conservative historian Forrest McDonald was a notable advocate of this cynical view. He described the reliance on regulation in order to benefit a company as the "Brer Rabbit" ploy, and his favorite cases were early twentieth-century progressivist measures that business executives publicly opposed and yet profited from (1974, 69). His allusion was to the famous "Tar Baby" story and particularly to the following passage: "'Skin me, Brer Fox,' said Brer Rabbit, 'snatch out my eyeballs, tear out my ears by the roots, and cut off my legs,' said Brer Rabbit. 'But do please, Brer Fox, don't fling me in that briar patch.'" Of course, we learn in the end that Brer Rabbit wanted to be thrown in the briar patch, where he had been born and bred. McDonald's implication was that business executives who protested against some interventionist measure in reality often wanted it enacted because it would enhance their profits. By protesting against the measure, they sought to stimulate antibusiness progressives to pass it—and they may even have lobbied for it behind the scenes. The resulting interventionism, therefore, was actually pro-business interventionism, although it appeared not to be.

Another memorable formulation of the cynical viewpoint is Bruce Yandle's "bootleggers and Baptists" analysis (Yandle 1983, 1999). In this exposition, Baptists provide the ideology, but far more likely groups today would be progressives or environmentalists or feminists or affirmative actionists or living wagers. The theory is that these ideologues provide culturally approved moral cover for politicians to enact legislation that benefits certain businesses—which are run by the bootleggers (business interests), who are providing the campaign donations that actually motivate the politicians to act.

So the cynics' suggestion is: the road to pro-business interventionism is paved with rent-seeking manipulations—by business—of the interventionist system justified by anticapitalist ideologues. But why would business executives participate in eroding the market system? The cynics' explanation is that executives see they cannot stop the dominance of an interventionist political economy. Progressivism has taken over the culture that drives politics. So business executives decide, reasonably enough, that they will take control of the progressives' interventionist system and exploit it for their own benefit. At least then it will be pro-business interventionism, not populist or Social Gospel interventionism.

The Road to Pro-business Interventionism: Profit Seeking

Munger and Villarreal-Diaz have an alternative explanation: business executives do not often care whether they make money from a market-oriented system or an interventionist system. A buck's a buck. But the cumulative effect of such undiscriminating rent seeking is to transform a basically market economy into an interventionist one. That is the thesis of "The Road to Crony Capitalism," and it was Milton Friedman's thesis earlier.

The Fiduciary-Duty Argument

Milton Friedman believed that business executives had a fiduciary duty to engage in rent seeking. In his speech at Pepperdine University in 1977, Friedman said, "Now don't misunderstand me. I don't blame business enterprise. I don't blame US Steel for seeking to get those special privileges. The managers of US Steel have an obligation to their stockholders, and they would be false to that obligation if they did not try to take advantage of the opportunities to get assistance. I don't blame them" ([1977] 2017, 133). This is the same argument that he had previously used in his famous essay in 1970, "The Social Responsibility of Business Is to Increase Its Profit," where he said that businessmen have a fiduciary duty to shun "social responsibility" in their corporate behavior so as to maximize shareholder returns. By the same logic, they have a fiduciary duty *not* to shun government assistance, again so as to maximize shareholder returns.

But if Friedman believed that corporations have a fiduciary duty to pursue government assistance, why did he say the following in his speech at Pepperdine: "The two greatest enemies of free enterprise in the United States, in my opinion, have been, on the one hand, my fellow intellectuals and, on the other, the business corporations of this country" ([1977] 2017, 132)? How do business corporations become an enemy of capitalism if they are carrying out their capitalist corporate obligations by seeking government assistance?

The answer is that even as business executives pursue government assistance, which they are duty bound to do, they preach free enterprise in their speeches and advertisements. (This was more often the case in 1977.) Such preaching-versus-practice hypocrisy, Friedman alleged, causes the public to dismiss the executives' pro-capitalist arguments—and then presumably to dismiss pro-capitalist arguments generally. In short, Friedman did not hold that businessmen are enemies of free markets because they seek government assistance. That is their capitalist responsibility. What Friedman was saying, paradoxically, is that businessmen are enemies of free markets *because they advocate for free markets* when their corporate positions in a mixed economy make consistent free-market behavior morally impermissible.

Friedman's Error

There is an imprecision in both of Friedman's "fiduciary duty" arguments. That duty is often stated as an obligation to work "for the benefit of the shareholders."[3] But if this phrase is taken literally, that is impossible. "The shareholders" typically denote a group whose constituent members change by the second and that no board could possibly aim at benefiting. Any action taken at time T1 would have its effect at time T2, when the group of shareholders comprise different people with different interests. Authors promoting "shareholder primacy" solve that little problem by declaring that they know what the majority of shareholders want at all times, regardless of who is in the group—namely, "to maximize the equity value of the firm" (Bhagat and Hubbard 2020, 2).

Better to do away with the fiction and say that the purpose of a for-profit firm is to realize its vision for maximizing long-term profit. A translation of the corporation's proper goal into nonfictional terms has been well stated thus: "Continuity and continued existence of the corporation if there is reasonable promise of economic success, profitable operations, plans for the continuation of profitable operations, and the utilization of the resources available to the corporation to achieve that continuity of existence and prosperity" (Sommer 1991, 53). In shorthand, that goal is referred to here as "the long-term financial value" of the company.

The directors of a for-profit corporation may not legally have any purpose other than to maximize the long-term financial value of their company. But apart from fraud or self-dealing, near-total discretion is vested in the directors to say how their vision of pursuing that goal should be achieved. And the directors' decision is prudential, not calculative, as Friedman seems to have assumed.[4] When CVS decided in February 2014 to drop cigarette sales in October, taking a loss of $2 billion per year in absolutely solid revenue (out of $133 billion), its executives were not saying it was wrong to sell tobacco, according to some moral standard. That would not have been a permissible justification. But nor were they calculating that goodwill and the selling of healthy snacks could make up the loss in revenue, as they did not. The loss was real and significant.[5]

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3. This obligation is often based on the premise that a corporation's shareholders are its "owners" (Friedman 1970), a premise also favored by the "corporate democracy" movement. The American Enterprise Institute's director of economic policy studies, the usually astute Michael R. Strain, put the thesis in perhaps its silliest formulation in a column defending Friedman's essay: "Shareholders own the business, just as I own the computer I am using to write this column and the chair I am sitting in" (2020). Stephen Bainbridge (2006), a conservative professor of business law at the University of California, Los Angeles, has persuasively argued that shareholders are not the corporation's owners because the corporation is not a thing that can be owned; it is a nexus of contracts.

4. This distinction between a prudential judgment and a calculative judgment is often the only dispute between Friedman and his CEO critics. Said Howard Schultz, emeritus chairman of Starbucks: "We would not do this [be an asset to communities] at the expense of profits, but to grow them" (qtd. in Sorkin 2020).

5. Immediately after the surprise announcement of February 5, CVS's stock was down about 1 percent, in line with the estimated six to nine cents reduction in earnings per share (Andersen and Bauhoff 2016, 3). A year after the cigarette ban, in August 2015, CVS announced that general merchandise sales were

But that sort of revenue calculation was not required by the executives' duty to maximize company value. Their decision was justified by their prudential judgment about what was required to realize their vision of the corporation's profit-making project. Given what was known in 2014 about the health effects of smoking, CVS executives judged that selling tobacco products was not going to be how a health company ultimately prospered going forward (Merlo 2014).[6]

The Rational-Choice Argument

"The Road to Crony Capitalism" (Munger and Villareal-Diaz 2019) simplifies Friedman's argument by doing away with the executives' fiduciary duty to shareholders. Ultimately, though, it relies on the same game-theory view of corporate decision making.

Munger and Villarreal-Diaz's fundamental premise is this: people are usually motivated by what they believe to be in their self-interest. And that is true enough—though it is essential to realize that the actions people *believe* serve their self-interest are not necessarily the actions that *do* serve their self-interest.

Munger and Villarreal-Diaz then note that some people may believe morality prohibits them from pursuing certain activities (e.g., rent seeking) that they imagine are in their self-interest, and they then may act contrary to their imagined self-interest. But public-choice theory warns us that ethical side constraints, if they frustrate imagined self-interest and are not socially enforced, are a weak reed (2019, 334). In general, people will pursue their imagined self-interest even if they must rationalize away what they hold to be immorality.

Apply those truths to a corporate executive. His imagined self-interest lies in making as much profit as he can for his company within the confines of law and custom. Whatever might be true under pure capitalism, it is true under actually-existing capitalism that an executive in a basically market system can often make money by lobbying politicians. Rent seeking is often a viable method to increase revenue. The only question is whether the executive thinks rent seeking is his best choice of methods under the particular circumstances. If he does, then he will (most likely) turn to it, despite any personal moral objections he might have.

A wrinkle appears at this point: the principal/agent split. The company (speaking through the board of directors) may be considered the principal; the executive is its agent.[7] For the purposes of this argument, the self-interest in question is the com-

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down 8 percent for the quarter, which it blamed on lost tobacco sales. The stock dropped 3 percent on this news (Egan 2015).

6. In 2019, CVS pursued its health-company vision by offering a $66 billion vertical merger with health insurer Aetna, the biggest deal of the year. Had the cigarette decision of 2014 gone the other way, and had CVS defended its convenience-store identity, such an extension of the CVS health-care identity would likely not have happened.

7. In literal terms, the board is the principal—that is, the decision-making authority; the company is the sole beneficiary that the board is duty bound to advantage by its decisions.

pany's self-interest: its long-term financial value. So I assume here that the executive has made the company's self-interest his own, whether personally (through his goals of self-achievement, reputation, and self-esteem) or externally via compensation, and is therefore motivated to pursue the company's long-range self-interest. That is not always the case. Companies and their CEOs often suffer a principal/agent split, and very often it is a split between long-range thinking and short-range thinking, the latter typically driven by misaligned compensation arrangements. The board's job is to make sure that does not happen or to correct the incentives if it does.

But setting that reservation aside, Munger and Villarreal-Diaz's argument is this: "A company and its executives will under certain circumstances engage in rent seeking because it is the rational thing to do. If we measure profits simply as the excess in accounting revenues over accounting costs, any rational investor or CEO will 'invest' in state protection from competitors rather than try to invent new products or devise manufacturing processes. At some point, rational companies cut back on hiring engineers and shift their focus to lawyers and lobbyists" (2019, 333).

Conditions may arise when it is in a business's self-interest to invest in lobbying rather than in improvements to products or marketing. In young and innovative companies, this may not be as common. But when it comes to older and less innovative companies, maximum profit may indeed be best sought by investing in political assistance. That might mean seeking bootleggers-and-Baptists assistance that cracks down on competition. It might mean seeking American System assistance that offers subsidies, protectionism, or infrastructure. But those rent-seeking decisions then become the intermediary steps on the road that leads to a political-economic system of pro-business interventionism. Such is the argument.

As an addendum, "The Road to Crony Capitalism" rebuts Friedman's proposed solution to such rent seeking. Friedman, having said that he did not blame executives for pursuing their fiduciary duty to maximize shareholder return through government assistance, went on to say: "I blame the rest of us for letting them get away with it" ([1977] 2017, 133).[8] Munger and Villarreal-Diaz reply: "Purists will counter that 'we' shouldn't sell legal protection or bottlenecking [anticompetitive regulation], but then the question simply evolves: Why would rational politicians eschew using their office to sell valuable services that are entirely within their legal power to provide?" (2019, 335). Yes, that behavior is contrary to the public-service model of republican government. But, again, public-choice theory tells us to count only on self-interested motives, not on moral self-restraint.[9]

8. To be fair to Friedman, he understood the principle of dispersed costs and concentrated benefits. He presumably thought that court-enforced legal rules about government subsidies, such as those that prevailed during America's era of bourgeois capitalism, offered concentrated benefits to the public and dispersed costs to would-be recipients (Mayer 2011, 28–30).

9. A principal/agent problem also exists on the political side. A bureaucrat may be a faithful agent of his self-interested department and seek bigger budgets and wider powers for it. But like the executive, he may be more interested in his personal advantage—perhaps his reputation with the free-market think tank that he will rejoin after his stint in government.

The Error of "the Road"

Obviously, this argument hangs on its being correct about how an executive or a director makes the decision to invest in markets or politics. It begins truly enough by observing that perceptions of self-interest are what tend to drive a person's actions, whether those perceptions are factually based or not. There is a slight wrinkle in the form of a principal/agent split. But setting that aside, the argument proceeds as though the company and its CEO or directors have only one self-interested motive to consider: Will this action maximize profit? As we saw earlier with the example of CVS, that question is incorrectly stated, although it sounds plausible. Generally within the context of U.S. business law, the self-interested motive of a company and its executives is and must be to maximize the company's *long-range financial value,* which is not necessarily reflected in short-term revenue or short-term stock price.

In fact, deciding on the most likely successful method of maximizing long-term corporate financial value is not a matter that can be carried out by calculation alone. One must ask not only "What will this action earn?" but also "Will this action help perpetuate our power to earn?" The decision thus requires an integration of the company's multiple subgoals in a way that makes them fit together and reinforce each other. Will this action make our most loyal customers want to continue buying from us? Will this action keep our executives identifying with the company's best interests? Will this action induce our employees to behave in profit-maximizing ways?

Such an integration of the corporation's multiple subgoals is a job for a faculty of judgment that is not chiefly calculative and that has traditionally been called *prudence*. That is why the decision-making model in "The Road to Crony Capitalism," though presented as the rational model, is by no means the true model of corporate decision making. The authors at times seem to acknowledge that fact. They insist on speaking very precisely of quantifiable decisions, "accounting revenues" and "accounting profits" (Munger and Villarreal-Diaz 2019, 333), rather than of the holistic decision of long-range corporate financial value.

But if decisions that lead a market-oriented company to engage in rent seeking constitute one part of the road to a system of pro-business interventionism (and they certainly do), then we need a better model of how a market-oriented company might actually make such an important decision. After all, the whole point of "the road" argument put forward by Munger and Villarreal-Diaz is that rent seeking represents a profound shift to a wholly new method of earning profit. That is why it is capable of transforming a nation's basic political-economic system. One cannot simultaneously argue that the decision means nothing but "a buck's a buck." Wisely or not, executives who undertake rent seeking are adopting a radically different method of conducting their business. Even moderately prudent executives would ask: What are the implications for this company of such a shift in thinking?

Corporate Decision Making as Practical Wisdom

What is a better model of corporate decision making? Perhaps we can generalize from the CVS example. The company was focused on one goal: maximizing the company's long-range financial value. If the board had focused narrowly on "accounting revenue" and "accounting profits," then their conclusion would have been easy. In 2014, cigarettes were a product to which many people were addicted and that steadily brought in $2 billion out of $133 billion a year to CVS. Would any other front-counter products bring in as much? No.

But that did not settle the question. It is impossible for a board rationally to weigh an action or choice of actions directly against the ultimate end of maximizing long-term corporate financial value. The pursuit of that objective involves innumerable subgoals, and a given action might further some subgoals and frustrate others. Nor can one drag out a list of all those subgoals and calculate the long-term impact of the two or more proposed actions on each and every subgoal. That is humanly impossible. Decision makers must have some intuitive but reliable heuristic—a deeply and personally felt mentality or framework or template—that integrates the relevant subgoals into one unified image and that can therefore be used by practical wisdom to test a proposed action.

Because prudential judgments of self-advantage cannot be made apart from such a mentality or framework, prudence operating within different mentalities will reach different judgments about one's self-advantage. This has been proven even in the case of stripped-down game-theory contests. Where economists once thought those simple games' strategies revealed a universal understanding of basic self-interest, they now know that what constitutes "self-interest" even upon such a simple level depends entirely upon the player's mentality (Watters [2013] 2017; Henrich 2020, 294). How much more, then, does mentality matter in complex corporate decisions about long-range self-interest?

At the CVS board level, the framework used might have been something like this: Are we in essence a place where customers shop for their health products, or are we a glorified convenience store that carries some health products? There is nothing morally wrong with being a strictly consumer-driven store, selling whatever people want to buy. But is that the business we are in? Or are we in the business of serving consumers who want health-care products. And if we are in the business of being a health-products store, what is it going to be like in the future to be a successful company in that field—and can selling cigarettes be a part of that?

At the level of the individual corporation, only people familiar with the company's general project and its specific approach to that project can formulate such a mentality and can use it to make prudential judgments about how best to maximize long-term company financial value. But "The Road to Crony Capitalism" invites us to consider corporate decision making at a more abstract level, where the issue does not depend on being a company in a particular field. It depends simply on being a for-profit company in what has historically been a mixed economy with a free-market bias. Nevertheless, exactly the same analysis of corporate decision making, *prudence working within a mentality,* applies also when the issue is at that higher level of abstraction: productiveness versus politics.

What Would a Bourgeois Capitalist Do?

Suppose we move to that more abstract level and imagine that an American company's executives must choose between investing money in one of two routes to revenue: improving products and marketing or lobbying for government assistance. Productivity or pull? The consultants say that as far as they can calculate, lobbying for government assistance is likely to produce more profit this year.

But such a direct calculation does not settle the matter. The revenue-and-profit calculations are simply one factor in projecting long-term financial success. The board still must make a prudential decision about which route is most likely to maximize the company's long-term financial value: Market investments or lobbying?

That is *not* a moral question. It is a prudential question. The relevant decision-making framework is *not* seeking a specific goal (corporate value) but asking whether moral side constraints forbid it (thou shall not seek government assistance). The relevant framework is a matter of integrating all the subgoals that one believes are necessary to the long-term achievement of corporate value.

But there is only one way to do that, and it is not calculative. The board needs to ask: What heuristic should we use to make this decision? What mentality should we employ as a touchstone? What mindset will ensure that this decision is consistent with the many goals and subgoals that we believe will produce long-term financial value for us? This is similar to the CVS executives' framework: What business are we in? It is similar to the heuristic a devout Christian might use in order to integrate the myriad subgoals implicated in the complex decision: "What would Jesus do?"

What is the comparable question for a corporate executive considering rent seeking if he is operating a fundamentally market-oriented, for-profit company in a mixed economy? What is the touchstone by which he can integrate the myriad subgoals implicated in the following questions: Will putting this available money into this particular opportunity for market profit best serve my company's long-range value? Or will putting that same available money into this particular opportunity for government assistance best serve my company's long-range value?

Ostensibly, the executive is making a one-time decision about two concrete and alternative opportunities. And the question at issue is not subjective; it is a question about the company's future benefits and costs. But nor is the question limited to accounting issues. The question is *not* this: Over the next year, which investment will likely bring the most accounting revenue and accounting profit: politics or markets? Cigarettes or trail mix? Ex hypothesi, the answer to *that* question is known: politics, cigarettes. Thus, the concrete choice the executive needs to make is not one that can be resolved by mere calculation. The question is: Confronting this choice, what are the long-range ramifications for this company entailed by choosing between these two radically different methods of making profit? The answer to that question can be reached only by the exercise of prudence, operating within a given mentality.

And that is why, odd as it might seem, Bradley began *Capitalism at Work* (2009), the first book in his history of Enron, by devoting a hundred pages to a historical review of the bourgeois-capitalist mentality as it has evolved over the past 250 years. He wanted to find out the answer to the following question: Is there a core mentality that has shaped the central tradition of capitalistic practice? He was not looking to abstract a capitalist orthodoxy. He was looking to abstract from centuries of pro-capitalist commentators a general capitalist orthopraxy. What is it like to behave as a market-oriented business executive according to the central capitalist tradition?

The first three chapter titles reference Adam Smith from the eighteenth century, Samuel Smiles from the nineteenth century, and Ayn Rand from the twentieth century. But the book also discusses Dugald Stewart, Herbert Spencer, William Graham Sumner, Simon Newcomb, Joseph Schumpeter, Allan Nevins, Henrietta Larson, Alfred Chandler, Jim Collins, Charles Koch, Ludwig von Mises, F. A. Hayek, Milton Friedman, Israel Kirzner, James Buchanan, Ronald Coase, Vernon Smith, Julian Simon, Murray Rothbard, Don Lavoie, Robert Nozick, Josef Pieper, Michael Novak, and Richard Epstein.

Only some of those authors are purist laissez-faire thinkers. One could not abstract from their writings a coherent philosophical statement of capitalist orthodoxy. But insights from each, taken together, have passed down to American business culture a sense of the traditional capitalist mentality (which this article calls "bourgeois capitalism"), a sense of what it is like to be a businessman in that tradition—a mental framework or mindset for capitalist orthopraxy. *The essence of that capitalist orthopraxy is a realization that the most dependable method of obtaining profits is by earning them productively—which is exactly what rent seeking does not do, by definition.*

Based on his investigation, Bradley makes a large claim: if an executive's corporate project is to maximize his company's long-term financial value, and if he is relying on the traditional bourgeois-capitalist mentality as his heuristic to chart that course, then a resort to rent seeking will rarely be judged a prudent choice for him because it will first compromise and then undermine his company's and his employees' commitment to "the earned." Practical wisdom will rarely find such a subversion to be a safe means for pursuing his long-term goal of corporate success. Yes, the rent-seeking money may well come in and will pad the bottom line, undoubtedly. The company will be on track to greater prosperity, but the attitudes of bourgeois capitalism, in particular the emphasis it places on "the earned," so fundamental to the company's success, will by this pro-intervention step have been weakened, perhaps fatally. Employees are like the stock market: they react quickly to changes. When "the earned" is out, they notice and respond.

That would be Bradley's response to the explanation of rent seeking set forth by Munger and Villarreal-Diaz. Can a bourgeois capitalist find the pursuit of rent seeking to be his most financially rewarding investment over the next year? Yes, obviously. But within the framework of a traditional bourgeois-capitalist mentality, prudence will usually evaluate even the most successful and rewarding rent seeking as imprudent and contrary to a company's full array of self-interested subgoals because it will introduce into the corporate mentality a subversive sanctioning of the unearned. Prudence will say: "Despite the copious money, this rent seeking probably is not going to work out well for you in the long run. It's *contra-capitalist.* As such, it will tend to foster destructive consequences for all aspects of your company, far beyond this individual act."

The Contra-capitalist Temptation

What is the lesson? Restore a commitment to bourgeois-capitalist orthopraxy, and rent seeking will be shunned? Obviously not. Even an executive relying on a bourgeois-capitalist mentality does not *have* to listen when prudence says that a certain endeavor will likely not work out well because it is not grounded in prospects for productive wealth creation. Aristotle called this failure to pursue one's best interest *akrasia,* often translated as "incontinence" or "weakness of the will." Ayn Rand, rather more vividly, called it "blank out" because (as a matter of psychology) it usually involves pushing unwelcome facts to the margin of one's awareness. Such evasions by market-oriented executives are indeed an exit ramp that can lead a company away from its market orientation and pave the road to pro-business interventionism.

What would motivate an executive to evade or blank out what he knows or senses is in his company's best interest according to the market? That motivating factor will differ from occasion to occasion. But Bradley's Enron volumes serve as a case study of corporate evasion. On occasion, Enron executives took pride in the geopolitical importance of their work and so blanked out political risks that prudence judged excessive (hence the Dabhol disaster in India). On other occasions, the executives promoted the public importance of their "pro-competition" and "privatization" crusades, although prudence warned that Enron did not have competence in the fields where those policies were being pursued (hence the flops in retail electricity and global water supplies). On still other occasions, they insisted that megatrends in energy demanded the company's involvement, although prudence found scant prospects for earned profit (hence the terminated ventures in wind and solar power).

Bradley's theory claims that even for executives employing the mentality of bourgeois capitalism, the evasion of practical wisdom can lead to contra-capitalist actions that subvert an executive's capitalistic mentality—his intuitive sense of what it is like to run a capitalist company based on productive wealth creation. Such subversions (via rent seeking, for example) make it harder when the next decision comes along for the executive's practical wisdom to evaluate his choices. His framework or mentality of bourgeois capitalism has been undermined. Thus does contra-capitalism create an exit ramp away from market-oriented business and toward pro-business interventionism.

Stated so theoretically, the claim may seem sweeping. But Bradley observed firsthand this spreading mental corrosion at Enron over the course of his sixteen years at that company. He noticed that after company executives had adopted contra-capitalist behavior of one type (embracing rent seeking, say), they became more likely to indulge in contra-capitalist behavior of a completely different type (propagating misleading hype or embracing imprudent projects). The bourgeois-capitalist framework or mentality that had guided the executives' practical wisdom had become too corroded to function effectively. The result, Bradley found, was a growing cluster of related business behaviors that he describes as the syndrome of *contra-capitalism*.

For example, having embraced public-spirited profits as superior to traditional profits, the company began to pursue public-spiritedness simply for the sake of corporate and civic prestige, even when prudence said there were no direct profits to be made in such projects (the push for a Houston baseball stadium, inner-city development funds). Having embraced the profits of pro-competition as superior to traditional profits, executives began exercising their new freedom as good in itself, without practicing the self-control that their freedom had made more imperative (the abuse of mark-to-market accounting, the gaming of California electricity). Having embraced the profits of innovation as superior to traditional profits, executives began promoting Enron innovations that lay beyond the foresight of prudence (broadband, environmental services, fuel cells).

The latter observation prompts a comment on the suggestion that corporate innovation is a hindrance to pro-business interventionism (Vachris 2019). Given a bourgeois-capitalist mentality, innovation is indeed a natural hindrance to rent seeking because dynamic companies tend to seek freedom for their creativity. But with a contra-capitalist mentality, innovation can just as well be an excuse for rent seeking: the infant-industry argument is perhaps the oldest. Enron was ranked the "most innovative" company of the Fortune 500 for six years running (1995–2000). At the same time, Enron was contributing to the political campaigns of three-fourths of U.S. senators and nearly half of House representatives (Van Natta 2002).

Innovation can also be an excuse for other forms of contra-capitalism, such as philosophic fraud (e.g., vaporware hype). It can attract fast-talking spinmeisters on the one hand and overconfident engineers on the other. When Enron COO Rich Kinder was pushed out and formed his own company, his firm's report for 2003 implicitly rejected Enron's "most innovative" approach: "Same Old Boring Stuff: Real Assets, Real Earnings, Real Cash." Kinder soon joined the Forbes 400. The exit ramp from bourgeois capitalism to interventionism depends on mentality, not on economics or innovation.

In any event, the pursuit of the unearned at Enron was not confined to large-scale decisions. It began to infect the whole corporate spirit. At the top, there were rent seeking, hype, CEO worship, director negligence, imprudent ventures, and Rube Goldberg accounting. But the spirit of rent seeking had further consequences. Rent seeking by the company, manipulating the political-economic system for corporate advantage, was followed by executives manipulating the corporate system of compensation and promotion to the advantage of themselves and their loyalists. If "the earned" is out and "gaming the system" is in, why not?

Farther down the corporate ladder, there arose more manipulation of the compensation-and-promotion system, stock-price idolatry, credentialism, whiz-kid promotions, empire building, self-dealing, sexual favoritism, ethics waivers, nepotism, no-show jobs, and so on. Bradley has conceptualized this infectious pursuit of the unearned under the term *contra-capitalism:* a syndrome of behavior that systematically violates the orthopraxy of the bourgeois-capitalist tradition.[10]

In the third volume of his tetralogy, *Enron Ascending* (2018), Bradley tentatively divides this syndrome of contra-capitalism into the three principal areas that he observed to be correlated: the pursuit of government intervention (which he calls "political capitalism"); the employment of not-quite-illegal representations (which he calls "philosophic fraud"); and the willingness to wink at misbehavior (which he calls "imprudence").

Although Bradley's grouping of these three practices as a syndrome began as an empirical observation, a logical connection between them began to emerge. They all involved some disregard for the concept of "the earned." For example, winning an Export-Import Bank subsidy (political capitalism) might have given the company a deal, but that deal was not fully earned; taxpayers were involuntarily involved. Promoting vaporware such as broadband (philosophic fraud) might give the company a boost in stock price, but that boost, too, was not really earned. Stock buyers were being misled about the technology's relevant timeframe. Likewise, lodging debt in an underfunded special-purpose entity (imprudence) might rope in a joint venture with CalPERS, but that investment was not truly earned because debt was being hidden.

Belief in the concept of "the earned" is not much in vogue today among the Left ("You didn't build that"), but the idea that "the earned" is the foundation of capitalism has also been deprecated by the libertarian Right, most notably in Friedrich Hayek's attack on Samuel Smiles (Donway 2019). Yet "the earned" is perhaps

10. Bourgeois capitalism can be subverted from the bourgeois side as well as from the capitalist side. Just as contemporary executives may have absorbed antibusiness politics and economics from their teachers, so may they have absorbed antibourgeois morals from their teachers, peers, and media (Brooks 2000). Libertarian libertines can be as destructive of bourgeois capitalism as avowed socialists. Robert Bryce's book on Enron, *Pipe Dreams* (2002), presents a view of that company's pro-competition executives as equally pro-Sixties: adolescent, swaggering, sexualized, and vulgar. When the CEO of Enron's natural-gas rival Dynegy wanted to convey to a corporate headhunter how the two companies differed, he said: "All of the executives on this floor are still married to our first wives" (qtd. in Bryce 2002, 147).

the central concept of bourgeois capitalism and has been since the Enlightenment. The question at the heart of the capitalist mentality is: What are we producing to earn this money? So, when considering rent seeking, the voice of prudence says: "That's not *earning* money. That's contra-capitalist." If an executive "blanks out" that voice on one occasion, then he is more likely to do it on the next occasion that the issue of productive earnings arises, but to his company's detriment.

Instructively, Charles Koch has taken this insight and used it to develop a successful business-management strategy. If a company's pursuit of the unearned via rent seeking *corrupts* a firm's internal bourgeois-capitalist mentality, with its intense focus on the productively earned, would not an internal adaptation of the free market's tendency to reward the productively earned *strengthen* a company's internal bourgeois-capitalist mentality to its advantage? Koch (2015) calls the result "market-based management."

Conclusion

Munger and Villareal-Diaz's article "The Road to Crony Capitalism" sets forth a challenge to pro-capitalists that cannot be answered without changing its terms. The first change must be to the phrase *crony capitalism* because it does not refer to cronyism or to capitalism. The political-economic system in question should instead be referred to as *pro-business interventionism*.

That aside, Munger and Villarreal-Diaz pose an important question: What induces market-oriented executives to engage in the rent seeking that transforms a bourgeois-capitalist system into an interventionist one? Traditional answers include: (1) intellectuals' propagation of interventionist ideology and (2) businesses' attempt to manipulate interventionist ideology. Munger and Villarreal-Diaz offer a third explanation that omits ideology. They argue that the same profit-seeking motive that drives the market system will (under limited but common circumstances) motivate a rational corporate decision to rent-seek, ultimately putting a nation's political-economic system on "the road" to interventionism.

Bradley would argue that evaluating their thesis requires a second change of names: *rational decision* must be replaced by *prudential decision*. The decisions of U.S. business executives are by tradition and law supposed to aim at their company's long-term financial value, and such decisions can be made only by practical wisdom, not by a simple monetary calculation.

Necessarily, however, the judgments of prudence regarding future corporate self-interest are rooted in a framework or mentality, and different mentalities yield different projections. This is true even for the simple competitions employed by game theory. The complex, long-range decisions of business executives are wholly reliant on a mentality that can intuitively integrate a range of calculations, goals, motivations, and opportunity costs.

In the world of U.S. business, the most traditional such framework—at the widest level—is the mentality of bourgeois capitalism, which has undergirded the Anglo-American economies' free-market bias for three centuries. Prudence, when operating under such a mentality, will rarely conclude that rent seeking is the best course for ensuring long-term financial value.

By definition, rent seeking is the pursuit of the unearned, whereas pursuit of the earned has been the central principle of a bourgeois-capitalist outlook. Munger and Villarreal-Diaz tell us that the practice of rent seeking can transform the nation's fundamental political-economic system. That is true. Why? Because it is a radically different method of conducting business.

But that is precisely why a board's decision to rent-seek cannot, without evasion, be rationalized as "a buck's a buck." If such a shift in method has the power to contribute to a national economic transformation, how much more does such a shift have the immediate power to change attitudes within an individual company. Rent seeking is subversive of "the earned." Let the monetary advantages be what they will, rent seeking is therefore *contra-capitalist* in the terminology coined by Bradley. And once that spirit of contra-capitalism—of reaping the unearned—is endorsed, it is likely to infect the company and its personnel in destructive ways that cannot easily be projected.

This is *not* a moral judgment; it is a prudential judgment. Prudence says that introducing (via rent seeking) the pursuit of the unearned into a company's business mentality undermines the framework of bourgeois capitalism that serves executives and employees as a touchstone. At Enron, Bradley witnessed firsthand the dissolution of that bourgeois-capitalist mentality and saw how it enabled a pervasive pursuit of the unearned.

But if rent seeking is usually contrary to a company's best interests, as the bourgeois-capitalist mentality says it is, why would profit-seeking executives engage in it—and in other forms of contra-capitalism? Why would people act contrary to what is most advantageous? First, as David Brooks (2000) has shown, the drift of Anglo-American culture during the past half century has led many executives to abandon the mentality of bourgeois capitalism in favor of a Bohemian or romantic or Sixties or "woke" mentality. These other mentalities yield other advice regarding self-interest, often bad advice.

But even those who embrace a bourgeois-capitalist mentality may not listen to its prudential voice. Short-range temptations can make long-range warnings unwelcome, and it is easy for evasion to push those warnings out of mind. That was why Adam Smith made self-command a prerequisite for prudence (Den Uyl 1991, 127–28). To assert this is *not* to invoke a reliance on morality-restraining self-interest, which public-choice theory warns against. It is to invoke the possibility that practical wisdom can at times restrain short-range impulses on the grounds that they are disadvantageous in the long run.

The conclusion is a happy one: self-interest and a bourgeois-capitalist mentality disfavor rent seeking. Contra-capitalism (including rent seeking) is and can be foreseen seen as corrupting and self-destructive behavior. Under the mentality of bourgeois capitalism, corporate self-interest thus tends to be pro-market, even in a mixed economy.

But evasion and short-range thinking regarding self-interest remain problems. As Munger and Villarreal-Diaz say, we must "empower entrepreneurs not to want to become rent seekers" (2019, 343). More broadly, accepting the public-choice framework of self-interest, we must demonstrate to entrepreneurs that contra-capitalism is self-destructive.

Knowledge has consequences. Journalists and historians need to document the self-destructiveness of contra-capitalism. Business executives do not need more success literature; they need a literature of failure: contra-capitalist failure. Libertarians say: government is bad at choosing winners. True, but where is the bookshelf of recent corporate histories demonstrating such failure?

Understandably, pro-capitalist authors prefer to write stories of triumph. But that leaves the stories of business disasters to the muckrakers, whose moral is always the same: capitalist greed was at fault. *Contra-capitalism,* the planned book 4 of Bradley's Enron tetralogy, will provide the contra-capitalist failure narratives that business executives should be studying. But it needs a library of imitators.

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