

TAKING CARE OF BUSINESS

By Bruce Ramsey

The Business of America
By John Steele Gordon
Walker & Co., 285 pages, \$27

Business writing has long been clotted with morality plays of arrogant tycoons and monopolistic corporations. Businessmen have created our tools, anti-businessmen our tales. John Steele Gordon attempts to correct this imbalance in *The Business of America*, a sympathetic collection of American capitalism's emblematic stories.

The book has 47 of these, each five pages long. Some are of triumph, some of defeat. Henry Ford, having succeeded with the Model T, failed with the Fordson tractor because he didn't understand farmers. Sewell Avery saved Montgomery Ward by being rightly pessimistic in 1930; he lost out to Sears Roebuck by being wrongly pessimistic in 1945. Here, too, is the story of Sears Roebuck, which, by Gordon's account ought to have been called Sears Rosenwald.

Despite their brevity, Gordon's tales are leisurely. He introduces health nut Sylvester Graham, the inventor of the Graham Cracker, by quoting the Bible on the virtues of wine. He begins his story of nineteenth-century California banker D. O. Mills by talking about Steve Jobs.

Many of Gordon's stories flesh out an idea. He presents J. Paul Getty's pithy explanation of his success—"I seen my opportunities and I took 'em"—and illustrates it with a story on onion farmers. Declaring that victory in war goes to the side that mobilizes wealth, Gordon tells the story of Jay Cooke, the financier who created the world's first war-bond drive to fund the Union army.

Another chapter proclaims, "Politicians don't really make economic decisions; they make political ones," and tells of two New York boondoggles: the Erie Railroad and the World Trade Center. Written before the September 11 terrorist attack, Gordon sees the Twin Towers not as shining symbols of American capitalism, but as a show-off project of Governor Nelson Rockefeller, built by the public Port Authority and run at

a loss for more than 20 years.

Some government projects do pay off. Gordon explains the rise of New York City through the success of the Erie Canal. It is an exception, though; on the whole, he sees governments as "nothing more than very large committees."

Several stories turn anti-business icons on their heads. During the armor-plate scandal of 1893, the Cleveland administration thought Andrew Carnegie was cheating on shipments of battleship armor. By Gordon's account, there was no cheating; the plates were difficult to fabricate, and most of them exceeded the government's standard. The government believed otherwise, and decided to build its own armor-plate plant in World War I. It wasn't ready until three years after the war had ended, and its costs were almost double that of private industry.

Two of Gordon's chapters take on quotations beloved by socialists: "The public be damned," and "What is good for General Motors is good for the country." The second quotation is false, Gordon explains. Charlie Wilson was asked at his confirmation hearing what he would do if faced with a case in which the interests of the country were adverse to the interests of General Motors. He quite sensibly replied: "I cannot conceive of one because for years, I thought what was good for our country was good for General Motors, and vice versa." Gordon relates three separate accounts of Cornelius Vanderbilt's statement, "The public be damned" to explain what he was getting at: He was running a business, so serving the public good was not an adequate excuse for running a loss.

Gordon is impressed by results, not intentions. He has few kind words for the Freedmen's Bank, a federally chartered effort to lift up former slaves. Run as a venture to do good, it collapsed, taking the deposits of thousands of blacks with it. It was for business reasons that the Cadillac division of General Motors began marketing to blacks. In the 1920s, Cadillac sold to whites only, to maintain an exclusive image. When the Depression hit, the division was on the ropes, and executive Nicholas Dreystadt realized the



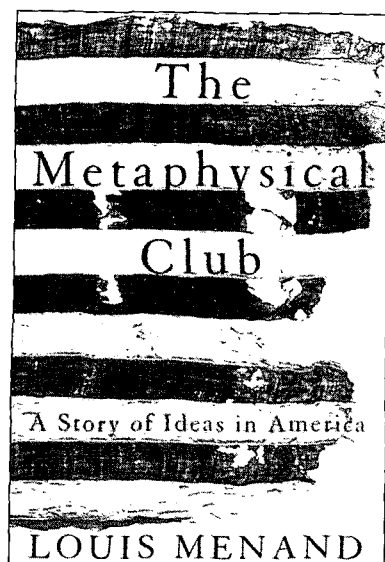
*Gordon shows that
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to be spurious.*

black elite—singers, boxers, doctors, and lawyers—had been paying white front men to buy their Cadillacs. Dreystadt decided that selling to black Americans was good business.

Gordon rarely strays into the world of the should-have-been. An exception is his piece on the Interstate Commerce Commission, where he argues that the nation's first regulatory agency—set up to control railroad rates—was a mistake. Most of the time, Gordon is a storyteller.

Most of his stories are a century or more old, and at least one reviewer has grumbled there are more steamboats and sewing machines in this book than memory chips. Don't let that put you off. Early America was a rough-and-tumble place, not so different in spirit from today's entrepreneurial economy. These stories will have a familiar ring to those who conduct the business of America.

Bruce Ramsey is an editorial writer at the Seattle Times.



PRINCIPLE OVER PRAGMATISM

By Peter Augustine Lawler

The Metaphysical Club

By Louis Menand

Farrar, Straus, and Giroux, 546 pages, \$27

The Metaphysical Club is an intellectual history of the lives and thoughts of the individuals who comprised the late-nineteenth-century intellectual movement known as pragmatism, a forerunner of modern liberalism. The original Metaphysical Club was a group of talented young men of distinguished lineage, with the benefits of a Harvard education, who met regularly to hold philosophical discussions. The most noteworthy among them were C. S. Peirce, William James, and Oliver Wendell Holmes Jr. The club's name was ironic; the discussions were resolutely agnostic and anti-metaphysical. The aim of these men was to purge fixed conceptions of God, nature, and truth from American thought.

The club first met in January 1872. Menand reminds us that the Civil War was as traumatizing for the young men of the North as World War I was for the young men of Europe. Before the war, there was a strong abolitionist streak in the educated families of New England, and club members shared this idealism. Slavery was a moral evil over which compromise was contemptible. The principles with which slavery was condemned were those of the Declaration of Inde-

pendence and Christianity—the idea that all men are created equal and possess natural, inalienable rights.

The pragmatists thought these firm principles produced horrible results. Holmes, in particular, was shaped by his experiences in battle. He was wounded three times and witnessed seemingly senseless slaughter. “The lesson Holmes took from the war,” according to Menand, was that “certitude leads to violence.” And so pragmatism began in Cambridge as “a mature debunking of the philosophical and scientific certitudes that had failed to prevent—in some cases even incited—four years of mutual destruction.” That debunking was compatible with emerging Darwinian theories about the uncertain, mutable, and survivalist character of all life. But what came first, Menand suggests, is reflection on the war. The pragmatic definition of truth is what works for the survival and flourishing of a certain kind of organism. So, principles that lead to civil war cannot possibly be true.

In the eyes of the pragmatists, dogmatism produced America's fanatical war over slavery. The pragmatists thus rejected the doctrine of rights rooted in nature. They are often praised by today's liberals for opposing absolute rights of property. But the same liberals forget that the same principles led the pragmatists to be much more tolerant of slavery than President Lincoln was. Menand concludes—banally—that pragmatism is all about tolerance. But he shows that some pragmatists, such as Justice Holmes, were far too promiscuous about what they tolerated. Tolerance unregulated by true principle easily becomes callous indifference to injustice, immorality, and human suffering.

As he enters the era of the Civil Rights movement and the Cold War, Menand doesn't take the time to articulate the United States' principled differences with the Soviet Union, suspecting they were overrated. But he admits that combating the USSR required Americans to stand for something higher than their own survival, and pragmatism did not provide such a standard. America's founding certainty about rights returned during our struggle with communism to animate

our resistance to the undeniable evil of murderous totalitarian regimes. Likewise, Martin Luther King Jr. revived the Biblical and Founding understandings of individual rights, speaking with certainty about right and wrong in a way that would be alien to pragmatism.

The truth is, as the anti-communist dissident Solzhenitsyn observed, over the long term it is impossible for a people to live in freedom and dignity, or even to survive, unless they resist pragmatism. Human beings were surely given, by God and nature, the responsibility to live well in light of the truth. Pragmatism, most radically, is a fearful, if often well-intentioned, denial of what we know to be true. It is certainly not what the original pragmatists claimed it to be—a courageous affirmation of human reality.

Peter Augustine Lawler teaches government at Berry College in Georgia and is author of *Postmodernism Rightly Understood: The Return to Realism in American Thought*.



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