Rediscovering Our Values
Today we are afraid of simple words like goodness and mercy and kindness. We don't believe in the good old words because we don't believe in the good old values anymore. And that's why the world is sick.

Lin Yutang

The adherents of the status quo never had it so bad. There has always been a conflict between those who feel their values are eternal and those who feel they are relative.

R. Kostelanetz

Under capitalism man exploits man; under socialism the reverse is true.

Polish Proverb

Man's judgements of value follow directly his wishes for happiness — they are an attempt to support his illusions with arguments.

Sigmund Freud

We live in a vastly complex society which has been able to provide us with a multitude of material things, and this is good, but people are beginning to suspect that we have paid a high spiritual price for our plenty.

Euell Gibbons
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Briefly

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Some decades ago, King Carol of Rumania sent fourteen of the brightest young men in Rumania to England and America to study the economic and political systems of those two countries.

"The seven who went to England were very wise," said King Carol, "and they all have important posts in Bucharest. But the seven we sent to America were wiser still—they stayed in America."

These Rumanians were a tiny part of the most astounding migration in human history. Since 1607, 50 million people from all parts of the globe have left homes, families, and friends to seek a better life in the New World. Why have so many sacrificed the known and familiar to face the unknown and risky?

America has been a magnet particularly because the American Revolution repudiated rigid class barriers and arbitrary rule—freeing the individual to advance on the basis of determination, talent, and performance. As Benjamin Franklin said: "It is not who you are, but what you can do." The concept of advancement through performance strikes us as commonplace today, but in 1783 it was as revolutionary as the victory of Washington's army. Just as at Yorktown, where the British military band played "The World Turned Upside Down," the American ideal of meritocracy turned European notions of class and royalty inside out.

Until the American Revolution, human history was a virtual parade of tyranny. Unlike other revolutions, which often run amok, America's was constructively harnessed through its pioneering written Constitution—an historic breakthrough that created a government which could act with energy but whose power was dispersed and checked to prevent it from subjugating the citizenry.
This freedom from restraint and orthodoxy released a cascade of creative contributions in the arts, in science, invention, and technology; in speech, press, and religion; and in enterprise and methods of helping one another.

My message is that all Americans must rediscover the values that spawned the greatest political, economic, and social success in history.

Until the American Revolution, human history was a virtual parade of tyranny. During America’s first century, the electric light bulb, the telephone, and the electric motor were invented. These innovations transformed people’s lives. In the twentieth century, we have progressed from the Wright brothers’ simple airplane with fabric-covered wings to the space shuttle Columbia. Americans have invented plastic and nylon, television and computers, transistors and lasers. America has given birth to the Broadway musical, jazz, and unusually creative dance and ballet.

Here in Utah, doctors deeply concerned for human life have even produced an artificial heart and have already implanted artificial ears and eyes. Furthermore, under the leadership of Dr. John Dixon, the University of Utah has established one of the most advanced and comprehensive laser surgery departments in the world, one that has already pioneered 14 new surgical procedures—each the first of its kind.

Yet, despite significant achievements in science, industry, and the arts, some patterns of recent decades have put the American enterprise at risk. For example, the 1970 book *The Greening of America*, by Yale professor Charles Reich, argued that the economy would take care of itself and that people could now do their own thing. The impact of such a book is indicated by sales of some three million copies. In that era of complacency, I delivered commencement addresses in 1979 and 1980 warning that:

- we were preoccupied with instant gratification and escapism instead of planning, problem-solving, and sacrificing for greater long-term gain;
- our rate of productivity growth ranked among the lowest of Western countries;
- we seemed unable to compete with two countries we had defeated in war, Japan and Germany (in fact, Japan had risen from one-sixth of our per capita income to nearly ours just since 1950);
- inflation was rampant;
- corporate earnings, savings, and other investment funds were dangerously low;
- the American Revolution had embraced freedom and rejected statism, but we had come to allow voracious growth in the public sector and its controls (for example, the pages of new federal regulations increased by 50 percent in just two years);
- virtually all of society’s problems were breaking out into costly legal contention; and
- in many influential intellectual centers, anyone suggesting religion, family, and patriotism as possible remedies for our national ills ran the risk of ridicule—or at least risked being told that it is impossible to restore traditions from a “dead” past.

But, as Thomas Jefferson hoped, America’s strength lies in its people—people who were sending messages different from those of many elitists. For example, Connecticut Mutual Life Insurance surveyed American values and found a pervasive concern about religion. They were so surprised that they double-checked the methodology and fieldwork and confirmed the results. A more recent poll of 14 Western countries and Japan in 1982 found that 95 percent of Americans believe in God and that 48 percent believe God is supremely important in their lives, the highest figures among the countries polled.

Grassroots commitment to traditional values and rediscovery of their vitality started a new revolution in our public and private leadership. Changes that seemed almost impossible five years ago have begun to take place. This year, for the first time in the 12 years the poll has been taken, more Americans—now 10 percent more—feel the country is on the right
track instead of the wrong track. Despite these new beginnings, America faces enormous challenges. To use a slang expression, “Baby, you ain’t seen nothin’ yet!”

Let us consider just one danger—the ever-increasing competition from the Pacific Basin. Japan has succumbed to some of the indulgence of the West—growing consumption, hedonism, individualistic resistance to the corporate team approach, and fewer three-generation family households. The Japanese even believe they have little else to learn from the West. A recent Washington Post feature announced, “Now the Japanese Are Acting as if They’re No. 1.” Japan continues to invest significantly, but this has declined in the last decade from 36 percent of its gross national product to 28 percent. This decline has taken place even though much of their equipment is growing older and needs replacement.

The Japanese are now building to pioneer in basic research, on which they spend $25 billion a year—four times as much as a decade ago. They are beginning to exceed the American percentage of GNP devoted to basic research. The Japanese Parliament has voted to create 19 new research and industrial centers at a cost of nearly $50 billion. One project under way is a fifth-generation computer that would replace the one-calculation-at-a-time approach with simultaneous processing of several streams of information. Such a computer would think through strategies and respond to spoken commands, even in a foreign language, in a manner similar to the human mind. Whoever seizes the lead in this area may well dominate the computer industry and possibly the world economy by the 1990s.

Despite these prospects, Japan has its own problems in becoming a leader in basic research. As Steve Lohr points out in a New York Times Magazine article, the Japanese educational system does not emphasize abstract thought and graduate education, but relies instead on memorization, practical job training, and deference to authority. These are not the best approaches for creative discovery. Since 1946, Japan has produced only four Nobel laureates in physics, chemistry, and physiology or medicine. The United States has produced thirty times as many. Nevertheless, the Japanese approach may well be suited to some complex research.

We can also expect increasing competition from other Asian countries. Last year, for example, Taiwan replaced Great Britain as the fourth largest exporter to the United States. South Korea is increasingly attracting investors by offering industrious, disciplined workers for a dollar an hour.

The most mind-boggling source of potential competition from the Pacific Rim is China. Economically, China has been a sleeping giant of over a billion people with a per-capita income in the $250 to $450 range—apparently near the same level as at the end of World War II. By contrast, Taiwan, allowing substantially more freedom and choosing the capitalist route, has increased its per-capita income from an estimated $250 to over $2500. China has moved away from the Cultural Revolution’s massive intimidation of the intelligentsia by Red Guard youth gangs, banishment to remote communes, imprisonment, and murder to a system that permits greater freedom of thought and enterprise. When I toured China with Chief Justice Warren Burger three years ago, we met with Deng Xiaoping, who told of his goal to raise per-capita income to $800 by the end of the decade. We should bear in mind that this can be achieved only through extensive industrialization and exports.

We could resort to protectionist policies against the vigorous competition from Pacific Basin countries, but only at a tremendous cost. Foreign competition will supply us all with inexpensive goods and will restrain our inflation. By the same token, international competition should be fair. Foreign countries’ dumping and trade barriers must be strongly resisted. Competition will

All Americans must
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history.


force us to innovate and excel. The American auto industry might never have made such drastic improvements in cost and quality controls and productivity without the hotfoot of foreign competition. We must hope that the statement of one laid-off auto worker is a relic of the past. He said: "I guess I got laid off because I make poor-quality cars. But in sixteen years, not once was I ever asked for a suggestion as to how to do my job better. Not once."

Competition will put unparalleled pressure on American business to increase research, often in conjunction with universities. The effect will be to design better products; expand investment in more efficient equipment; reward workers' ideas, teamwork, and careful effort; make management more farsighted and innovative; and stimulate worker and executive retraining to avoid obsolescence.

Organizations that do not respond to these imperatives are buying space on the ash heap of history.

A few recent developments suggest directions in which we must accelerate. Since 1982, the United States has created six million jobs, while employment in Europe has actually fallen. These new opportunities came principally from the efforts of small businesses and entrepreneurs.

America's unprecedented freedom, strong work ethic, and restored pride contributed to a surprising poll result. In 1982, 84 percent of Americans claimed pride in their work, compared with only 37 percent for Japan and 15 percent for West Germany.

Last year, investors committed $4.1 billion to private venture capital groups in the United States—more than two and a half times the 1982 amount.

Having landed the only men on the moon, American scientists are working to produce drugs in space to help diabetics, cancer victims, and others. Here on earth, Genetech Corporation leads the race to produce a blood-clot dissolver that can stop a heart attack in minutes.

Weirton Steel recently embarked on an innovative program that allows employees to buy the mills in which they work and thereby save their jobs. While many large steelmakers are declining, Weirton recently reported its first quarter of profits since 1981.

Mugged by foreign competition, GM is spending about $10 billion a year on research and development to put new technologies to use. They hope their recent acquisition of Ross Perot's Electronic Data Systems will help them become a major force in welding the manufacturing process to the information technology of the twenty-first century.

Our extraordinary farmers—only 3 percent of the population—feed America and many people abroad. This agricultural miracle is being strengthened by cloning. Weyerhaeuser, a longtime pioneer in reforestation, is now cloning thousands of seedlings from the most productive trees. Genetic researchers foresee grain crops that are resistant to cold weather and drought, eggs triple their present size, and crops able to fix nitrogen from the air, thereby dispensing with fertilizers. The director of embryo research at Carnation Genetics even suggests that "cows as big as elephants could be here in 15 to 20 years."

In Raleigh, North Carolina, IBM has an assembly operation as large as a football field that requires only three people to operate due to effective robotics.

Less than a decade ago, Steven Jobs developed a computer in a Silicon Valley garage. His efforts led to the creation of Apple Computers, a firm now high on the "Fortune 500" list of giant corporations.

The advantages of technological innovation often flow directly to individuals. The personal computers that consumers can buy off the shelves today are more powerful than the one that controlled the first manned space flight.

In an undergraduate economics paper at Yale, Fred Smith spelled out his innovative idea for an overnight air-freight service. The professor branded the paper mediocre and gave Smith a grade of "C." Fred Smith is
now chairman of Federal Express, the
leader in overnight delivery services.

Clayton Christensen, an alumnus of
this institution and a Rhodes Scholar,
heads a Boston corporation that draws
upon new developments to utilize
ceramic materials in industrial
applications including automobile
generators, which could improve their
efficiency by 50 percent.

Within five months, a major
American computer manufacturer will
have more industrial robots than the
entire country of Japan.

Ross Perot was not content to build
a computer software empire. Among
his vigorous pursuits, he championed
the enactment, in Texas, of one of
America's most effective new laws
targeted against major drug smugglers
and distributors.

Faced with a questionable and
unsatisfactory primary election in
1982, many citizens urged Ron
Packard, former president of the
Council of Mayors of San Diego
County, California, to run for
Congress as a write-in candidate.
Although the task appeared impos-
sible, Packard and his volunteer
supporters persuaded 66,000 voters
to write in his name, handily
defeating the two party candidates.

All of these innovations were
accomplished by individuals. Each of
you can also make a difference—not
only in business, but also in public
administration, communications,
politics, and community service.

If you are to fuel our new
American Revolution, what specific
qualities should you cultivate?
□ Thirst to learn. Observe and read
about technology, organizational
behavior, religion, politics, history,
and literature. The future demands
intellectual curiosity.
□ Crystallize your ideas and learn
to express them through vigorous,
clear writing.
□ Plan for the future. Effective free
agency starts with goals and plans to
accomplish them. Many people are like
corks tossed by waves and currents,
so you will enjoy an enormous advan-
tage if you set your own course.
□ Pursue excellence. Your efforts
will set you apart.
□ Seek creative accomplishments.
Examine problems from many per-
spectives to obtain effective
solutions. Experiment. Think
independently, and avoid sheepish
adoption of intellectual fashions.
Relish new approaches.
□ Cultivate the skills necessary for
organizational success: integrity,
trust, enthusiasm, courtesy, and
commitment. If you demonstrate these
characteristics, and encourage others
to do so, you will find allies. Leaders
will support your upward movement
because these characteristics are
essential to collective accomplishment.
□ Put your efforts into the larger
perspective of your ideals and goals.
Your work and its material rewards
are only means to accomplish things
of greater value. If you aspire to be a
high achiever, make trade-offs
carefully and, if at all possible, in
unity with your family.

With the onslaught of foreign com-
petition, America must now, more
than ever since its founding, embrace
the ideals of the American
Revolution and the Constitution.
These include an effective but
limited government; a search for
excellence in science, technology,
and education; voluntary cooperation
and help to those in need; freedom,
resourcefulness, and enterprise; and
civic virtue, morality, and
commitment to spiritual values.

It lies within the power of Americans
to continue to revive the American
ideal. May each of you live by these
values and thereby contribute to the
new American Revolution.

Notes

1 Quoted in William F. Buckley, Jr., "Triumph of the
2 Steve Lohr, "The Japanese Challenge: Can They
Achieve Technological Supremacy?" The New York
Times Magazine (July 8, 1984), pp. 18-41.
3 Quoted in Thomas J. Peters and Robert H.
Waterman, Jr., In Search of Excellence (New York:
4 Alfred Zanker, "Why Europe Lags in Creating More
Jobs," U.S. News and World Report (July 9, 1984),
p. 75.
5 Gail Gregg, "Investing in Entrepreneurs," Venture
(June 1984), p. 47.
6 Jim Mintz, "Biology Spurs a Long List of Medical
7 Jim Mintz, "How Biotechnology Might Feed the
Bioethics is a new term relating to the ethical and moral questions surrounding life-and-death decisions in health care—perhaps the most difficult decisions a professional person will ever be called upon to make.

Recall, for instance, the long court battle in the mid-70s over whether to disconnect young coma victim Karen Ann Quinlan from her life-support systems. She was weaned from her respirator years ago and, as of last year, still lived in a New Jersey nursing home. Her weight stabilized at some 70 pounds; she was being fed through a tube in one of her nostrils.1

Or the court decision in the case of Roman Catholic Brother Joseph Charles Fox that "a guardian of a terminally ill, comatose patient has the right to terminate extraordinary measures that keep the patient alive, but only within the bounds of strictly defined procedures."2

Or the conclusion of the President's Commission for the Study of Ethical Problems in Medicine and Biomedical and Behavioral Research, which recommended in 1981 that all 50 states adopt its proposed "Uniform Determination of Death Act," defining death as the "irreversible cessation of all functions of the entire brain, including the brain stem."3

Or the contradictory Canadian Dawson and Taschuk Cases in 1983 in which the Supreme Court of British Columbia refused the Dawsons' request that their severely retarded son not be given a lifesaving operation, while another Canadian hospital apparently ended the severely brain-damaged Taschuk girl's life with an extremely high dose of morphine.4

Or, lastly (though this in no way exhausts the recent panoply of bioethical decisions and dilemmas), the recent case of Mrs. Elizabeth Bouvia, a lifelong victim of cerebral palsy, who lost her court battle in late 1983 to be allowed to starve herself to death, and thus was being force-fed by the hospital.5

Such cases and ethical/moral conflicts are extremely difficult to resolve and thus produce painful dilemmas for medical professionals, hospitals, patients, and families.

Has Technology Invalidated the Hippocratic Oath?

The Hippocratic Oath (in which a doctor pledges to "do everything to help the patient to the best of his ability and judgment and do no harm") and present medical ethics offer too few guidelines in today's high-tech, complex, and troubling world of medical practice. Dr. Robert M. Veatch, medical ethics professor at Georgetown University, proposed the following ideas in moving "toward a new code of medical ethics":6

□ Patients should recognize that each doctor has personal beliefs on basic issues and should find out what these are before emergencies arise. For example, if a patient is hopelessly ill, how much treatment is wanted? Does the patient desire to be told about a fatal illness? Likewise,
women patients should discuss the doctor’s view on abortion, specifically asking, “What would happen if I gave birth to a severely deformed infant?”

- As much as possible, patients should write out what they would want done in specific situations. For yourself, consider a “Living Will.” (Examples are available from “Concern for Dying,” 250 W. 57th Street, New York, NY 10019.)

- Doctors should promise to keep in confidence all told to them by patients unless breaking confidence is required by law or becomes necessary to protect another individual from harm.

- Doctors should give patients complete information concerning diagnosis, treatment, and prognosis—including alternatives—and should allow patients to participate in decisions about their own health care.

With these thoughts as a background, let us now look more deeply into the issues and dilemmas, as well as some recommendations, in the area of bioethics.

### The Dilemma of the Dying

Death in America has always been treated differently than in most other cultures. For instance, we often abandon the dying—leaving them isolated and alone, albeit in hospitals or nursing homes. We sometimes forget that health-care personnel are not any different around dying people than the rest of us (nurses who treat dying people often feel helpless, stressful, depressed, and uncomfortable). We typically shelter our children from death (old people and the sick are placed in hospitals, nursing homes, etc.) Children rarely get to see death firsthand. In most cases, in fact, professionals care for our dying, with little or no services provided by family members. This is distinct from many other cultures.

There are several logical policies that typically guide us in life-and-death decisions:

- The patient is or should be the primary decision maker in treatment while dying. Unfortunately, the patient is often ill-equipped to make such decisions at such a time. Thus, the dilemma becomes how to judge what is really “best” for a dying person.

- Often there are legal or emotional barriers between support people and the dying person. A key question for the professional is how to deal properly with these barriers under circumstances, as already suggested, where we are usually “afraid” of death in American society.

- If the patient is unable to decide on bioethical measures, the decision falls on those best-equipped to protect the patient’s interest (spouse, parent, children, or guardian).

- Sometimes the community must act if the family doesn’t or won’t act in the best interest of the dying or ill person.

### Death and Individual Attitudes

We need to develop adult attitudes toward death—that is, acknowledge that we, too, can be afraid or uncomfortable around the dying. Don’t hide from it. We shouldn’t be like children in hiding from death, pretending that death is not a reality.

Health-care professionals should avoid insensitive treatment of dying
people in the same way as we do people who will get better or who can be rehabilitated. Such treatment requires skills—sensitivity, compassion, understanding, and especially a willingness to get involved on a personal level. Further, adults should be able to read and understand consent forms—hospitals should translate them into common English so that meanings are clear. We need a care mentality, as distinct from the cure mentality.

**Death and Professional Ethics**

Changes are taking place among our professionals. For instance, for many years nurses served patients best by carrying out the orders of the physicians—at least under the old nursing code. But the newer "Geneva Code" stresses roles of "other health-care professionals" and is the new model of nursing care. The new code, however, has created friction between physicians and nurses. For instance, a patient can ask a nurse how she feels about an M.D., and she can answer truthfully. Thus, in the 1980s the nurse is more of a partner in health-care and is much more independent now than ever before.

So we live in an age of change, megatrends, and high technology. But our emotions and feelings are age-old. We can extend life, but we cannot eliminate death. We can prevent and cure many diseases and correct many ills, but some of life's most debilitating illnesses are still beyond our reach.

Further, confronted with limited resources, we must make hard choices. But we are a moral and ethical society. It is not right to leave health-care professionals, patients, and families alone to make these ultimate decisions, especially under the complex circumstances and trauma that sometimes exist.

Several helpful recommendations are offered in this article. One specific proposal suggests, I feel, the best hope—bioethical committees in hospitals and health-care facilities.

**Hospital Bioethical Committees**

A hospital bioethics committee is a committee that seeks to raise ethical consciousness; sponsor educational programs for all levels of hospital personnel; raise needed questions (not make decisions) on difficult dilemmas; suggest policy guidelines; and advise the administration on ethical issues.

The first ethical issue bioethics committees should raise and discuss is the question of "coding" a dying patient. For instance, a "respiratory failure code" calls a certain team into immediate action. Sometimes patients are not coded—that is, simply allowed to die. But "no-code" policies in many of our hospitals should be written to permit a new concept of supportive care, such as "take care of sick, injured, and dying."

Our society has at different times defined death as the cessation of functions in the lungs, in the heart, and—most recently—in the brain. Bioethics committees can develop uniform criteria on dying. Presently, a variety of criteria are used, each resulting in different hospital responses. But the norm we seek should be to respect the dignity and worth of the person, even if dying.
Since there are so many codes for nurses, trustees, physicians, etc., a hospital bioethical committee may want to write its own code. Many professionals urge that hospitals translate such codes and policies into local languages. For instance, one system found the word "love" to have at least seven meanings in Chinese, and that hospital had many Chinese staff members and patients. Too often we assume everyone has the same values, culture, belief system, etc., so emphasis on precision in definition and translation is vital.

A typical "model" for the composition of a hospital bioethics committee suggests two configurations: a "large" committee and a "small" committee, depending on needs and desires. Composition or membership might be as follows:

**Large Model**
- Administrators (2)
- Nurses (3)
- Physicians (3)
- LPN
- Social worker
- Clergyman/woman

**Supportive services (security, dietary, etc.) representative**
- Trustee

**Small Model**
- Administrator
- Physician
- Nurse
- Social worker
- Clergyman/woman
- Trustee

Such committees are also called medical morals committees or medical ethics committees.

As with most committees, the bioethics bodies must address organizational questions such as chairpersons, minutes, agenda, meeting times and places, frequency of meetings, and so forth. But the key is to meet before difficult choices must be made and to get a "feel" for the discussion process and the complexity of the ethical/moral questions and issues. Then, when trauma demands a decision, the committee is in a position to offer help, as already suggested.

This article began with a litany of some recent, complex, life-and-death cases. In sum, I recommend a hospital bioethics committee as the one specific mechanism that can offer some assistance in this turbulent, troubling area of ultimate moral decision making.

**Notes**
7. Some hospitals now utilize resident "ethical philosophers" to help raise and answer these ultimate questions.
When Fred Skousen left Provo to begin his freshman year at Michigan State University, he journied with his father, who was beginning his Ph.D. program at the same time. Over the years, Fred had watched the career of his father, Karl, progress from being a businessman to CPA to graduate student to faculty member in BYU's accounting department (and, later, chairman of the department). Like many sons, he decided to do things a little differently.

Fred's career plan was to earn his degree and immediately go to work for a CPA firm. But he also knew he wanted a Ph.D. (although he had no real plans to teach), and he didn't want to pay the same high price for his that his father, returning to school after 25 years, had paid.

"I wanted to be a partner in an accounting firm," Fred explains, "but when I got my degree and had opportunities to go either way, I decided it would be easier to go from academe to practice than it would be to go from practice to academe, so I accepted my first teaching job (at the University of Minnesota), and have just loved education."

That love of education engendered a dedication that has resulted in numerous professional opportunities and honors for Skousen, the most recent being named as the first Peat Marwick Professor of Accounting at BYU. In between he has been a visiting professor at both the University of Missouri and University of California, Berkeley, founding director of BYU's Institute of Professional Accountancy (now the School of Accountancy), first president of the Federation of Schools of Accountancy, among other noteworthy accomplishments. In short, Fred Skousen may simply be the best accounting professor in the country.
From Ivory Tower to Corporate Suite

The Peat Marwick Professorship is particularly significant because it makes a strong statement about the need to integrate the ivory towers of academe with the high rises of the business world—and about Fred’s role in bridging what some in the business world see as a huge gulf.

Frank McCord, a partner in the Seattle office of Peat Marwick and a member of the BYU School of Management’s National Advisory Council, has been instrumental in building a bridge. McCord feels a strong need to strengthen the lines of communication between universities and the business world so that students will not enter the work force with marginal or inferior skills. To aid BYU in providing the kind of quality education that will help to bridge the gap, McCord—who became a friend of BYU’s after joining the LDS Church many years ago—joined forces with John Fowler and LaVoy Robinson, also partners in Peat Marwick, to motivate the firm—and its members—to establish an endowment for BYU.

As McCord explains, “If you have a medical school, you will also have a hospital so that students can spend half their time in class and half in a teaching hospital. That keeps the education relevant. You study the subject in the classroom and practice it in the hospital, and the same people who teach in the classroom practice in the hospital. What you find in education, though, is that the vast majority of educators never have had any practice. How do you teach medicine if you’ve never had a patient or never been in a hospital?”

McCord also points out that “When things were changing very slowly in accounting, education was fairly current. But as the tempo picks up (and keep in mind that we don’t have a hospital here—we have educators who really aren’t that close to the business world), huge gaps develop, and the students risk learning things that are obsolete.”

Because he is eager to be part of the solution rather than the problem, Fred Skousen works hard at staying abreast of changes in the profession and at sharing his insights with his students.

The Changing Role of Accountancy

As Fred explains, “The accounting profession has grown up through the traditional English system of long apprenticeships which virtually dictated the way one would practice. The services accountants provided were financial only and dealt basically with numbers. There was very little of the human element in that—hence the public image of the somewhat eccentric accountant sitting on the high stool, with the green eyeshade and garters, counting beans.”

“Some are finding in accounting today that if you are going to get professional growth, you are going to get it by providing additional services to your clients. And those services require more decision-making capabilities. Today’s accountant assists the client in whatever decision has to be made—whether it is what kind of computer system to install or whether they have the right manpower in the office or whether they have the right system for manufacturing. So accountants have gone far beyond being ‘bean counters.’ They are now seen much more as business advisers, not only technical experts on financial statements and taxes.”

As far as the teaching of accounting is concerned, Fred is convinced that “we are still too intent on teaching content, on making sure the students go out being the most technically competent that they can be. Sometimes we concentrate too much on whether students know page 126, paragraph 3, of the FASB [Financial Accounting Standards Board] pronouncement rather than that they learn how to solve problems via tax research or accounting research.”

‘And while I know what needs to be done, I still get into the classroom and say, ‘Do you know how to do problem seven?’ But I do try to give students the whys as well as the hows. We need a better balance between the two.’

The Peat Marwick Endowment

Peat Marwick is also determined to be part of the solution. Individuals within the firm, who have their contributions matched by the Peat Marwick Foundation, have established professorships at eleven of the leading schools of accounting in the United States.

“As a matter of policy,” McCord explains, “Peat Marwick has long maintained certain goals and obligations. The firm believes in being a good corporate citizen. How do you do that? One way is to encourage and support education.”

That support, which in this case comes from one of the Big Eight accounting firms, is essential to maintaining quality education, particularly as it permits top educators to earn substantial monetary incentives while staying in education. As Dr. Paul Thompson, dean of the BYU School of Management, points out, “While our faculty recognize that they have made a certain sacrifice to be here, it is not a trivial issue to have an additional amount of money to provide exceptional faculty members with an annual salary supplement. It says to them, ‘This professorship will provide a little extra income for you, and that means you don’t have to worry quite so much about doing consulting or writing a textbook—you can count on this extra income, and we would encourage you to devote your time to research and course development.’

Such professorships are quite common at other universities, but the Peat Marwick professorship is the first of its kind at BYU. And it is such a one that is always the most difficult to establish, as Frank McCord points out: “We talked about this thing for
quite a while, and finally we just had to do it.... We decided it was time.”

The details of the professorship call for Peat Marwick to raise and donate to the College of Business $150,000 over a three-year period. The interest earned will provide the supplement for the professor—and will also provide for secretarial support, research assistants, and extra travel. And while the professor does not earn vast sums of money (Fred is quick to point out that he does not receive the entire $150,000, as some had assumed when the announcement of the professorship was made), it certainly helps to support education.

“Two options face top professors at BYU (and at other universities),” Fred points out. “When corporations approach you, and when it’s attractive enough, you will leave. Or you will say ‘No, I am committed to the education of another generation of people, but I am also not willing to live on my salary alone.’ So you begin to do some other things. You do some writing; you do some consulting. What the funded professorship (like the Peat Marwick endowment) allows you to do is invest more of your time into your research and teaching and not have to fuss with outside things that might be financially attractive.”

Given the fact that the supply of accounting professors is completely out of killer with the demand, as Dr. Fred Streuling, director of the School of Accountancy, points out, keeping people in education is imperative. And given the need for professors to keep current in their fields, it is essential that they not have too many distractions.

It is also essential that those providing the education for those who will be doing the practicing stay as close to the profession as possible, which is why the School of Accountancy was established.

As Streuling explains, “We try to take the shock out of the transition, which is why we have developed this professional school concept. We try to be as close to the profession that we serve as we possibly can. We have a board of advisors with whom we meet twice each year, and we try to get input from them on what is needed to help students make a smooth transition.”

This change from a run-of-the-mill accounting department to a professional department is what has moved BYU’s School of Accountancy into the elite group of the top-10 accounting programs in the U.S. Given the fact that the school was only established in 1976—a mere eight years ago—it is rather remarkable that BYU is currently ranked sixth by the chairman of accounting departments throughout the country.

And, in what is perhaps a bit of an understatement, Streuling notes that “Fred Skousen was very instrumental in achieving that for the school.”

While those involved in selecting the Peat Marwick Professor are quick to point out that several well-qualified professors were seriously considered for the award, Dr. Kevin Stocks, one of Fred’s former students and now assistant professor of accounting at BYU, states quite simply, “I think everyone would have been surprised if it had been anyone else. He was the one who really focused the direction of the school, and he was the natural choice.”

To talk with Fred, though, one would likely get little inkling of his role in the development of the school or of his professional accomplishments. He speaks in terms of “we,” and when he does speak of himself, his concern is with what he can do for the students in the program and for the accounting profession in general.

Even his concern with seeing professorships established at BYU is the result of his wanting to see the faculty benefit as a whole. “You see this same thing in engineering,” he explains, “where industries give large grants because engineers could make so much more in industry. You see it in public education where math teachers, for example, just can’t afford to teach mathematics. This is not a unique problem, but this is one way the accounting profession is trying to deal with it.”

Of course, the professorship has its benefits, not the least of which is giving the professor more time to do what he should be doing, which is to teach. But Fred plans to continue doing some consulting because, as he explains, “The consulting that accounting and business professors do—if it’s kept in line—helps them keep pace with what is happening out there. If I can go into a company and work with the people there on a particular topic, then I can bring what I learn back into the classroom. That’s the kind of laboratory experience that a professor needs to have.”

He does plan to cut back some, however, so that he can have time for some of his other priorities. “I am going to try to spend a little more time with the family, so, yes, there is a personal benefit as well.” With six children, the oldest of whom just entered BYU, extra time can be put to good use.

Part of the key to Fred’s ability to juggle as many responsibilities as he does—and to do it so well—can be found in the advice he gave to Stocks years ago. “One of the things I remember Fred telling me,” Stocks recalls, “is to go to never anywhere without something to do. And that’s the first thing you notice about Fred—he is never doing nothing. He always has something with him that needs to be done. He is very, very energetic, and that’s the number one thing about him that people notice.”

When Fred accepted his first teaching position, he figured he would stay in education for “maybe five years.” Fortunately for the School of Accountancy and for the many students he has influenced, the challenges and opportunities have been such that he “really hasn’t actively sought other (full-time) opportunities.”

Hopefully, that won’t change.
NEW TEAM

Newly appointed associate deans Gary E. McKinnon and Lee H. Radebaugh pose in front of the N. Eldon Tanner Building. McKinnon, a specialist in marketing, supervises the undergraduate program; Radebaugh, an international business expert, oversees the graduate program.
After moving from the Harvard Business School to Brigham Young University's School of Management, Paul H. Thompson served as assistant dean and director of the school's MOB program before his appointment as dean.

His office, in the northeast corner (seventh floor) of the Tanner Building, affords a commanding view of Mt. Timpanogos and a direct passage to the National Advisory Council Commons. There, during a recent NAC meeting, he discusses fund raising with Earl Garrett, president of Nu-Way Industries, Inc.

As a featured speaker at a recent campus "Breakthroughs" lecture series, Thompson provided prospects and perspectives for the coming business years, noting the case for adaptability. A student remarked, "I'll bet you didn't know this would turn into a photo session." The dean's response: "This time has many uses."
Arriving home with six-year-old Nate, the dean and his wife, Carolyn, relax with four of their six children: Daylyn, 9; Robbyn, 11; Shannyn, 14; and, of course, Nathan.
ritics of management in American organizations conclude that many companies are no longer competitive with foreign firms—that U.S. corporations have lost much of their vitality.

In analyzing this situation, some have charged that management schools are part of the problem. Schools of business are more frequently being criticized in the media, and the titles of some articles illustrate this point: "The Shame of Professional Schools," "The Money Chase: Business School Solutions May Be Part of the Problem," and "Are MBAs More Than Quantitative Robots?" A recent best-selling book further implies a gap between college and the real world with its title, What They Don't Teach You at Harvard Business School.

These authors and other critics assert that most management schools fall short of providing the academic right stuff because they—

- Place too much emphasis on quantitative analysis and not enough on qualitative factors that arise in organizations.
- Use course examples and cases that are generally oriented toward bureaucratic management in established organizations rather than entrepreneurial activities or start-up companies.
- Focus too much on "tools," concepts, and models at the expense of qualitative thinking, complex tradeoffs, creativity, and political realities.
- Prepare graduates who are risk averse; that is, they are unable and/or unwilling to make the "chancy" decisions enterprises need for survival in rapidly changing environments.

At a highly rated business school, a meeting was arranged between a few key faculty and a group of executives who had hired graduates from the school's MBA program. One executive criticized the program because its graduates were too theoretical—too prone to think in abstract, hypothetical terms. He said: "Your graduates are so theoretical that they don't know how to solve concrete problems. They are so ingrained with that attitude, it takes them five years working for us before they get that out of their systems." One of the senior professors responded: "We know that, and our faculty members are working very hard to lengthen that time to ten years." At least in that setting there was little agreement on what to do about the problem.

The purpose of highlighting this inadequate dialogue between faculty and managers is not to criticize management schools, but to point to an opportunity for the Brigham Young University School of Management.

Another Approach to Management Education

At BYU, we believe we're taking a different approach to the current problems of management education. We're focusing on attaining a better understanding of current management problems. At the heart of this approach lie our efforts to strengthen and expand a partnership between faculty and members of the management community—between school and the "real world."

On one end of the partnership we have the faculty and students of the Brigham Young University School of Management. The faculty members are grouped in six different programs and represent over 100 different interest areas within the field of management. They have received excellent educations, with degrees from such schools as Stanford, Harvard, and Carnegie Mellon.

The students come from all fifty states and more than 25 countries. Approximately 950 undergraduates and 300 graduate students complete their studies each year. With degree in hand, these graduates go to work throughout the U.S. (and, occasionally, to other countries) in many diverse industries. Current studies show that one-third stay in the Rocky Mountain area, another third go to the West Coast, and the final third is spread throughout the rest of the country.

The second element of the partnership is more difficult to describe or count. For the purposes of this article, we'll refer to this group as the friends and alumni of the Brigham Young University School of Management. This group includes, but is not limited to, School of Management alumni (now numbering over 18,000), other BYU alumni, and other members of the 21 BYU Management Society Chapters located throughout the country. A broad base of nonalumni support makes up a significant part of this group. Indeed, this support group includes anyone willing to work in a partnership with the BYU School of Management.

But why call this a partnership? As any of our students could tell us, a partnership is an association of two or more individuals or groups in which each party contributes goods or services for the mutual benefit of the joint enterprise. Other definitions include a relationship maintained for the purpose of achieving mutually
desired goals.

To explain the kind of partnership we are attempting to create, I'll give some examples of specific partnerships already existing.

Alan Wilkins, of our Department of Organizational Behavior, has been working for several years with Dave Evans, president of the Evans & Sutherland Company, designers and manufacturers of state-of-the-art computers. Alan provides his knowledge of organizational culture, in which he is a nationally recognized expert, and arranges for the services of several graduate students. Dave has arranged for Alan and his students to interview individuals within the company; Alan says that Dave is also extremely helpful in providing contacts in other companies, arranging funding, and advising on theories and strategies.

The benefits from this relationship to both sides are numerous. Evans & Sutherland used the cultural data generated by the students as important considerations in recent strategic decisions and for the restructuring of a division. The students gained experience and were asked to make presentations in several of the divisions. Alan says that he's published two articles directly drawn from his work at Evans & Sutherland and that Dave has been "immeasurably helpful." The partnership is continuing this year, as Alan and other faculty begin working on an innovative study for which Dave helped obtain significant funding.

Bill Giauque, Bill Sawaya, and several other faculty members have been working with Ron Malouf, president of Malouf Industries in Dallas. Since 1980, Bill (our new MBA director) has been teaching a field consulting class in the MBA program. In four of the last five years, a team of students from the class has worked on projects within the Malouf Company, which manufactures ready-to-wear women's and teens' clothing.

The first year, members of the class were invited into the company to look at payroll and accounting systems. After some initial visits, the students and managers determined that the company needed a more reliable and faster information-processing system. The project extended past the semester's end, with students and faculty working closely with management to decide on a computer system. Ron Malouf estimates savings to the company of eight thousand dollars, and the computer system selected by the student consultants paid for itself within one year.

The next year, Bill Sawaya supervised another Malouf project. This time the task was to analyze product information systems, plant layout, and materials handling in a number of the plants and in the company as a whole. After a factory layout change subsequently recommended by the students, productivity rose by 7 percent.

These benefits to the company are obvious, but what kind of benefits did the faculty members receive? Bill Giauque claims that "the richness and variety added to teaching and consulting are just incredible." He says that first-hand familiarity with the way several companies produce goods has increased his abilities as a professor, consultant, and administrator because he has more past experiences to draw on. His knowledge of teaching through field consulting has also increased; he has had two articles published and is cohosting a conference on field consulting for students.

Other School of Management faculty have had significant "real-world" experiences. Gary Cornia is on a two-year leave to serve on the Utah State Tax Commission; Paul Timm provided communication expertise in redesigning reporting procedures at Merrill Lynch Relocation Management; Pat Kelly has served as a marketing consultant with numerous national clients; and Roger Clarke has provided financial consulting for a Las Vegas real estate development firm.
Jay Smith is on leave from our School of Accountancy to work at the training facility for Arthur Anderson & Co. in Chicago. Doyle Buckwalter has worked closely with Gale Wilson, the city manager of Fairfield, California, to help student interns gain municipal government experiences.

In each case—and in many other incidents—everyone wins: the faculty member, the organization, and the BYU student.

The following lists illustrate a few of the kinds of services each member in a partnership could benefit from.

**Ways the School of Management Can Benefit Organizations**

- Provide students with quality education in a wide range of management competencies.
- Prepare students to deal with complex, real-world problems.
- Provide executive education (on a limited basis) and nondegree update training for the working professional.
- Conduct research on critical management problems.
- Disseminate research findings and descriptions of how to apply these to contemporary management problems.
- Build networks of managers and academics to share expertise.

**Ways Alumni and Friends Can Benefit the School of Management**

- Recruit and encourage students to enroll in BYU programs.
- Assist in placement of interns and graduates.
- Identify executive education needs of the workplace.
- Collaborate on research on complex management problems by helping to identify and define problems, locate research sites, provide ideas on how to gather data, interpret results, and give feedback on draft reports.
- Provide financial support to the School of Management.

My major charge as dean is to build many more *individual* partnerships. By doing so, the larger partnership of the School of Management and its friends and alumni will be strengthened.

**The Ideal Partnership**

Now we will describe the characteristics of the ideal larger partnership, as we perceive it. First, it will be national. The partnership is not just for Utah or for the Rocky Mountain region; it is a national organization involving BYU alumni and friends, wherever they have located.

This is an important point. Several years ago *MBA Magazine* conducted a survey of School of Management deans and asked them to rank the top schools in the country. The article that reported the survey listed the top fourteen schools as national schools, while describing the other schools as regional schools. BYU was listed as one of the top regional schools, but it was not included in the list of national schools. I believe that we should set our sights on becoming a nationally recognized school in the next five years.

We already have a good start on this task. Many of our faculty are nationally recognized for their activities in professional societies, articles in national journals, and consulting with national and multinational organizations. Our students come to BYU from throughout the nation and the world; most students take their first jobs outside of the Mountain West. Many employers such as Exxon, IBM, Bain and Big Eight accounting firms have become aware of the high quality of our students.

A strong national partnership with our friends and alumni, however, will help us move even more quickly toward that goal of being generally recognized as a national school.

The second characteristic of our partnership is that it will be long-term. The partnership is not just education on campus for two or four years, but is an involvement in executive education over a lifetime.

Third, the partnership will have an applications orientation. The study of real, current problems in management is the common ground between the two partners. The partners will be equally committed to focusing on the complex problems facing managers in our rapidly changing, information-based society.

Fourth, the partnership will make a contribution to knowledge. The partnership should be able to gauge its success through tangible contributions. These outcomes would include cases, articles, and books for both academics and managers. We need to be able to put our results in writing for the wider use of society.

These goals of a national, long-term, applied, and contributing partnership are all based upon the idea of maximum benefit for both parties involved in the partnership.

Despite the apparent simplicity of the partnerships described here, they will not be easy ones to build. There are several pitfalls which we must make a significant effort to avoid. A brief explanation of these pitfalls may be useful.

The partnership should be very aware of its need to avoid unethical schemes or "shady deals." BYU will not be involved in schemes which are questionable; neither will it be involved in endorsing or selling products of any kind. To risk being
associated with scams or dishonest acts would weaken the trust necessary between two groups of partners.

Another pitfall inherent in encouraging closer working relationships between faculty and the business community is the possible "capturing" of faculty members. Too much consulting, management training, and other outside activities will detract from our primary academic responsibilities of teaching and research.

Other pitfalls will undoubtedly be discovered as we develop a stronger partnership over the next few years. We need to react wisely by continually asking ourselves whether or not given activities contribute to or detract from the strength of the partnership.

Expanding Our Partnership Program

With our ideal partnership in mind and our awareness of some potential pitfalls, we can turn to a description of the steps we now need to take.

Maintain and Recruit High-Quality Faculty

If the School of Management expects to work closely with leaders in the management community, we must realistically understand that management wants to interrelate with faculty who are working on the "leading edge." Although the leading edge is never easily defined, we can be sure that it is not concerned with out-of-date or trivial issues.

Build the Network

We need to identify alumni and friends who are leaders in the management community. We need to know key people by industries (real estate, health care, financial services, etc.) and by function (accounting, marketing, economics, human resources, etc.). Obviously, we will need help from both sides of the partnership to build this network.

Communication

The School of Management needs to inform managers of the expertise and interests of its faculty. Business leaders who work closely with us know that the faculty has changed significantly in the last ten years. We have many faculty members who are nationally and internationally recognized leaders in their fields. In the next few years, we will be making greater efforts to communicate faculty members' interests and areas of expertise to our friends and alumni. Faculty members will be encouraged to send copies of working papers, articles, and books to the dean's office for distribution to our partnership friends.

Increase Faculty Visibility

We also need to get the faculty out into the business community to share their interests and activities. We become more useful to the "real world" of business if we continually try to understand problems that managers face. We need to move outside of the university environment to see what the real problems are. This will require planning, invitations, and some financial support. We also need more publications by faculty—and, sometimes, articles about faculty—in leading business and business education journals (including, of course, Exchange).

Sustain Effective Information Gathering

One of the greatest obstacles we are currently facing in establishing a stronger partnership is a lack of information about our potential partners and what they do. To help remedy that problem, we have enclosed a card with this issue which we hope you will take time to fill out and return. The reason for the card is to provide us with a better understanding of the experience and expertise of those of you who share our vision of a strong partnership program.

Please take a moment to complete and mail the card. And keep in touch. We look forward to building a partnership with you.
A Management Society Spotlight: The Dallas/Fort Worth Regional Chapter

When you hear the word Dallas, what comes to your mind? Tall glass buildings, the Dallas Cowboys, or a popular television show perhaps? When we at the School of Management think of Dallas, we're usually referring to the Dallas/Ft. Worth Regional Chapter of the BYU Management Society — one of the most well-organized and productive chapters in the nation.

In December of 1981, five Dallas area executives — Ron Malouf, Frank Martino, Carwin Peterson, Kelly Dame, and Julie Malouf — launched the Dallas area group of BYU supporters.

By coming together as professional people who believe in high standards of business conduct and in the free-enterprise system, they are:

- improving their management and professional skills;
- helping place School of Management graduates in the Dallas/Ft. Worth area;
- developing social interaction among professional and management people within the metropolex; and
- making available to the BYU School of Management individuals with skills and talents who will be of service to chapter members and BYU, as well as to its alumni and friends throughout the world.

The two-and-one-half years of chapter activity in the Dallas/Ft. Worth area have been full ones for the members. To ensure quality and diversity, the board has provided guest speakers for luncheons and dinners and conducted educational seminars, receptions, and socials. A recent fireside featured U.S. Senator Paula Hawkins (Florida) and Congressmen Ron Packard (California) and Steve Bartlett (Texas).

Scheduled events include luncheons with top corporate executives including Mark Willes, vice president and chief financial officer at General Mills; education seminars; a piano concert given by Wladimir Jan Kochanski; and a visit from Dean Paul Thompson.

One of the greatest strengths of the Dallas/Ft. Worth Chapter is its financial autonomy. The nominal yearly dues enable the chapter to provide a wide range of events which can meet the varied interests of the members.

Besides providing speakers and activities, membership money is used to develop a close communication network with members. Membership directories are published several times a year, along with newsletters and various other mailings.

The chapter is very proud of the wide range of professionals represented within its ranks. Interesting to note, though, is that approximately 50 percent of its membership have graduated from universities other than BYU. Membership is now at 150 dues-paying members with a reachable goal of 300.

Carwin "Pete" Peterson, chairman-elect of the chapter, comments that he has supported the chapter because of the close association he has had with people who share his own business ethics. "It is refreshing," says Peterson, "to have such dedicated leaders in this area who really desire to see this chapter grow and develop.

Our programs have been of the highest quality, and I believe that more and more people will join and share their talents with the chapter as they see that the BYU Management Society is a permanent part of our community."

The Dallas/Ft. Worth Chapter of the Management Society is one of 21 established groups located throughout the United States, many of which are involved in similar activities and programs.
Harold F. Silver

Harold F. Silver, noted inventor and industrialist, died at his home in Denver on Sept. 13, 1984, at the age of 83.

Mr. Silver, president of the Silver Corporation in Denver, was a major donor to the school as well as to the university. He recently endowed the Harold F. Silver Chair of Finance and Management in BYU's School of Management. He also established the Madelyn Stewart Silver and Ruth Smith Silver Fund for student scholarships at BYU.

Mr. Silver will be greatly missed.

Student Hurdles

Obstacles to Earn Master's Degree and Presidential Internship

Pat Johanson, deaf since the age of six, is one of five BYU public administration students to receive a prestigious Presidential Management Internship.

Pat, 24, received her master's degree in public administration in August before heading for Washington, D.C., to begin the federally sponsored internship.

Presently she is working for the Office of Personnel Management of the federal government and says things are going well.

As a public administrator, Pat said she wants to encourage the government to abide by laws guaranteeing equal rights and, in some cases, special accommodations for the hearing impaired.

In preparation for this work, Pat has conducted workshops for local police departments on communicating with the hearing impaired. To stress the importance of this skill, she showed a videotape dramatizing several police encounters with deaf people.

These workshops have been expanded to include firemen, ambulance personnel, court officials, and lawyers. Plans are in process to instruct physicians and nurses with different videotapes.

School of Management

Administrative Reorganization

The School of Management dean's office has seen several administrative changes this year. Serving as the new dean is Dr. Paul H. Thompson, formerly a professor of organizational behavior. He replaces Dr. William G. Dyer, who is returning to full-time teaching and research.

Dr. Lee Radebaugh, associate professor of accounting, and Dr. Gary McKinnon, associate professor of business management, are now associate deans in the School of Management. Radebaugh is responsible for the graduate programs, while McKinnon is in charge of undergraduate education.

Other departments throughout the School of Management have also undergone leadership changes.

The new director of the Institute of Retail Management, has returned to that position after three years of professional development leave. During his leave, Robison was executive vice president and general manager of Celebrity, Inc., in New York City.

New Scholarships

Available to SOM Students

The School of Management has been fortunate to receive donations from generous people who understand the importance of an education in the area of management. Added to our present scholarship funds are the following:

The Denver Chapter of the Brigham Young University Management Society is establishing an annual scholarship for business and management students. The scholarship will be given beginning the fall semester of 1985 to an outstanding management major from Colorado.

The school has also received an endowed scholarship from Woodgrain Molding, Inc. This scholarship will be called the Merrill R. Dame and Edythe Lasson Dame Scholarship.

Lucille Covey Richards increased the Stephan Mack Covey MBA Scholarship Endowment recently with a substantial gift.

The Lavorn G. and Beatrice M. Sparks Scholarship Endowment has been formalized, and a scholarship will be available for students in the School of Management in the fall of 1985.

Faculty Notes

Doyle Buckwalter, Institute of Public Management, worked with the Federal Emergency Management Agency to help develop emergency management curricula for universities across the country. Buckwalter presented research on management strategies associated with the 1983-4 mudslide and flooding disasters in Utah.

Robert J. Parsons, former School of Management associate dean, served as a fellow at the Pacific Coast Banking School in Seattle. Parsons participated in educational sessions with banking executives to coordinate university-professional cooperation and career development.
ADAM SMITH IN THE TWENTIETH CENTURY
IS THE VISION INTACT?

D. Kirk Hart
For, God having, by an inseparable connexion, joined virtue and public happiness together, and made the practice thereof necessary to the preservation of society, and visibly beneficial to all with whom the virtuous man has to do; it is no wonder that everyone should not only allow, but recommend and magnify those rules to others, from whose observance of them he is sure to reap advantage to himself!

Introduction

The most serious problem confronting American business is the pervasive low regard in which it is held, as so many recent polls demonstrate. In our universities, schools of business administration are dismissed as “trade schools,” and “business scholarship” is taken as a contradiction in terms. Students majoring in business tend to be apologetic about their choice of a career; they are confident they will earn lots of money, but they seldom view business as an ennobling profession, such as medicine, law, or teaching. Finally, in fiction, drama, films, and television we consistently scorn the qualities of character we assume are both required and produced by business. One of Steinbeck’s protagonists caught this assumption quite well:

“It has always seemed strange to me,” said Doc. “The things we admire in men, kindness and generosity, openness, honesty, understanding and feeling are the concomitants of failure in our system. And those traits we detest, sharpness, greed, acquisitiveness, meanness, egotism and self-interest are the traits of success. And while men admire the quality of the first they love the produce of the second.”

It is not healthy for any society to have its economic system considered as corrupting of good character. In the United States, we seem to believe that egoistic, hedonic, and “survival of the fittest” attitudes are essential—even natural—to capitalism. But is that opinion correct?

To find the answer, I turned to the philosophy of capitalism, and was extremely surprised at what I found. While modern images of capitalism focus attention upon its materialistic and power-seeking characteristics, in the original conception there was a necessary moral philosophy that had to govern all economic relations in a true capitalist system.

Furthermore, it should be emphasized that capitalism (correctly understood) and democracy, as conceived by the Founding Fathers, are both rooted in the same moral imperative: that the justification and success of each system is dependent upon the individual virtue of all members of the society. In other words, the real strength, indeed the purpose, of our society was to be found in the pervasiveness of virtue in the rank and file, much more than in the leaders.

The seminal philosopher of capitalism is, of course, Adam Smith (1723-1790), a professor of moral philosophy at the University of Glasgow, and later a commissioner of customs in Edinburgh. The foundations of capitalism are assumed to have been stated in his book The Wealth of Nations (1776), but this is a misperception. Smith wrote an earlier book, The Theory of Moral Sentiments (1759), wherein he laid out the necessary moral philosophy by which his later economic work was to be understood. In other words, by paying attention only to The Wealth of Nations, we miss the most essential element of the free enterprise system he proposed: in order to function properly, all economic relations had to be based upon intentional individual virtue.

Let us take this a step further. While Adam Smith did not complete his philosophic system, he believed that his work would be interpreted within its intellectual context and then extended along the lines of its own moral logic. Perversely, the tendency has been to misinterpret Adam Smith as a Utilitarian, through the philosophy of Jeremy Bentham and the Philosophic Radicals—a position he had emphatically rejected. As a result, the contemporary theory of capitalism has a decidedly utilitarian orientation, ironically based upon the egoism and hedonism Smith had gone to such lengths to reject. As such, contemporary capitalism has made a fatal deviation from the original intention.

This has led to a gross misinterpretation of Adam Smith’s original intention. That distortion is effectively summarized in the loathsome phrase “Well, business is business,” which expresses the
assumption that people may use just about any tactics, fair or foul, to gain economic advantage over others, and that this is all justified in the name of a profitable “bottom line.” Nothing could be further from the intention of Adam Smith, or, for that matter, from that of the Founders. It is this disparity between the Smithian ideal of capitalism, and the “calculus of self-interest” theories of contemporary capitalism that is at the root of the public disaffection with business. That confidence will not be restored until we restructure both the theory and practice of capitalism to be congruent with the intent of both the Founders and Adam Smith.

The Enterprise System Required by a Free People
Adam Smith’s economic philosophy is quite complex, but there are five areas we must consider if we are to reorient the conduct of contemporary capitalism. It was his intention to describe that form of economic enterprise necessary for a free people, one which would conform to the innate moral needs of all individuals. Furthermore, because all individuals are free by nature, a successful economic system must reflect and enhance that condition of freedom.

Truth vs. Relativism
The most pervasive and destructive attitude of most American business theorists and practitioners is a refusal to consider the truth about the moral nature of the individual. Instead, these experts describe the various theories of human nature as if they were offerings in some ethical cafeteria, and we were free to choose any conception that fits the needs of the immediate situation. In accepting this description of people, however, we have already chosen a theory of human nature—that all individuals are ethically malleable and can be shaped to meet the needs of the organization.

Yet both Adam Smith and the Founders believed that there was a basic truth about the moral nature of the individual, and their systems were predicated on that truth. For them, all individuals were born with an innate need for the true happiness that could only come from a life of virtue. Furthermore, the Founders embodied that assumption in the enabling documents of this nation. That means that our political, legal, and social systems are predicated upon the truth of the proposition that people, by nature, desire honorable lives. We acknowledge that dependence in our oaths of office, our demands for rights, and our legal precedents.

The Founders believed that the economic system must also be rooted in human virtue, and thus their thinking was compatible with that of Adam Smith and his Scottish colleagues. Democracy and capitalism were to be mutually reinforcing systems. Thus, if we are to be loyal to the intent of the Founders, we must intentionally make the ethical assumptions underlying our economic system congruent with those underlying the political system.

Brotherhood and Sisterhood
Central to an understanding of the economic philosophy of Adam Smith is the absolute importance of the concept of “sympathy.” He begins his first book with the bold assertion that all individuals desire the happiness of others:

How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it.

This innate desire for the happiness of others is rooted in the natural need of each individual to sympathize (or empathize) with all others. This is the central theme of Smith’s Theory of Moral Sentiments.

Thus, all human relationships must be based upon a mutual sympathy of one for another, or else society will degenerate to a Hobbesean war of “all against all.” It is the primary moral obligation of each individual to consciously develop a feeling of love for all other individuals. Put in the language of the eighteenth century, each individual has the moral obligation to develop a sense of “brotherhood” and “sisterhood” with all other individuals—using those terms in their secular sense.

As a final note, while we sympathize with both the sorrow and the joy of others, in fact we appreciate their joy more than their sorrow. Sympathy, in Smith’s terms, was a very positive emotion.

Smith makes the obvious observation that we sympathize most adequately with those closest to us, and that the prized love of mankind is, indeed, a form of moral supererogation. In other words, to be truly sympathetic is not an easy task, but it is essential. Implicit in Smith’s moral philosophy is the

Contemporary capitalism has made a fatal deviation from the original intention.
assumption that by nature we are designed to accept others as brothers or sisters, and to desire to be considered in the same manner by them. We not only need to love those others, but to be loved by them—put in another way, the highest relationship is to be loved by those whom we love.

Therefore, all human relationships—very much including economic relationships—must be guided by the same sense of brotherhood and sisterhood. This means, then, that we can never take advantage of another to advance our economic interests. Smith is adamant on this matter, referring to it as “…one of those sacred rules, upon which the tolerable observation of which depends the whole security and peace of human society.” He goes on to write:

One individual must never prefer himself so much even to any other individual as to hurt or injure that other in order to benefit himself, though the benefit to the one should be much greater than the hurt or injury to the other…[F]or one man to deprive another unjustly of any thing, or unjustly to promote his own advantage to the loss or disadvantage of another, is more contrary to nature than death, than poverty, than pain, than all the misfortunes which can affect him, either in his body, or in his external circumstances.”

Therefore, one of the seamiest, most destructive and unpatriotic aspects of the conventional wisdom about contemporary capitalism is that people are justified in taking advantage of others in order to increase profits to themselves. That belief is anathema to the correct theory of capitalism, whether it leads to the impossible glorification of a product, the deliberate concealing of necessary information, or downright cheating. The justificatory phrase of “business is business” should be indicted for what it is: a contradiction of the most fundamental premise of capitalism, the sense of sympathy.

The Innate Need for Virtue

Adam Smith’s view of the infinite moral worth of the individual permeates his work and is reflected most clearly in his belief in the innate and imperative need of each individual for a life of virtue. The qualities of virtue—honor, justness, courage, magnanimity, benevolence, and such—are the necessary conditions for true happiness.

This is well illustrated by Smith’s distinction between “praise” and “praiseworthiness.” Obviously, all people seek praise and go to extreme—sometimes fraudulent—means to obtain it. But of more interest is the fact that true happiness comes not from the praise, but from the awareness of one’s praiseworthiness. He argues that praise is warranted only by virtue made manifest in both intention and action. Thus, true praise acknowledges the moral worth of the individual in the esteem of loved others. But the happiness to the recipient comes only from the knowledge that the praise is both earned and deserved—that one is praiseworthy. This being the case, then anything that denies or inhibits the possibilities of praiseworthiness (found only in the life of virtue) denies the natural rights of the individual. The implications for the economic system are extraordinary, for it means that every economic relationship must be intentionally conducted with virtue.

Futhermore, virtue must be progressive—it cannot be fully realized by simply doing what we have to do. For instance, if a person collapses with a heart attack and we go to his aid, there is only minimal virtue on our part—for that is what we are obligated (through sympathy) to do. Virtue can only be fully realized in carrying the ordinary obligations further than is required, and seeking excellence in them. Thus, to be kind to one’s neighbor is but an obligation, while the attempt to love humankind is a manifestation of true virtue.

Thus, Adam Smith argues for the necessity of moral progress. This means that virtue—and the conditions of virtue—must constantly improve, or happiness will stagnate and disappear. Those who misinterpret Adam Smith believe that his was a moral philosophy “fit only for shopkeepers,” but they fail to understand his conception of a higher virtue realized through moral progress.

The great enemy of the life of virtue was not so much sin as it was sloth: the tendency toward inertia in all humans. True virtue requires enormous and continuous effort in many areas. The main reason we lose the ideal social, economic, and political arrangements is that we wish to rest on our oars, after the great effort of achieving the ideal. It is sloth that defeats us. The life of virtue allows for no rest.

Intentional Virtue

For the most part, contemporary theories of capitalism ignore the

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We can never take advantage of another to advance our economic interests.
matter of morality in the processes of production and consumption. They fall back upon a notion that an unfettered economic system based upon insatiable human greed will result in an overall public good—"private vices, public interest." The arbiter is to be the "market," guided by an "invisible hand." But this represents a most flagrant misinterpretation of the Smithian "invisible hand." The concept is most clearly developed in The Theory of Moral Sentiments, and the adequate operation of the invisible hand is dependent upon the intentional grounding of all economic relationships in virtue. When that happens, one can then trust that the randomness of the market in the selection of goods and services will be just and equitable.

Adam Smith uses, throughout his work, a dual standard: the ideal society and the minimal society. He wrote:

It is thus that man, who can subsist only in society, was fitted by nature to that situation for which he was made. All members of human society stand in need of each other's assistance, and are likewise exposed to mutual injuries. Where the necessary assistance is reciprocally afforded from love, from gratitude, from friendship, and esteem, the society flourishes and is happy. All the different members of it are bound together by the agreeable bands of love and affection, and are, as it were, drawn to one common centre of mutual good offices.

This was the ideal society and, contradicting those who condemn Smith for a want of idealism, he believed such a society was not only obtainable, but that there were historic precedents.

However, he followed his description of the ideal with a description of the minimal society:

But though the necessary assistance should not be afforded from such generous and disinterested motives, though among the different members of the society there should be no mutual love and affection, the society, though less happy and agreeable, will not necessarily be dissolved. Society may subsist among different men, as among different merchants, from a sense of utility, without any mutual love or affection; and though no man in it should owe any obligation, or be bound in gratitude to any other, it may still be upheld by a mercenary exchange of good offices according to an agreed valuation.

Interestingly, this is the society we have chosen to live in, a minimal society run by utilitarian rules. We have done this because we have largely abandoned the primacy of virtue in human affairs. This situation would have been soundly denounced by Adam Smith.

The major reason we have abandoned the ideal in favor of the minimal, I believe, is due to the absence of courage. Virtue does not come easily nor for free. It requires moral risk-taking, a willingness to base all actions upon one's own sense of virtue, and, even more difficult, upon a belief in the virtue of others. In this sense, we come to the real meaning of the term "entrepreneur." It does not refer only to those individuals who are willing to risk money. Rather, it refers to those who take considerable risks based upon their willingness to trust others. Thus, it becomes "moral entrepreneurship," and it is the heart and soul of capitalism.

This brings us to the crux of the contemporary misinterpretation of capitalism. Once, the notion of intentionally conducting every economic exchange upon principles of virtue was taken for granted. If one was virtuous, one could produce and sell in the market without trying to prejudge what is best for people. One could estimate the market, submit a product to the test of the market, and—if it was accepted—could expect a decent profit for one's honorable endeavors.

When put in this context, Adam Smith's well-known and seemingly cynical observation about why the butcher sells you meat does not seem so cynical after all. An honorable butcher will sell his meat to people because it is his business, and he wants to make a decent profit. That is a completely admirable intention, provided that it is preceded by imposition of virtue into all of his butchering behaviors.

In such a conception, then, the market emerges as the greatest arena for the resolution of problems that the world could imagine. Its participants were to be virtuous people, committed to excellence, who then offered imaginative goods and services to others in a great plurality. It was then that the "invisible hand" would operate as it was intended.

The Job as Medium

Because of the importance of the economic system in any society, it is often overlooked that Adam Smith also viewed "working" in moral terms. He believed the job should be a medius, wherein an individual could express himself or herself. On the one hand, the substance of the
job lent itself to creative expression. On the other hand, it was also a social milieu wherein virtue could be practiced, developed, and experienced. Thus, all economic relations had more purposes than the simple exchange of goods and services.

To illustrate, it is commonplace to observe that each economic transaction is also an education for individuals. He lamented that, by focusing too narrowly upon economic exchange, people have been taught that their interest consisted in beggarling all their neighbours. Each nation has been made to look with an invidious eye upon the prosperity of all nations with which it trades, and to consider their gain as its own loss. Commerce, which ought naturally to be, among nations, as among individuals, a bond of union and friendship, has become the most fertile source of discord and animosity. Thus it was that the economic system was to be the major arena for the attainment and experience of virtue, which was the primary condition of human happiness.

**Conclusion**

Adam Smith constructed a philosophy of free enterprise based upon a moral philosophy of extraordinary merit—an economic system centered upon loneliness, gentleness, and an ennobling vision of human nature:

It is not the love of our neighbour, it is not the love of mankind, which upon many occasions prompts us to the practice of those divine virtues. It is a stronger love, a more powerful affection, which generally takes place upon such occasions: the love of what is honourable and noble, of the grandeur, and dignity, and superiority of our own characters.

More than that, Smith believed that the ideal could be realized in everyday lives of ordinary people. But in contemporary America, such claims are scornfully disparaged by the "tough-minded" practitioners of an economic "realpolitik." It can never happen in the "real" world, they shout. It is a "dog-cat-dog" world, they proclaim. But they are wrong. They are not only wrong, they are also the great enemies of the American dream.

This nation was founded upon an ideal, and its very institutions are predicated upon that ideal realized. The sickness of contemporary America begins with the surrender of the ideal and the stupid assumption that idealism has no place in democracy or economics. We must turn again to the moral philosophy of our founding, to discover in it the necessary conditions of human happiness. We must be adamant in our demands that the ideal be realized in our everyday lives. If we do, then capitalism and democracy will become what they were intended to be—the best hope for all to achieve the good life of virtue.

**Notes**

1. John Locke, An Essay Concerning Human Understanding (New York: Dover, 1690, 1959), Bk. I, Ch. 11, Sec. 6, p. 70.
3. This has been well discussed by A. L. Macfie, "Adam Smith's Moral Sentiments as Foundation for his Wealth of Nations," in his book The Individual in Society (London: George Allen & Unwin, 1967), pp. 59-81. There has been a long-standing concern about the apparent contradiction between the morality of Adam Smith's first book, and the self-interest of his second ("Das Adam Smith problem"). However, the matter has been effectively resolved in favor of Smith's moral philosophy. See Glenn R. Morrow, The Ethical and Economic Theories of Adam Smith (Clifton, N.J.: Augustus M. Kelley, 1960--a reprint of the 1923 edition).
7. Smith, Moral Sentiments, Pt. III, Ch. 3, p. 236.
8. Smith, Moral Sentiments, Pt. III, Ch. 3, p. 166.
9. Ibid.

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Honor was to be found in endeavor and not in position.
Mark W. Cannon was the first person to fill the position of administrative assistant to the chief justice of the United States Supreme Court, a position created by Congress in 1972. Dr. Cannon earned his B.A. from the University of Utah and his M.A., M.P.A., and Ph.D. from Harvard University.

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