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### **Elliott Jaques Travels The Road To Serfdom: A Review of *Free Enterprise, Fair Employment***

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**May 2006**

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Management theorist Elliott Jaques is perhaps best known for defending the need for hierarchy in the management of complex human organizations, such as corporations. He did so in his many books and foremost in his *HBR* article “In Praise of Hierarchy” (1990). He dedicated most of his professional life to developing one of the most innovative and practical constructs for executives to align and manage large organizations, which he referred to as the Requisite Organization. Unfortunately, back in the early 1980s, a darker side of Elliott Jaques psyche was revealed in his book *Free Enterprise, Fair Employment*. Hopefully business executives making the same errors in thinking can learn some lessons from his mistakes.

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In *Free Enterprise, Fair Employment* (Crane, Russak & Company, New York, 1982), sociologist and psychiatrist Elliot Jaques [www.Requisite.org] ventures far beyond his areas of expertise into the realm of economics and politics and fails miserably. Jaques is best known for his later writings on the theory of *Requisite Organization* (1988), and most recently, *Social Power And The CEO* (Quarum Books, 2002).



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His later writings on these specialized topics of organizational theory demonstrated the qualities of a first-class mind devoted to a scientific approach to the improvement and enhancement of human life.

Every business executive would benefit from what Jaques has to teach about designing and leading organizations. He was a maverick and an intellectual innovator. Time will show that he was a man of

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genius in the area of organizational development, with the rare ability to shine a cleansing light upon the shortcomings of current management practices and propose paradigm-shifting alternatives.

Like most intellectual innovators who are critical of the status quo, his theories are despised, ridiculed, and berated - but mostly ignored - by business professors and educators operating under the pretense that what they are teaching to their students is management “science” and something of value to managing a large organization in the interests of shareholders.

One of the keys to Jaques’ genius was the seriousness with which he took his research and his commitment to the pursuit of truth through methodological and epistemological discipline. Because he recognized that a proper methodology of thinking would lead to practical solutions, he applied his knowledge across disciplines, always attempting to integrate that knowledge into a consistent whole.

In this endeavour, he wasn’t always successful, as this review of *Free Enterprise, Fair Employment (FEFE)* will show. Yet in attempting to tackle issues of economics and politics that were global in scope and for which he had no formal training, he certainly demonstrated his willingness to walk the plank in support of his own independent thinking and conclusions. He demonstrated the courage to speak out against what he perceived to be popular but irrational thinking.

In trying to provide a solution to the economic and political crisis in the early 1980s, he demonstrates his failure to identify the real source of the crisis: namely government intervention.

Jaques argument demonstrates some of the worst aspects of sociology as an academic discipline, and the pernicious nature of rationalistic thinking.

It was Elliott Jaques lifelong pursuit of truth and commitment to a valid scientific approach to thinking that prevented him from standing by conclusions previously reached when the evidence from further study pointed to errors. It was his commitment to independent thinking, pursuit of new knowledge, and the ongoing integration of all his knowledge - recognizing that reality is a single whole - that allowed him to later overcome the narrow and irrational thinking demonstrated in *FEFE*.

Jaques wrote *FEFE* in the early 1980s, primarily for a British and European audience in the context of a government induced economic crisis known at the time as stagflation – a combination of recession, high unemployment, and high interest rates. In it he attempts to offer a solution based on further government restrictions of liberty in order to implement his theory of “fair and acceptable salary differentials.” In doing so he demonstrates his failure to identify the real source of the crisis he wishes to address, namely government intervention and economic control of the economy, and instead offers up even more of it.

As we shall see, Jaques tries to argue fallaciously from a narrow observation about employment structures to broad political, moral and economic conclusions, thereby demonstrating some of the worst aspects of sociology as an academic discipline, and the pernicious nature of rationalistic thinking.



(Rationalism is the false idea that knowledge of the world is deduced from concepts or “truths” that come from inside our head, as opposed to being derived from our perception of reality. For the rationalist, if agreement can be reached regarding premises, then valid conclusions can be derived deductively, with the expectation that reality will conform to our thinking. For the rationalist, experience plays no part in identifying truth. Rationalism is a fallacious mode of reasoning because, in fact, all knowledge is based on and derived from the evidence of our senses, and all of our conclusions need to correspond to the facts of reality.)

### **The Totalitarian Temptation: To Fix Economic Ills Through Government Intervention**

Jaques’s purpose in writing *FEFE* was to propose a new perspective on the problem of inflation and unemployment in democratic industrial societies. He applies himself to the task of developing a policy solution that will be morally just and fair to everyone, and will save free-enterprise from total demise, to which he believes it is headed. Hence the title of the book, *Free Enterprise, Fair Employment*, with the emphasis on ‘Free’ and ‘Fair.’

By “free-enterprise” Jaques indicates that he means enterprises *allowed* by the state to compete for profits. Free-enterprise for Jaques isn’t so free. While Jaques doesn’t initially come right out and fully endorse an activist government role in managing the economy for the benefit of society, his pre-

By “free-enterprise” Jaques indicates that he means enterprise *allowed* by the state to compete for profits. Free-enterprise for Jaques isn’t so free.

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scription logically leads to this outcome. His perspective on politics and economics as portrayed in *FEFE* is best described as ‘Interventionist’ or middle-of-the-road social democracy (see George Reisman, <http://www.capitalism.net/Capitalism/articles/What%20Is%20Interventionism.html>). He is clearly, in this work, comfortable in portraying himself as an opponent of capitalism, free-markets, and liberty, and therefore also of individual rights, and the principle of the non-initiation of physical force in human relationships. For Jaques, freedom is an attribute of social relationships *bestowed* upon citizens by government decree.

Jaques asserts in *FEFE* that capitalism, as an economic and political system, is incapable of creating full employment and therefore incapable of curing a myriad of social ills that he links to unemployment (such as poverty, crime, depression, drug addiction, salary-envy, etc.). According to Jaques, allowing a free-market in labor is the cause of these social ills. He alleges that a free-market in wage-labor contracts is always detrimental to society, and hence that capitalism (i.e., political freedom) must be rejected as a realistic alternative to interventionism. Instead of markets consisting of the voluntary exchange of goods and services, active government control of the labor force is required to ensure that “society” reaps the benefits of full employment. This is taken by Jaques as a proven scientific fact and thus as



the premise for why government must control the structure of the job market. His unstated premise is that only through government coercion of the private sector can people flourish and prosper.

### **No Right To Industrialize Without Employment Guarantees**

Government control of labor is not capricious, according to Jaques, but rather upholds and advances the rights of citizens and the good of society. Jaques writes: “I believe that no nation has the right to industrialize and become an employment society, if it is to be a reasonably good society, without providing abundant employment for its citizens as a constitutional right” (p. xiv). Also: “By a constitutional right I mean just that. No nation should have the right to industrialize, with the inevitable emergence of an employment society, without undertaking at the same time to guarantee abundant employment, in the same way that it must guarantee equality of educational opportunity or just treatment under the law” (p. 48). This conclusion, he writes, is “self-evident.” But in case Jaques’ blunt assertion doesn’t convince you, what he offers up as evidence is that “unemployment and the fear of unemployment are both psychologically debilitating and socially alienating. They induce chronic depression and despair, emotional disturbance, and understandable delinquency and criminality, especially in young people....No decent society is entitled to do that to its people” (p. 49).

His solution to the employment problem requires the demise of both the principle of individual rights and of a government charged with the function of protecting those rights.

Properly formulated, rights are attributes of individuals, and exist to protect individuals from the initiation of force by others, especially governments, which have a monopoly on the use of force.

Having now placed himself squarely in the camp that supports decency, he as much as accuses his detractors of being uncivilized and undeserving of the desserts of civilization. In an outburst of hubris he writes: “any nation which would spurn [my solution] is entitled neither to economic security nor to the benefits of human freedom and justice” (p. 55).

By now it is clear that Jaques does not agree with the notion that the proper role of government is to protect the rights of individuals, and that he

doesn’t accept the validity of individual rights. His solution to the employment problem requires the demise of both the principle of individual rights and of a government charged with the function of protecting those rights, his tepid denials notwithstanding. He favors a variant of egalitarianism imposed by government force for the welfare of society and the psychological well-being of its citizens that is more akin to the fascist than the communist view of socialism (in which the government constrains the ability of individuals to act based on their own independent thinking by dictating the use of resources without claiming direct ownership of the means of production).

There is a lot wrong with this treatise, including the fact that it is riddled with economic falsehoods, theoretical contradictions and internal inconsistencies. Most fundamentally though, Jaques demonstrates that he has no valid

concept of rights and their moral importance and significance to the well-being of people.



Properly formulated, rights are attributes of individuals, and exist to protect individuals from the initiation of force by others, especially governments. It is difficult to understand what he can even mean by asserting that no nation should have the right to industrialize. Who exactly is it that grants such rights to nations? It is certainly not Elliott Jaques, although the above quote appears to indicate otherwise!

He also demonstrates a lack of understanding of the most fundamental aspects of ethical theory and moral principles, and demonstrates an immense confusion and inversion regarding the concepts of justice and fairness. For one thing, he gives little regard to the immense injustice perpetrated on the victims of his proposed policies in the name of fairness. He fails to understand that in the philosophical hierarchy, morality proceeds politics, and not vice versa.

### **An Example Of Rationalism And Hayek's Constructivist Fallacy**

It is apparent that in writing *FEFE*, Jaques failed to understand, or did not find cause to consider, the works of authors outside the academic and European cultural mainstream. Such authors would have included Nobel laureate F.A. Hayek, Ludwig von Mises, and American philosopher Ayn Rand. What these economists and philosophers hold in common is a commitment to methodological individualism, a viewpoint that rejects collective groups as anything more

Those who deny the efficacy of individual action tend to deny the efficacy of the market process. They accept that government control over the actions of individuals is morally superior to leaving people alone to make their own choices.

When individuals are left alone to function, social structures and mores evolve naturally to achieve optimal results because those who cooperate are best able to maximize their own welfare and happiness.

than conceptual constructs, thereby denying them status as independent “real world” entities. This viewpoint holds that groups cannot and do not consist of any attributes above and beyond the attributes of the individuals that make up these groups. Only individuals can hold values, and they act accordingly to gain and/or keep them. Collectivists reject this viewpoint by accepting the group as the primary “entity” or by raising the value of the group above that of the individual. They do not see that collectives are the way we describe the common or united actions of individuals; that groups cannot exist apart from, and are merely a phenomenon of, individual action.

The distinction is important because those who deny the efficacy of individual action tend to deny the efficacy of the market process. They accept, contrary to all the available evidence, that government planning and control over the actions of individuals is morally and economically superior to leaving people alone to make their own choices in pursuit of their own self-interest.

When individuals are left alone to function, social structures and mores are created and evolve to achieve optimal results. Cooperation among individuals evolves naturally because those who cooperate are best able to maximize their own welfare and happiness. (For a great read on how and why cooperation evolves naturally, see Robert Axelrod, *The*



*Evolution of Cooperation*, Basic Books, 1985).

Economist F.A. Hayek is perhaps most well known for demonstrating that the social benefits that arise from designed systems are not always better than evolved systems that arise spontaneously without central design and control. Without indicating that any consideration was given to Hayek's strong position, Jaques asserts the opposite, namely that more control - or the adoption of more "scientific" policies - will be an improvement over allowing the free market to function.

On this point, Hayek would have accused Jaques of committing what Hayek called 'the constructivist fallacy' – the error of thinking that all human order must require a designer and organizer, and that man is better off under such conditions.

The idea that human design is always superior to evolutionary design is false in Hayek's view. Society has evolved, and best operates as the outcome of a process of evolution whose results nobody foresaw or designed. The complexity of society is such that it contains "more particular facts than any brain could ascertain or manipulate" (Hayek, *Rules and Order*, University of Chicago Press, 1973; P. 38), and it functions most effectively when each person pursues his or her own purpose.

Jaques commits the error of thinking that all human order must require a designer and organizer to be optimal, and that man is better off under such conditions.

Jaques: "If employers want to pay above equity in order to attract people, they should not be allowed to do so...and if employees wish to agree to accept differentially lower wages and salaries as a permanent arrangement, they should not be allowed to do so."

Jaques, on the other hand, argues that the government can, and should, oversee every employee-employer relationship to ensure fairness across entire societies.

He writes: "It will be evident that the level and differential pattern of wages and salaries must apply to all employment roles at all levels, and throughout a whole nation or politically separate region. There can be no room for local variations, or for variations in individual enterprises,

even with agreement between employers and employees. If employers wish to pay above equity in order to attract people, they should not be allowed to do so...and if employees wish to agree to accept differentially lower wages and salaries as a permanent arrangement, they should not be allowed to do so..." (P. 93).

Hayek believes that people are mistaken when they use notions, as does Jaques, that "society 'acts' or that it 'treats', 'rewards', or 'remunerates' persons, or is 'responsible for' or 'guilty of' something, or that it has a 'will' or 'purpose', can be 'just' or 'unjust', or that the economy 'distributes' or 'allocates' resources...." Treating these higher level concepts as perceptual entities is fallacious, says Hayek, and such confusion will "almost inevitably lead the user to illegitimate conclusions" (*Rules and Order*, P. 28).

It is certainly the case that Jaques' conclusions are illegitimate, for the reasons Hayek identifies and more. His structure has no solid



grounding, which leads him deep into rationalistic thinking in an effort to keep his construct from collapsing. His fixation on the need for an equitable distribution of wages appears to drive him beyond moral and political legitimacy, and he engages in Orwellian newspeak to rationalize and argue his increasingly disingenuous and increasingly irrational position.

Consider: “It is through the legislative process alone that a people as a whole can decide on an equitable distribution of wages and salaries and their general level. Such actions do not constitute unnecessary government intrusion into personal freedom” (*FEFE*, P. 94). Or this: “Politically debated agreement on [salary] differentials can be just and fair and can confer freedom. It is the coercive and secretive approach [i.e., freely arranged employer-employee contracts] which is unjust; while seeming to leave people free to get what they want, it in fact reduces freedom by rewarding coercion – and it breeds violence in society” (*FEFE*, P. 94).

One cannot conclude this from any empirical evidence. As we each know from our own experience, the opposite is true. This is an example of Jaques simply rewriting reality to conform to his theoretical desires, and attempting to impose his emotion-induced rationalist construct on his readers. This leads him to advocate real initiation of force by the agents of the government as the legitimate means to achieve his desired utopian ends.

Consider as one example of Jaques’ collectivist social-engineering tendencies that he

decries what he calls “employer-employee collusion” with respect to workers and employers coming to their own salary and work hour arrangements outside his proposed government imposed framework. He considers this an attempt “to subvert the system,” and that “such collusive disregard of national policy should be prevented. It could be prevented without too much difficulty” (P. 107). “Any such collusion,” he writes, “could be monitored and controlled readily” through the use of employee representatives.

For Jaques, proper individual behaviour is to work within the system. The “system” is defined, created, and controlled by those in power against their citizens and their own perceived best interests.

### **Traveling The Road To Serfdom Through Incremental Loss of Liberty**

To keep the whole rationalistic structure afloat in light of its obvious contradictions, Jaques incrementally narrows man’s freedom and expands government intrusion with each passing chapter of the book.

To keep the whole rationalistic structure afloat in light of its obvious contradictions, Jaques incrementally narrows man’s freedom and expands government intrusion with each passing chapter of the book. This technique is common among writers advocating that we should agree to submit to more government control for our own good or for the greater good of

society, i.e., arguing in favor of the virtue of individual sacrifice, i.e., ethical altruism. It is instructive, though, to observe how this is done, as one example of how government intrusion into freedom to achieve desired results leads to the need for further incremental encroachments, and so on.

Jaques starts with what he purports to be an objective, scientific fact: the premise that a



system of fair wages will enhance man's freedom and psychological well-being.

He then asserts that this system will require government intervention and control of the job market, which will be limited to a national system of salary banding of individuals based on his scientific approach to categorizing all citizens based on their level of capability in handling work complexity. He asserts that he will "show how this method of handling income differentials makes it possible to maintain a continuous state of abundance of employment" and is "the best guarantee of a just and healthy free enterprise" (P. 66).

Governments will set the minimum and maximum wages in society according to the "differential concertina," which is both a national policy and "a method for stating a complete differential wage and salary payment structure for all employees at all levels of work throughout a whole nation" (P. 87).

Wage inducements to attract people will be prohibited because they will introduce "local differential instability into the surrounding geographical area and into the area of business of which they are a part" (P. 93). Rather than increase wages to attract employees from other regions, which Jaques considers to be "manipulations of the differential wage and salary structure" (P. 93), industry is expected to relocate to find its labor force, but not allowed to increase wages for any employee above the government approved salary designated for that employee.

Jaques asserts that a free labor market is by its nature coercive, and that this solution re-

moves that element of coercion to create a just and fair distribution of wages. "It is the responsible legislature which should decide the level and shape of the differential concertina, by at least an annual review. It is through the legislative process alone that a people as a whole can decide on an equitable distribution of wages and salaries and their general level. Such actions do not constitute unnecessary government intrusion into personal freedom. By the policy described, the earnings of freely competitive entrepreneurs are left free from government intervention. But individual wages and salaries never have been free, nor can they be" (P. 94).

**Jaques: "It is through the legislative process alone that a people as a whole can decide on equitable distribution of wages and salaries and their general level. Such actions do not constitute unnecessary government intrusion into personal freedom."**

The government must be prudent in setting national wage policy, so it must consider "what ought to be the total amount to be distributed in this form" (P.102). It does this by determining "how much the people of a nation can afford to distribute to themselves via the employment sector in wages and salaries,

as compared with the total sum distributed in profits, in dividends, in pensions, and in government expenditures" (P. 102). In this way, the government not only determines wages, but also controls profits. If one tries to address these issues at the level of the national economy as a whole, then one must resort to a method of corporate taxation based on ability to contribute, in order to maintain the desired standard of living. As Jaques notes, it is a matter of "high public policy" to determine what proportion of the nation's wealth will be spent on the total wage and salary sector by considering "the levels of profits being earned, the amounts being earned on rents



and investments, and the amounts being spent on governmentally provided goods and services” (P.103).

So not only must wages be controlled, but also profits. This is contrary to Jaques assertion above (from P. 94) that “the earnings of freely competitive entrepreneurs are left free from government intervention.” Now he says that both wages *and* profits will be under the control of central government planning. Hence, “if general profit levels are deemed to be getting out of line with the general level of incomes, whatever the political and economic grounds for believing so, that relationship can be readily changed: first by adjusting the total amount to be distributed in wage and salary income; and second by adjusting taxation on corporate or self-employed profits” (P. 105).

Just as Jaques opposes salary “collusion” among employers and employees, so too does he oppose the sharing of profits with employees. Profits should be reinvested in the business and in pursuit of future profits. “Any abuse and improper use of profits have to be dealt with in their own right...” (P.105). Hence the government must provide oversight as to how profits are reinvested, and business executive need to be careful that their investment and resource allocation decisions are deemed to be “proper” by the authorities. For Jaques, rewarding employees with higher remuneration is considered to have no positive impact on future business profits. I suppose this may be the case when a

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free-market in labour is banned by government fiat.

Once the government planners have established a system of nationwide equitable wage and salary levels and created a state of abundant employment, employees must be “assured” that they have the “opportunity for full employee participation...in the development of policy within each enterprise” as it pertains to impacts on employment conditions and opportunities (P. 97). What does this mean? Whenever market conditions lead to pressure to reduce the number of people employed through business contraction or closures, the actions taken by the business “should be subject to consideration by the employees who have invested their work in the enterprise and whose immediate careers are at stake” (P. 112). This comes down to the establishment of a constitutional right on behalf of employees to participate in corporate policy decisions including such questions as: who has the right to change the objectives or the work of the enterprise, to close down one office or factory, or to open others? Who should appoint the CEOs, and who should be able to remove them? Who should decide who gets promoted? “What is required,” writes Jaques, “is not...a token representation of employees on boards of directors, but a vigorous system of participation in each enterprise, achieving consensus on policy changes. It is this participation in policy-making which would extend the franchise for all who work for their living in employment systems” (P. 116).



And with this, Jaques has established the framework for the need of an authoritarian political system in which property rights and economic freedom have been destroyed, as a solution to save the free-enterprise system and democratic industrial societies!

What is astounding is that he fails to see that his proposed solution is completely at odds with his stated intention to save free enterprise; that he fails to see that the imposition of the policies he desires, whether ultimately arrived at through democratic means or not, will entail authoritarian practices that will destroy the values he purports to serve. We know from observing the consequences of these very policies throughout the 20<sup>th</sup> Century that they will destroy free-enterprise, democracy, and the psychological health of human-beings – everything Jaques purports to value.

Social planning of the type propounded by Jaques in *FEFE* inevitably leads to the destruction of individual freedom, both in the political and economic realm. It requires the abandonment of man's mind to the authoritarian commands of another. It prevents individuals from assuming moral authority over their own lives, and instead becoming dependent on the moral authority of others.

Hayek wrote about this phenomenon extensively in his 1944 classic, *The Road To Serfdom* (University of Chicago Press). Hayek's thesis was written as a warning to British socialists and members of the intelligentsia not to experiment with the

same kind of attractive yet destructive ideas and political policies that Hayek was convinced had contributed to the destruction of liberty elsewhere. His main warning is that

we must remain ever vigilant to ensure that the moral and political *ideas* we propound are those conducive to the protection of our liberty.

Towards the end of *The Road To Serfdom* Hayek writes: "The tragedy of collectivist thought is that, while it starts out to make reason supreme, it ends by destroying reason

because it misconceives the process on which the growth of reason depends. It may indeed be said that it is the paradox of all collectivist doctrine and its demand for 'conscious' control or 'conscious' planning that they necessarily lead to the demand that the mind of some individual should rule supreme – while only the individualist approach to social phenomena makes us recognize the superindividual forces which guide the growth of reason. Individualism is thus an attitude of humility before this social process and of tolerance to

other opinions and is the exact opposite of that intellectual *hubris* which is at the root of the demand for comprehensive direction of the social process" (P. 165-66).

It should come as no surprise that Jaques would not agree that his interventionist approach limits individual liberty or lead to the abandonment of personal and political freedom. He appears to be

acutely aware of the controversy his book was likely to engender and that his arguments

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Hayek: "The tragedy of collectivist thought is that, while it starts out to make reason supreme, it ends by destroying reason because it misconceives the process on which the growth of reason depends."



would be perceived by some as being overly idealistic and utopian. “They are not,” he declares. “Requisite constitutional procedures, procedures which are experienced as open, fair, and just, become highly valued. Corruption and violence thrive where freedom and justice do not exist, or cannot patently be seen to exist and to be participated in. Good institutions, and the sense of freedom they generate, breed an enormously protective attitude toward them. People really do value institutions which support and enshrine freedom and justice” (P. 110).

That Jaques’ treatise fell on deaf ears may be evidence of the validity of this last statement. Perhaps his readers were able to clearly see what Jaques failed to see: that his solution embraced premises antithetical to the principles of individual rights, including liberty and justice for all.

Jaques began with the promise that he would show how his theories could create and “maintain a continuous state of abundance of employment” as “the best guarantee of a just and healthy free enterprise.” But he didn’t show this. What he showed was that his solution obliterated any honest notion of healthy free enterprise and instead sanctioned the cancer that was destroying, and continues to destroy, civilization. What Jaques’ solution to stagflation amounts to is a great abundance of employment via the sacrifice of a “healthy free enterprise.”

**And Liberty And Justice For All – Not!**

Anybody that starts out with freedom and justice as fundamental moral and political principles could not, by any twist of logical thinking, honestly end up advocating the very opposite.

The totalitarian temptation lurks deep in the hearts of many well-intentioned souls steeped in the myth that ethical altruism and social egalitarianism are desirable social values.

I still wonder incredulously how Jaques, who’s Requisite Organization work I respect and admire immensely, could think for one second that his program, as set out in this book, supports and enshrines freedom and justice.

Anybody that starts out with freedom and justice as fundamental moral and political principles could not, by any twist of logical thinking, honestly end up advocating the very opposite, including the renunciation of man’s right to his own life, liberty, and property. And given that Jaques is highly educated and worldly, and had lived through the mass slaughter of tens of millions of human lives in the 20<sup>th</sup> Century resulting from the renunciation of the principles of justice and freedom and individual rights and the advocacy of the right of governments to impose their will on individuals for the good of society, Jaques’ moral and political ideology as expressed in the writing of this book can be judged morally as nothing less than monstrous.

It is a further example of the banality of evil, and that the totalitarian temptation lurks deep in the hearts of many well-intentioned souls steeped in the myth that ethical altruism and social egalitarianism are desirable social values.

Perhaps Hayek said it best when he asked: “Is there any greater tragedy imaginable than that, in our endeavor consciously to shape our future in accordance with high ideals, we should in fact unwittingly produce the very opposite of what we have been striving for?” (*The Road To Serfdom*, P. 5).



## Conclusion

What Jaques had not yet learned or had failed to come to terms with at the time he wrote *Free Enterprise, Fair Trade* – like so many other political pragmatists and scientific socialists – is that the best solution to all of the perceived social problems he railed against is for the government to just get out of the way and stop coercively interfering in the voluntary exchange of goods and services among individuals. That’s all that is required to promote and encourage the unbounded human spirit and diminish life’s many ills. This is what respect for the principles of justice and freedom requires. (For historical evidence, read Andrew Bernstein’s *The Capitalist Manifesto* (University Press of America, 2005) for an outstanding introduction to capitalism that integrates history, philosophy, economics and politics.)

Overall, this book is an embarrassing anomaly in the Jaques corpus, which finds him opining about things he does not understand as a means to rationalize the imposition of his own “scientific” solution as an improvement in the well-being of mankind and the means to cure inflation, create full-employment, and

save socialist Britain and the rest of Western civilization from immanent collapse. The only value of this book is that it can serve as an example of how intellectuals can rationalize and strongly advocate the virtue of ideas and arguments that are completely divorced from reality, and are, by this fact alone, destructive to human life and well-being.

The good news is that by the time Jaques published *Social Power and the CEO* in 2002, he had devised a philosophy of organization that actually is consistent with the values of free-enterprise.

The good news is that this book was first published twenty years prior to Jaques’ death, and by the time he published *Social Power and the CEO* and *The Life And Behavior of Living Organisms* in 2002, he had devised a philosophy of organization that appears to be consistent with the values of free-enterprise. He had also, by 2002, read Hayek’s *The Constitution Of Liberty* and *The Road To Serfdom* (at least he cites them in his bibliography), which hopefully affected a positive change in his thinking on economics and politics.

In my opinion, Jaques’ later intellectual achievements as demonstrated in his requisite organization writings in the last fifteen years of his life serve to offset the unfortunately tragic intellectual muddle contained in *Free Enterprise, Fair Employment*.



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