

A REPORT ON  
CORPORATION  
WEALTH, POWER AND CORRUPTION

Prepared

by

Jack Venrick

Sociology 313  
Dr. William R. Lassey

Montana State University  
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"illustrative of the extent to which I had been able to maintain my anonymity through the years.... was a chance encounter with a former classmate I had not seen since my undergraduate days at the University of California at Berkeley. Meeting accidentally on a Los Angeles street in 1950, we recognized each other and stopped to reminisce for a few moments. "By the way, Paul," my former schoolmate asked me at one point in our conversation, "who are you working for these days?"

memoirs of

J. Paul Getty

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The Wealth Holders

To comprehend the magnitude of wealth held by the Corporate entity the following was taken from a series of studies. There are some 200,000 very wealthy individuals in the United States, most of them coming from some 500 super-millionaire families including 250 Du Ponts and 73 Rockefellers. Sixty-one percent of the 200,000 have inherited their wealth.<sup>1</sup>

Three supporting studies were made independently by Professor Robert J. Lampman of the University of Wisconsin for the National Bureau of Economic Research, by the Survey Research Center of the University of Michigan and by a Harvard historian Gabriel Kolko (wrote "Wealth & Power in America, 1962).<sup>2</sup> To highlight one of these studies, Lampman found 32% of the personal sector assets and equities in 1953 were held by 1.6% of the adult population of 103 million, compared to 20% of all wealth held by the government.<sup>3</sup>

<u>This 32% personal sector assets and equities holds</u>	
State and local bonds (tax exempt)	100.0 %
Other bonds	88.5
Stocks	82.2
Federal bonds	38.2
Mortgages and notes	36.2
Cash	29.1
Debts and mortgages	22.1
Misc. property	18.2
Real estate	16.1
Life Insurance reserves	13.3
Pension and retirement and funds	5.9

Going further in breaking down this 1.6% elite, Lampman found 1/2 of 1% of the adult population still controls 25% of the wealth

in 1953. These figures are predicted low and have been estimated up to 32.4 percent.<sup>4</sup> In addition over 50 percent of the 1.6 million top wealth (1.6% of 103 million) had estates less than \$125,000 with less than 2% having gross estates of over one million dollars.<sup>5</sup> From this two percent, the extreme concentration of super wealth appears in the aforementioned 200,000 who may be represented by some 500 super rich families.

The Senate Temporary National Economic Committee (TNEC) just before World War II found the following concerning the distribution of stock. (see study A) In 1951 the Brookings Institution of Washington D. C. found the results of study B. Professor Lampman found in 1953 the results in part of study C.<sup>6</sup>

Study	Year	No. Companies	No. Shareholders	Common		Preferred	
				Percent Shareholders	Percent holding		
A	1937-39	1710	8.5M	4.0 %	74.9%	4.5%	54.8
B	1951	2991	---	2.1	58.0	1.1	46.0
C	1953	---	---	1.6	82.2	--	--

Summarizing the (TNEC) report, Senator Joseph C. O'Mahoney, chairman of the (TNEC) and Sumner T. Pike, chairman of the Securities and Exchange Commission, stated September 24, 1940:

In the case of forty percent of these 200 largest corporations, one family, or a small member of families, exercise either absolute control, by virtue of ownership of a majority of voting securities, or working control through ownership of a substantial minority of the voting stock. About 60 of the corporations or an additional thirty percent are controlled by one or more other corporations. Thus, a small group of dominant security holders is not in evidence in only 30 percent of the 200 large corporations.<sup>7</sup>

This is reiterated by the same Senators:

"The 20 largest shareholding of each of the 200 corporations account, on the average, for nearly

one-third of the total value of all outstanding stock. In the average corporation the majority of the voting power is concentrated in the hands of not much over one percent of the stockholders." 8

It is pertinent to mention here that the (TNEC) study confines itself to nonfinancial institutions, however, Lunberg (the author of ref. 1) shows that this same pattern of ownership exists for financial institutions such as banks and insurance companies. The corporate officers and directors were found to have only a relatively small stake in their companies and are like other employees subject to dismissal by the controlling families.<sup>9</sup>

Here again the extreme concentration of ownership can be seen. Specific examples of this wealth can be found in the volatile fluctuations of the fortunes of Howard Hughes, J. Paul Getty and more recently Perot. Hughes' wealth was listed at \$200 to 400 Million in a "Fortune" magazine in 1957 and since then has more than doubled to the one billion dollar mark. It was said that Getty's holdings had tripled since the "Rich and Super Rich" manuscript went to the printer.<sup>10</sup> Recently Perot, the self endowed politician and good will ambassador to Vietnam, has dropped from the billionaire class to a mere millionaire when his stock plummeted from \$150 to \$105 per share. Perot after becoming bored with a job as a salesman with IBM, pursued his own computer management company to a personal wealth in the 10 digit class in six years.<sup>11</sup>

Another indication of security concentration can be found through ownership reports filed under section 16 (a) of the Securities Exchange Act, which requires every person who directly or indirectly owns more than 10% of any class of equity security to register them annually. During the fiscal year of 1968, 93,823 ownership reports were filed with the SEC.<sup>12</sup> With an adult population of 123 million in 1968,<sup>13</sup> this is approximately .076 percent of the adult population owning 10% or more of all

securities. Of the dollar amount of securities registered in 1968, 69% were issued for cash, 25% for other than cash and 6% for the account of others.<sup>14</sup>

### Court Decisions

Some landmark cases that have established a precedent concerning the revealing of material inside information, have involved the Texas Gulf Sulphur Co. and the brokerage firm of Merrill, Lynch, Pierce, Fenner and Smith Inc. In S.E.C. vs. Texas Gulf Sulphur Company, it was alleged that certain insiders had purchased shares or calls of Texas Gulf stock on the results of material inside information about the results of exploratory drilling for base metals near Timmins, Ontario and subsequently passing this information on to others. Also, the same had accepted stock option from Texas Gulf without disclosing material information to the board of directors. Subsequently, the court held that a corporate insider cannot divulge such material information about his corporation even though his transactions are not face to face. This duty was unanimously held to apply to employees as well as top management of the company.<sup>15</sup> Also, the court held unanimously that the mere giving of information to reporters is not enough and that trading prior to the appearance of the stock on the Dow Jones broad tape would be a violation.

Merrill Lynch, Peirce, Fenner and Smith, Inc., and certain persons associated with it, were charged for violating anti-fraud provisions of securities laws or failure to exercise proper supervision to avoid such violations. This involved disclosure in June 1966 to certain of the firms institutional and other large customers of nonpublic information reflecting a "significant deterioration" in the earnings of Douglas Aircraft Co., Inc. and the resulting sales or short sales of more than 190,000 shares of Douglas Stock. The New York Institutional Sales Office and West Coast Underwriting Office

were suspended twenty-one and fifteen days respectively. Ten individuals respondents were censured, one dissociated for sixty days from the firm and six for twenty-one days.

### The Underworld Significance

From extensive investigations by Lunberg for data to be used in his book he has made the ~~acquisition~~<sup>accusation</sup> that the top criminal underworld figures could not have an individual net worth exceeding five million dollars.<sup>16</sup> This is due in part to the large number of payoffs that have to be made on racketeering to keep law officials, business men and politicians silent. This would indicate the insignificance of gangster wealth compared to the 200,000 super rich mentioned earlier. However, this is not to say this corruption is harmless. Hearings before the Special Senate Committee to investigate crime in Interstate Commerce, May 17, 1950, under the direction of Senator Estes Kefauver and his book "Crime in America" (1951) have revealed the following information.<sup>17</sup> Certain underworld criminals are acquiring business fronts under the protection of the local officials; in addition to establishing controlling power to larger corporations specifically hotels and hotel chains, motels and motel chains, pleasure resorts and perhaps banks.<sup>18</sup> In other words the money taken by illicit drug trade, gambling, prostitution, etc., are being used to capitalize on local business and corporations.

### The Securities Racket

As of June 30, 1968, there were 4,397 broker-dealers and 2,007 investment advisers registered. A striking increase of 275 investment advisers since the year last. During the fiscal 1968 the S.E.C. received 3400 public complaints from investors and others relating to broker-dealers and investment advisers. Through a program of surprise inspections of brokerage and investment firms, the commission found some 709 violations



within 679 firms investigated. Outstanding infractions being 268 broker-dealers charged with noncompliance with confirmation and bookkeeping rules. Fifty-two broker-dealers were in financial difficulties and 39 investment advisers having inaccurate registration applications.<sup>19</sup>

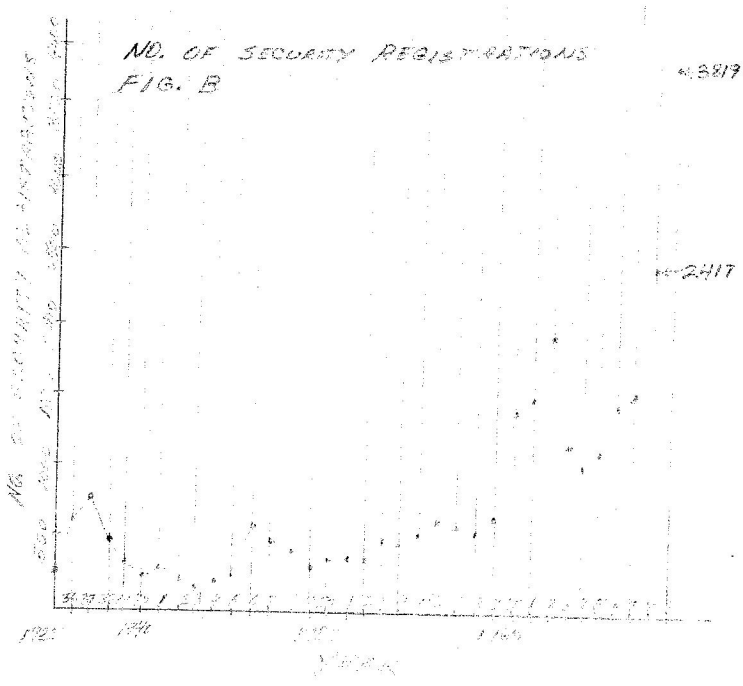
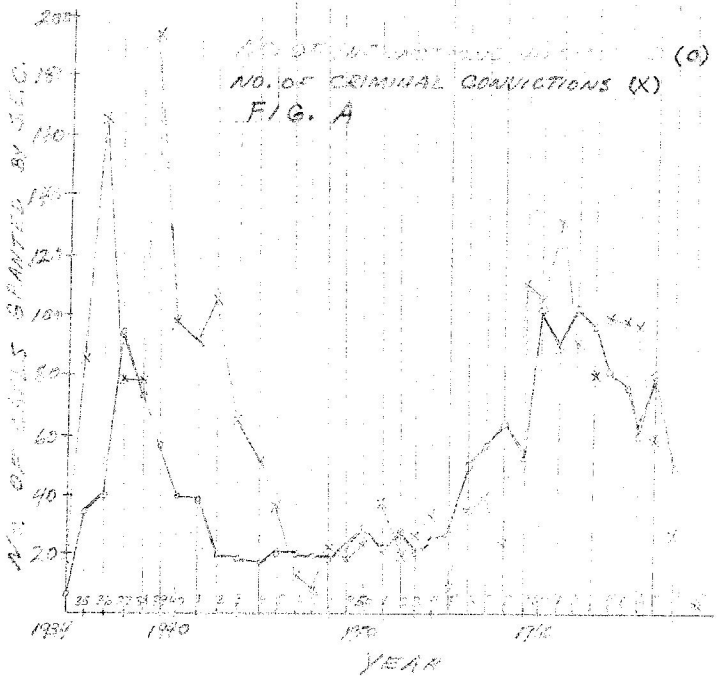
The important result to see from this study is that out of the 679 services investigated by the S.E.C., one hundred percent were violating some security code; in fact, there was not only one infraction but often several by the same broker-dealer or investment advisor. Later this report will show that this service is often used by stock manipulators.

During the fiscal year of 1968, the Section of Securities Violation received 3,366 "securities violations" letters either providing or requesting information. Information was received from several states and Canada respecting 106 criminal actions, 39 injunctions, 142 actions in the nature of cease or denials, suspensions and revocations of registrations of issuers, broker-dealers and salesmen. Information with respect to 4,574 persons or firms was added to the files to bring a total of 77,932 files of persons and firms.<sup>20</sup>

Also during the fiscal year of 1968, forty cases were referred to the Department of Justice for prosecution of which forty-two indictments were returned against 123 defendants including twenty-four broker-dealers. Convictions were obtained against eighty-four defendants in thirty-four cases including twenty-one broker-dealers.<sup>21</sup>

Two thousand four hundred seventeen registrations of securities in the amount of 54.1 billion dollars became effective in fiscal 1968 under the Securities Act of 1933. From Figures A and B the effect of the Federal Legislation, in particular the Securities Act of 1933 and the Securities Exchange Act of 1934, can be seen against the rising number of injunctions and convictions

(1934-40). With the rising number of security registrations, there appears to be a complementary rise in violations during the late 1950's and early 1960's. More significant perhaps is the apparent curb of these infractions in the late 1960's even with the extreme increase in security registrations. Criminal convictions dropped from 97 in 1966, out of 179 indicted, to four in 1969, out of 84 indicted.



The Manipulators

"Stock manipulators keep up with the times", says Irving Pollack, director of trading and markets for the S.E.C. "But basically the objectives are the same: to increase the demand for the stock, to reduce the supply and send the price up." Robert M. Morgenthau, U.S. Attorney for New York's Southern District, states, the patterns of stock manipulation are fairly simple. First, the manipulators get a position in the stock so that they can profit from the subsequent rise. If they are insiders, they already have it. This was charged in an action brought by Morgenthau, alleging a manipulation of Pentron Electronics in 1966. The indictment charged that the former president himself was involved in the manipulation. Pentron Electronics with a total of 2.8 million shares outstanding, allegedly was rigged

twice within three years. The manipulators goes for the stock with as few shares as possible available to the public.<sup>22</sup>

A sharp manipulator will bribe his brokers or clients of the broker with cash or securities, and see that they are distributed widely over the country so each are harder to watch. The trick is to control the price of the stock to bring in the tape and chart watchers or investors who watch for price trends as a key for buying.<sup>23</sup>

The Donbar Development Corporation, a real estate company was indicted for price fixing. The plot involved secret payments by three men including Daniel Kroll, the deceased President of Donbar, to eight stockbrokers. The brokers in turn induced customers to buy Donbar stock. According to the prosecution witness, the instigator was Kroll who after leaving the company wanted to dispose of 40,000 shares of Donbar stock. At the same time he drove up the price by working with a group of brokerage accounts he controlled through friends to bid up the price. The price rose from \$3 to \$4.50 in a few weeks. But as Kroll began selling, the brokers exhausted their customers lists and eventually no more brokers could be found to peddle the stock. Ironically Kroll suddenly died of a heart attack nine months later at 47. A year later the stock was 12½ cents a share.<sup>24</sup>

According to studies made by the S.E.C. in the early sixties, a simple carefully placed article about the company management etc. had the effect of tripling the share value within a few days. Many other similar cases could be cited, however, this could not be set in the limited context of this report. The Donbar case took seven weeks to try, being much less complicated than some; there have been trials up to eleven months, supposedly the longest criminal trial in U.S. history.<sup>25</sup>

## White Collar Crime Vs. Blue Collar Crime

Professor Edwin H. Sutherland, (1883-1950) of Indiana University, known as "the Dean of American Criminologists" former president of the American Sociological Association and chairman of his department, has made several revealing findings in the area of socio-economic class crime. Some of his writings and co-works include "Principles of Criminology" (1955), "The Sutherland Papers" (1956), and "White Collar Crime" (1961). He brought out that as long ago as 1925 more than 98% of the prison population was occupied by the lowest socio-economic class and less than 2% were the upper classes.<sup>26</sup> Explanations of this trend have been put forth through two special theories by criminologists: that crime is caused by poverty and that crime is caused by mental illness. Not accepting this theory, Sutherland gave his own reason after prolonged study, to the effect that crime apart from impulsive crime, is a learned behavior that deviates from some prescribed norm. The criminal substitutes a different norm similar to those he tends to emulate usually the more mature or more experienced. However, this still does not account for the imbalance of classes in prison. Sutherland pursued further to unveil highly discriminatory laws which favored the propertied, i.e. the laws are written with different emphases.<sup>27</sup>

The laws applicable to the higher socio-economic classes were dealt with by special administrative bodies, i.e. The Securities and Exchange Commission, The Federal Communication Commission, The Federal Trade Commission, etc. The offences dealt with by these agencies are largely fraud, conspiracy and pollution if it can be listed apart. This is evidenced in the two landmark cases in 1968, mentioned on page 4 of this report, where the crime is committed against the broad public, that is the selling of snares using 'material' inside information not available to the general public. The recourse to convictions against these agencies are a mere slap of the hand and a word of not to do it again.

Cases upon cases show evidence to this favoritism, and the discrimination and direction of justice. More recent there are many public <sup>ACCUSATIONS</sup> ~~acquisitions~~ against giant corporate complex's concerning ecology; to pick one would be the General Electric Co., accused of pollution through their fossil fuel power producing plants. Another is confrontation of the Commissioner by the Federal Communications Commission of collusion amongst the automobile industries, for holding back the production and development of intra-city electric vehicles to eliminate urban areas of their extreme smog problems.<sup>28</sup> The E. I. du Pont de Nemours and Company was found "guilty" of violating section 7 of the Clayton Antitrust Act which forbids acquiring stock where the effect will be to lessen competition.<sup>29</sup> The du Pont Co. had held 23% of General Motors for some 30 years having essentially a captive customer for the sale of automobile finishes and fabrics to the detriment of competitors. The "New York Times" reported that few companies have had so many anti-trust suits brought against them as du Pont, since 1939 there have been nineteen.

This case is so prevalent that a more elaborate treatment is even given in our Business Law text (see ref. 38). It seems from 1917 to 1919 du Pont acquired the 23% stock interest in General Motors and during the following 30 years GM subsequently bought all its automotive finishes and fabrics from du Pont. In 1949 the United States brought action against du Pont, GM, and others and actually lost! In 1957 the United States appealed to the Supreme Court successfully.

According to Sutherland, white collar crime is far more costly than crimes customarily regarded as constituting the crime problem.<sup>30</sup> The propertied and wealthy include the following crimes: embezzlement, most big fraud, restraint of trade, misrepresentation in advertising and in the sale of securities, infringements of patents, trademarks and copyrights, industrial espionage, illegal labor practices, violations of war regulations, violation of trust, secret rebates and kickbacks, false claims,

dilution of products, prohibited forms of monopoly, income tax falsification, adulteration of food and drugs, padding of expense accounts, use of substandard materials, rigging markets, price-fixing, mislabeling, false weights and measurements, internal corporate manipulation, etc, etc. Except for income tax evasion the ordinary man is not in a position to commit these crimes.<sup>31</sup>

### Financial Status

To validate the ever present quest for personal wealth and to dismay those who believe most are above monetary desires in our modern era, the following excerpt is taken from a leading corporate magazine in a panel discussion of some prominent business executives:<sup>32</sup>

Question: Do you feel that the traditional incentives of money and position work as well today in motivating key people as they did in the past?

The responses:

Yes.....52%  
No.....46%

Question: What rewards other than salaries and opportunities for promotion do you find effective in motivating key people?

The responses:

Stock options	47%
Recognition satisfaction	30%
Cash bonus incentives	22%
Responsibility-challenge	21%

Stock options were the most strongly favored by those in the position to grant them (the industrialists and retailers). Stock options rarely affect those down the ranks in middle or lower management.

## Competition and Antitrust Policy

Since 1965 there have been price-fixing convictions in such diverse areas as plumbing fixtures, steel, and pharmaceuticals.<sup>33</sup> Many studies have shown a relationship between high concentrated industries and high profit rates which indicates competitive weakness. The federal antitrust act known as the Sherman Act states:

Section 1: "Every contract, combination in the form of a trust or otherwise, or conspiracy, in restraint of trade or commerce among the several states, or with foreign nations, is declared to be illegal."

Section 2: "Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons to monopolize any part of the trade or commerce among the several states or with foreign nations, shall be deemed guilty of a misdemeanor."

The punishment fixed for this misdemeanor is a fine not exceeding \$50,000 or imprisonment not exceeding one year or both.<sup>34</sup> Crimes are classified in terms of their "seriousness", as treason, felonies, and misdemeanors. Felonies include arson, homicide, and robbery, which are punishable by confinement in prison or by death. Crimes not classified as treason or felonies are misdemeanors, examples are: reckless driving, weighing and measuring goods with scales and measuring devices that have not been inspected, and disturbing the peace.<sup>35</sup> Here it is quite obvious the weight given to an antitrust conviction is classed with charges in the line of reckless driving. The council of Economic Advisors conveyed to the President through their annual report:

"Vigorous antitrust enforcement helps to hold down prices by breaking up price conspiracies and reducing concentration. A continuing program of antitrust actions can increase competition and contribute to improved over-all price performance at high employment."<sup>36</sup>

How can we have "vigorous enforcement" by calling such crimes misdemeanors?

The depression-born laws dealing with the resale price price maintenance statutes are still in effect in twenty-two states commonly known as the "Fair Trade" act. These acts permit a manufacturer to require all the retailers in a State to observe a minimum resale price for that manufacture's trade marked products. These products are exempt from Federal Antitrust laws under the Miller-Tydings Act (1937) and the McGuire amendment (1952) since they move in interstate commerce. A survey by the Department of Justice in 1956 showed that prices were 19 to 27 percent higher with fair-trade items than in States with no such laws. Typical fair-trade items are drugs, cosmetics, appliances, and liquors. Estimates place this cost on consumers to the tune of one and a half billion dollars.<sup>37</sup>

The Clayton Antitrust Act does not prohibit the creation of a subsidiary corporation, nor the acquisition of stock in another company, which though manufacturing or selling the same or similar product, does not sell within the same price range or in the same geographic market.<sup>38</sup> It is also permissible to hold stock in competing corporations. The directors of corporations cannot hold shares of a competing corporation engaged in commerce if either corporation has assets in excess of one million dollars.

#### The Merger Movement

Mergers have reached gigantic proportions. There were 1,496 major mergers of manufacturing and mining concerns in 1967 as compared to 219 in 1950.<sup>39</sup> Most of these were involved in different industries rather than in the same industry. This seems to be on account of the Celler-Kefauver amendment to the Clayton Act which was to lessen the merging of combinations that would decrease competition. There have been three periods in the last century that have had monumental splurges of mergers, in 1900-10, the 1920's and the years since World War II.<sup>40</sup>



Years	Average Mergers/Year	No. of Mergers
1920-1929	681.8	6,818
1930-1939	226.4	2,264
1940-1949	241.1	2,411
1950-1959	408.9	4,089
1960-1963	494.5	1,978

Merger may be defined when a large company acquires a relatively small company. From 1948 to 1960, 33.4% of the assets acquired by mergers went to companies with assets of fifty million dollars or more and 34.3% of the assets went to companies with assets of ten to fifty million dollars. Companies with assets of one million dollars or less accounted for 1.6% of the mergers.<sup>41</sup>

#### Small Business Survival

A study by the Department of Commerce reveals four out of five new business's fail within eight years and fifty percent go out of business within two years. Each year thus increases ones chances for survival.<sup>42</sup> A 1948 study by the Department of Commerce reveals the small businessman's financial dilemma with an average investment of \$9,500 which was composed of \$3,167 borrowed money and \$6,333 personal savings.

Nine out of every 100 people who fail in business have done so twice. This figure remains relatively stable through the years.<sup>44</sup> A breakdown of these double failures reveal the following in terms of field and location.

By Field & Location	Percent of double failures out of all failures
Manufacturing Co.'s	13%
Textile & Apparel Industries	20%
Construction	11%
South Atlantic States	19%
Middle Atlantic & East North Central	5%

The frequency of recurrence in such states as Florida and Arizona suggest that the owner after experiencing failure moves to a new area of rapid growth to try again.<sup>45</sup>

As an underlying cause of failure, fraud plays the most important role in the double failure incidents and more often involves irregular disposal of assets by the principals. However, even when fraud is not attributed to bankruptcy, the record shows previous practices of fraudulent use of the U.S. mails, embezzling bank funds, secreting insured property, felonies theft, entering worthless checks and false statements in FHA applications. Managerial incompetence is still cited as the overall factor in the chronic failures as will be shown in detail further on in this report.

In 1967 the average liability per failure in the U.S. was \$106,000 compared with a national mean of \$141,000. One through five years of operation constituted 57% of these business's which failed while those over ten years still rated a high 21%.<sup>46</sup> A business failure occurs when a concern is involved in court proceedings or voluntary action likely to end in loss to creditors. The above liabilities include obligations held by banks, officers, affiliated and supply companies or the government; they do not include long-term publicly held obligations.

Examples of the 20 year company going broke may be found in a study of six companies with individual liabilities from three to thirteen million dollars.<sup>47</sup> The troubles stemmed from a "Pandoras Box" of woes consisting of fraud, playboy tastes, eggs-in-one basket, multiple managerial misjudgements and the chronic bankruptcy repeater.

A more recent study in 1969 shows companies over ten years old and including up to 200 years old have had amortality rate close to 25% of all failures while the first five year operations has dropped to a 25 year low of 51%.<sup>48</sup>

As of the year ending June 30, 1969 the breakdown of business failures can be seen below.

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Neglect		2.8%
Fraud		1.1%
Inexperience & Incompetence		88.0%
Inadequate sales	41.6	
Heavy operating expenses	10.3	
Receivable difficulty	8.8	
Inventory difficulty	4.8	
Excessive fixed assets	4.2	
Poor location	3.3	
Competitive weakness	21.8	
Other	1.5	
Disaster		1.5%
Reason Unknown		6.6%
Total		100.0%

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In Dun and Bradstreet's semiannual study of failures, such causes as illness, neglect of business because of domestic problems, fraud or disasters like burglaries, fires and floods, account for one out of every ten failures and vary little from decade to decade.<sup>49</sup>

### Conclusion

I hope this report would fill (in a small way) the vacuum in the word corporation which tends to have a halo effect on many people, especially students pursuing a career under the corporate "wing". Corporations are becoming not only a business but a socio-economic community, with political and financial powers many times exceeding those of states and even many foreign countries. Corporations mean wealth concentrations in the hands of a very few as we have shown earlier and not in illusionary hands of millions of the people. That is, there are people behind every corporation, some so personally involved for the life and death of it, that they may reflect their own personal weakness by condoning corruptness through the corporate hierarchy with only an awareness of this by a few. What can one do against such giant quasi financial political

structures? I purport that all employees, especially those management bound should familiarize themselves with their company's business even if it amounts to buying one share of their stock so as to receive the quarterly or annual reports. One should communicate with the company's federal governing commission, keeping abreast of all legal actions and to discuss these actions with fellow employees.

I should emphasize that this report is an opinion substantiated by those references herein. However, one must gather his own facts which can be readily found contradicting much of what has been supported in this report. C. Wright Mills' "The Power Elite" even found difficulty in ascertaining who was wealthy. He did not reveal and was not apparently aware of any of the monumental data produced from the Senate Temporary National Economic Committee (TNEC) just before World War II. This report is of course being supplemented by monthly reports of significant stock transactions required by law and the Securities Exchange Commission (SEC). His book has produced much controversy as did Lundberg's "America's Sixty Families" published thirty years ago as well as "The Rich and Super Rich" released in June of 1968.

I would venture to say the average employee and even the upper middle management people do not feel the direct influence of the controlling group or person. They may be exposed to the company policies and structure formulated by the controllers. Leadership is said to be a relationship involving characteristics, attitudes, need of the leaders, followers, and the organization plus social economic, and political interreaction. The leadership function as defined by McGregor has four major variables mentioned above; each not necessarily being weighted the same. Indeed the attitudes and needs of the leader-owner could become a very large variable weighted relative to the remaining variables of the leadership function and still perform leadership roles successfully. Controlling group or person variables may be represented by a higher degree function with the power of the variable decreasing down through the hierarchy of command. Even a graduate may well find himself represented

by an extremely low power leadership function in terms of his management imposed job limits. The leadership power function may also be highly dependent or independent on the next higher degree position. That is a supervisor, say of the third degree who has two supervisors and thier groups under him may well operate in a broad spectrum of freedom from management and corporate control. In lieu of this report there seems to be strong indications of a high degree independent corporate power structurein the U.S. That is they are able to drastically effect their own destinies by having control of many variables. The industrial or corporate employee, professional and otherwise is often as a child with the impositions placed around him. It seems man is placed in a position of being invited to come along for the but not necessarily being allowed near the helm.

As we saw on page 16 man makes many sacrifices to "steer his own ship"; so couragously does he plunge into his illusions of grandeur that almost 90% of his failures are from his own inexperience and imcompetence. Furthermore, we also see that he becomes extremely optimistic, so much so he grossly overrates his product or service market, i.e. 21.8% we saw could not even compete with similar businesses. The adage that ideas are a dime a dozen is revelent here and I would further add that in normal times, capital or financial backing is almost as easy to obtain. This student has seen \$100,000 raised for a business venture in something short of 3 weeks by one person just on an idea! Money or doors to power may have a grotesque influence on people. Think of your thoughts if you had just successfully promoted a campaign to raise \$100,00, it could be very easy to forget where that money came from especially if you held a large number of shares yourself not to mention being president of the company. The company could just as well be your company reflecting your policies not the board of directors or the stockholders; after all it was your idea.

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