

MARK LEE FORD

# A Treatise on Leaders

SECOND EDITION





## A TREATISE ON LEADERS

What is a leader? What is required of a leader? How do I measure up?

During 25 years of turning around Japanese companies and multinationals in Japan, spent with hundreds of their leaders from Japan and elsewhere in the world, Mark Lee Ford sought to understand what he was experiencing from all their successes and failures—most especially the human injury. The result is a minimalist theory that is indispensable to the matter of leading. Distilled into *A Treatise on Leaders*, Ford's contributions help to make sense of the complexities of human behavior in business, and is essential reading for anyone who aspires to lead.

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MARK LEE FORD

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SECOND EDITION

EDITED BY  
LENNOX SAMUELS

THE MONEO COMPANY

A Treatise on Leaders

Second Edition

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*Puto. Eligo. Faciam.*

Think. Decide. Do.®

For Jeffrey T. Ford, my father

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# A TREATISE ON LEADERS

## A definition of leader and leadership

A leader is a creator who collaborates with others to co-create<sup>1</sup> his desired outcome that he could not otherwise do alone.<sup>2</sup>

How the creator behaves while collaborating with others is defined as his leadership. Therefore, leadership is a form of behavior. An assessment of that behavior and its products can yield information about the leader, such as his true motivations, mental state, and fitness to be a leader.

One's leadership must be relevant and credible to one's followers if they and the leader are to collaborate successfully to produce his desired outcome. The relevance and credibility arise from three canonical sets of leader traits that are necessary and sufficient for anyone to lead. Each leader expresses each trait differently; the strengths of the expressions can also change, even within the moment under certain circumstances.

An accurate evaluation of any leader can be made quickly if the leader and his followers independently evaluate the actual outcome produced under his leadership (e.g., by comparing it to his desired outcome) and assess the net expression of traits within each canonical set (i.e., his leadership itself, which is the behavior that produced the products).

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<sup>1</sup> I define co-create as "to bring something into existence with another party."

<sup>2</sup> I define business as "the act of two or more parties bargaining for the products of each other's labor that they perceive are more valuable than their own."

Someone who only wants to control others is a usurper of sovereignty and is (by the First Postulate, below) deficient in one or more of the Canonical Sets of Leader Traits. A true leader is a creator, not someone whose *raison d'être* is to gain personal advantage by usurping the sovereignty of others.<sup>3</sup>

### Axioms

*First Axiom.* A man's natural state of existence occupies spacetime and is finite.

*Second Axiom.* A man has will that gives him dominion over the use of his energy and time from his life.

*Third Axiom.* Labor is a process of man's will such that when he directs his energy at any purpose for some time from his life, he transmutes the energy and time into a product that is, by the physical law of the conservation of energy, equivalent to them.

*Fourth Axiom.* A man has dominion over the products of his labor.<sup>4</sup>

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<sup>3</sup> An exception to this is when the individual abrogates his sovereignty by entering into an agreement, as with someone who voluntarily joins the army.

<sup>4</sup> The Fourth Axiom can only come from an agreement (known as a right) between two or more individuals. It is inalienable only by such an agreement, not by natural physical law.

## Postulates

*First Postulate.* The utility of a leader is to produce his desired outcome at the minimum expenditure of his labor and of the people he leads under the condition that their sovereignties are not usurped.<sup>5</sup>

*Second Postulate.* For a leader to produce his desired outcome of the First Postulate, it is necessary and sufficient for him to have: (i) the faculty of rational thought to deduce his desired outcome, the optimum actions to produce his desired outcome, and the instances of labor<sup>6</sup> that he desires to perform the actions to produce his desired outcome; (ii) the ability to convince others to labor in the way that he desires to produce his desired outcome; and, (iii) the will to accomplish (i) and (ii).

### The canonical sets of leader traits

Per the Second Postulate, each trait required to lead can be categorized in only one of three canonical sets of traits. A

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<sup>5</sup> There are situations in which it is just and necessary to usurp another man's sovereignty, namely, in the defense of one's own sovereignty. A general might lead his army, for example, to co-create his desired outcome of "destruction of the enemy," which is the ultimate usurpation of another person's sovereignty. Analogous situations arise in business, but the usual recourse involves courts of law. Usurping the sovereignty of others (e.g., by violating private property rights, including freedom of expression) leads to suboptimal expenditure of labor; it does not satisfy the First Postulate.

<sup>6</sup> I define "instance of labor" as the kind, amount, and timing of one's labor.

person who is deficient in one or more of the canonical sets cannot satisfy the First Postulate.

The First Canonical Set and Second Canonical Set represent all things that are internal to man's mind and over which he has dominion by using the power of his decision. The Third Canonical Set has to do with all things that he might be able to influence, but over which he does not have dominion. In other words, these are things that are external to his mind, namely, the decisions of other people, which he cannot control.<sup>7</sup>

*The First Canonical Set: Intellect.* All that pertains to the leader's faculty of rational thought to deduce his desired outcome, the optimum<sup>8</sup> actions to produce his desired outcome, and the instances of labor required to perform the actions to produce his desired outcome. Examples are natural curiosity (e.g., to learn and experience), rational thought (e.g., to analyze, hypothesize, and sympathize), and all other powers of intellect that give rise to insight about causations so as to create messages, solutions, and plans for others to execute.

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<sup>7</sup> The leader can use forms of inducement to recruit others to his cause by appealing to their rationality—or even to their irrationality—but he cannot use the intention of physical force (e.g., threats) because that encroaches on the sovereignty of those he leads and does not satisfy the First Postulate.

<sup>8</sup> This includes identifying the applicable bounds (e.g., constraints from natural physical laws, societal laws, and customs) within which the actions must be optimized.

*The Second Canonical Set: Will.* All that pertains to the leader's ability to act upon his sense of agency<sup>9</sup> to produce his desired outcome. Examples are self-discipline (e.g., not to encroach upon another's sovereignty, to regulate one's emotions, to listen), honesty, humility (e.g., to obey laws, ethics, or another person; to admit ignorance), and courage (e.g., to disobey laws, ethics, or another person; to proceed into the unknown, ambiguous, or contentious; to assess oneself).

*The Third Canonical Set: Collaboration.* All that pertains to the leader's ability to convince others to labor in the way that he desires to produce his desired outcome. Examples are compassion and emotional intelligence (e.g., to influence and persuade by one's communication of messages).

### A method to assess leaders

One can understand a leader's proficiency by evaluating the outcome produced by his leadership (e.g., by comparing it to his desired outcome) and by assessing his leadership itself. It is valueless to use a measurement scale having a degree of resolution that is finer than the human can see with repeatable precision (e.g., such as a 0 to 10 scale or a 1 to 5 scale). The most practical measurement is a 0, 1, and 2 scale.

First, evaluate the outcome produced by his leadership (i.e., the products of his leadership).

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<sup>9</sup> Agency is the capacity of an actor to act in a given environment, which implies that one (i.e., who has agency) desires, makes plans, and performs actions. A sense of agency is the subjective awareness of initiating, executing, and controlling one's own volitional actions in the world.

- Mainly incomplete. The outcome is less than half of his desired outcome. The score is 0.
- Mainly complete. The outcome is more than half of his desired outcome, but not equal to his desired outcome. The score is 1.
- Wholly complete. The outcome is equal to or greater than his desired outcome. The score is 2.

Second, assess the leader (i.e., his leadership itself, which is his behavior that produced the actual outcome) according to each of the three Canonical Set of Leader Traits.

- Mainly unsatisfactory. The leader is mainly deficient in the canonical set. The score is 0.
- Mainly satisfactory. The leader is mainly proficient in the canonical set. The score is 1.
- Wholly satisfactory. The leader is wholly proficient in the canonical set. The score is 2.

Third, compile the scores. There will be four scores: one about the evaluation of the outcome, and three about the assessment of his leadership according to the Canonical Sets of Leader Traits (one score for each set). Like so, one can quickly determine the leader's proficiency and understand what he must do to improve.

The leader and his followers should independently perform the evaluation and assessment. This can be done privately or in an open forum such as a seminar; the effort should be led by a

disinterested party, such as an outsider. The differences between the leader's scores versus those done by his followers can uncover deficiencies in his leadership traits.

The method of this treatise has been used, tested, and refined for approximately 20 years. During that time, more than 1,500 managers, directors, C-level senior executives, and executive MBA students have used it in corporate turnarounds, executive education courses, and seminars to evaluate their leaders and themselves. They represent the widest span of industries, cultures, and geographies in the world.

From young rising star managers in their twenties to experienced CEOs and managing directors in their fifties and beyond, all found the method useful for identifying causes of their leadership problems and creating plans for solving them. The method is popular because it is easy to learn, accurate, practical, and brief. People enjoy using it. They sometimes groan in amusement and nod their heads knowingly when they compile and discuss the results. For them, it is a refreshing alternative to the confusing and time-consuming assessments that are rife in the corporate world, the results of which only HR directors and their C-level sponsors find credible, and on which promotions and raises hang precariously.

As for flaws in the method within the stated assumptions and limitations, none have yet to be found after constant testing for such a long time. The most popular test by participants is to try to disprove that a trait can belong to only one canonical set. However, they soon discover that lack of precision in their definition of the trait is where the ambiguity arises, not in the definitions of the sets of traits. That said, if it

could ever be shown that a trait could be allocated to more than one set, it would be a welcome discovery; it is the best way to improve the method and the underlying theory. The list of traits is always growing.

After so many years covering thousands of evaluations, assessments, and test cases, the leadership patterns in business have become predictable by this method. Few leaders fire on all pistons: the intellectual ability to know what to do, the will to control one's fears or ambitions or whatever is broken inside oneself, and the collaborative skills to align everyone else's self-interest to get on with the job.

Archetypes persist. The gung-ho leader with the guts to tackle the impossible, but who ends up capsizing the company because of his weak analytical skills. The compassionate leader who cares deeply about his employees, but lets them stagnate in silos because he lacks the will to break the status quo. The hot-headed leader who bullies his followers because he can. And so on.

Perhaps the method's biggest advantage is to give people some understanding as to why they are having troubles as leaders or from their bosses. Most large organizations move on geological time scales, so troubled—and troublesome—leaders endure. But even if one does nothing about such issues, one can still benefit from having a better understanding of one's situation.

## APPENDIX

The concepts of sovereignty and money are central to leading. Understanding them is essential to the correct application of *A Treatise on Leaders*.



# SOVEREIGNTY

You exist.

To do so, you consume and expend energy. Both activities are executed at the cellular and sub-cellular levels. Thought arises at those levels<sup>10</sup> and, from thought, will.<sup>11</sup> Therefore, your will cannot be split from your existence because your will is your existence.

When you direct your energy at any purpose for a duration of time from your life, you are transmuting the energy and time into a product that is, by the physical law of the conservation of energy, equivalent to the energy and time. The transmutation process is called “labor.” It is a process of your will. Thinking, loving, speaking—all manner of doing things and making things—are your labor. The products of your labor are made from what you once were. The products that you are about to make during the next second are made from what you—your energy, time, and will—are now. The process is irreversible.

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<sup>10</sup> What is the border of your existence (e.g., where and when does your body start and end)? The answer to this question is necessary for establishing that your “will” cannot be split from your existence, which in turn is the basis for establishing one’s claim of dominion over the products of one’s labor.

The border of an individual’s existence is fuzzy. Microbes in the human gut, for example, express proteins that influence neurons and, perhaps, some aspect of one’s will. And there are factors outside one’s body that can influence one’s will, such as other people, organisms, and the environment. But the delineation of one person’s will from another has to do with whose resources—whose life’s energy and time—are involved in the transmutation process.

<sup>11</sup> The faculty by which a person decides on and initiates action

Your labor cannot be separated or “alienated” from your will; it is inalienable.<sup>12</sup> But the transmutation process alienates the products from your existence while you are creating them by your labor. You can then trade your products for those of other people to acquire time and energy from their lives. You also can take their products by coercion. And they can do the same to you.

Your life story is a chronicle about how you decide to allocate your existence into products by means of your labor and what you or others do with those products. Indeed, the life stories of each of the 107 billion humans that have ever existed are based on the matter of who had dominion over the products of whose labor. If you have dominion over the products of your labor, then you are said to have “individual sovereignty.”

What, then, is freedom?

The dictionary defines freedom as “the power of self-determination attributed to the will of the individual.” But the definition is impractical because “the power of self-determination” is the same as “the will.” All mentally competent people have the faculty—the will—to decide an action and initiate it. When held at gunpoint, for example, you can

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<sup>12</sup> In social contract theory, this is incorrectly called a natural right. Natural rights do not depend on the laws or customs of any particular culture or government (as do legal rights) and can be forfeited. Because labor cannot be separated from will due to physical law, an individual cannot forfeit his labor. To resolve the error in social contract theory, one must refine the definition of “natural right” to distinguish between labor and the products of labor in the way that I have done.

choose to obey or resist the gunman. If you resist, he might kill you. The options “resist” or “obey” might not be appealing, but appeal is only a matter of degree; it does not negate the existence of your will, the options available to you, and, therefore, your power to choose an option. “Free will” is redundant because will is intrinsically free.

But the products of labor can be controlled by anyone. A man is free only when all the products of his labor are subject to his will alone. Such a man has dominion—sovereignty—over the products of his labor.

Therefore, only sovereign individuals are free, meaning *free to choose the disposition of the products of one’s labor*.

So are *you* free?

The answer depends on who has dominion over the products of your labor: you or someone else. There also are degrees to which you might have dominion over some of your products, but not all.

Though organisms are several, many of them act jointly—they make communities that are based on an agreement among the members. Organisms create a protocol among themselves that governs their behaviors. Each organism in the community sustains (or even improves) its existence by contributing to and deriving benefits from all other members of the community while not impeding fellow organisms in the community to do likewise. The protocol arises as a consequence of the natural state of existence of each organism in the community and, therefore, the properties of the protocol are congruent with physical law.

Man is one such organism.

Among humans, one such agreement is that a man has dominion over the products of his labor, but he cannot usurp another man's dominion over the products of *his* labor. This agreement is called a "right."<sup>13</sup> All rights and morality either come from this one or they contradict it. A common (though flawed<sup>14</sup>) way of expressing this is "Only the individual has the right to his labor" or "Only the individual has the right to alienate his labor." Killing someone, for example, would violate this agreement because it eradicates the elements that are necessary for his labor to function: the individual's will, his energy, and his time.

The products of your labor are the results of *everything* to which you have decided to allocate your existence, from loving someone to relieving an itch at the tip your nose. Some are transitory such as thinking. Others are more enduring such as making a piece of pottery. Falling in love might be more like the former; staying in love, the latter.

None of this means that other people value the products of your labor. Nor does it mean that you are obliged to trade the products of your labor. It only means that you can do with them as you please: trade, save, even squander them. You are free to do anything that you want with the products of your labor as long as you do not usurp another man's right to do as he pleases with his labor.

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<sup>13</sup> A legal right

<sup>14</sup> As justified in an earlier footnote, the precise expressions should be "Only the individual has the right to the products of his labor" and "Only the individual has the right to alienate the products of his labor."

If you have dominion over the products of your labor, then you are a sovereign person.

One's desire for individual sovereignty comes by way of an impetus that is common to all organisms. Every man seeks to reduce his entropy, which manifests itself in his behavior to maximize his own economic interest.

The human cell has a natural state of existence: it consumes and spends energy and has will. The cell directs its energy at some purpose (e.g., to read and write the instruction guides in its genes, make proteins, and do all the other jobs that a cell must do) during some time from its life. This is labor, albeit at the cellular level, but labor nevertheless.

The cell is also a social organism. It forms communities<sup>15</sup> with fellow cells to maximize its survivability by trading the products of its labor with them. The relationships between the cells are cooperative and competitive, but not predatory.

To do their jobs, each cell needs the energy and time from other cells that have been transmuted into products by cellular labor. Just as we use currency as a physical means to store and trade the products of our labor, cells have a currency for storing and trading the products of their labor. Adenosine triphosphate (ATP) is the currency of intercellular commerce. Each molecule of ATP carries a tiny packet of energy, which is used in every aspect of a cell's work.

The cell "buys" supplies and services from other cells and "sells" to other cells the supplies and services it manufactures.

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<sup>15</sup> Just as man's communities take the forms of towns, cities, states, and countries, cells' communities, for example, take the forms of tissues, organs, and systems.

To power the manufacture of just one medium-size protein, for example, the cell uses the energy contained within approximately 2,000 ATP molecules; millions of ATP molecules per second power everything on which the cell labors. Though the human body contains approximately 250 grams of ATP at any given time, all of its cells trade the body's weight in ATP molecules every day. The cell can even accumulate energy by using its membranes as batteries. All of these activities are commerce and wealth on the cellular level.

The cell is the most basic unit that we know that has dominion over the products of its labor—sovereignty. In physics terms, the cell seeks to lower its entropy, as with humans and all other organisms. In economics terms, the cell seeks to maximize its own economic interest in the cellular economy. And in doing so, tissues, organs, and systems rise to their maximum potentials of prosperity, such as health, productivity, and longevity.

Sovereignty at the cellular level must be protected for cells to survive and prosper. In other words, the cells must be protected from each other (e.g., from not taking what does not belong to them), and their communities likewise must be protected from each other. Cancer is an example of what arises when the protection fails. Though cancer cells respect each others' sovereignties in the way of normal cells, they usurp normal cells' sovereignties.

Among cells, cellular sovereignty is sacrosanct. The governance to ensure sovereignty is powerful, but strictly limited to protecting against the usurpation of sovereignty between individual cells and between cellular communities. It ultimately

protects the entire body from existential threats (e.g., a bacterium, an attacking animal, or another human).

At the cellular level, the governance is enforced, for example, by cells of the immune system that neutralize miscreant cells.<sup>16</sup> As with all other cells, the cellular enforcers trade their products with other cells—using ATP as currency—during the execution of their duties. The enforcers never dictate to other cells how to do their jobs or commandeer their jobs.

For the governance to work correctly, it is kept close to the constituents—the individual cells—where most threats against a human are encountered. A man cannot dictate to any given cell or cells in his body what is best for them to perform their jobs. Nor can he interfere in transactions between the cells as they trade with each other in the ATP economy at the cellular level. This governance configuration preserves individual sovereignties of cells, which enables the entire body to survive.

What happens when one attempts to compromise the cellular governance to favor one part of the body over another? A trade-off occurs, always at the expense of another part, which is difficult to detect, if not impossible. Is there any drug or therapy without a side-effect? Does satiating oneself by overeating not have consequences?

Let's turn our attention from the cellular scale to the human scale.

As with the cell, man survives in communities. To do so, the governance in human communities protects against the

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<sup>16</sup> At the level of the entire body, the individual's consciousness manages the governance, such as the "fight or flight" response or by using one's intellect to fight cancer.

usurpation of sovereignty between people and between communities. It also enforces the rules of governance impartially as a referee. Members of a community achieve these governance objectives by way of the mechanism of government.<sup>17</sup> Any other involvement of the government in the affairs of individuals requires the usurpation of individual sovereignty, which compromises man's ability to reduce his entropy. The outcome: his potential for survival will always be suboptimal than if he is free to choose.

The dealings between people in their private capacities are no less complicated than those between the cells inside people. So why would some people think that they have special knowledge and abilities that justify them to usurp their fellow man's sovereignty? Such people behave as do cancer cells; they violate another's sovereignty by force and for their own agenda. The outcomes are, tragically, the same as with cancer.

I am hard-pressed to think of a single case of such interference existing among normal cells. Cell A does not commandeer ATP from Cell B to give it to Cell C while keeping some ATP for itself in the process.

Yet, this is what governments do when they levy taxes. Government representatives intrude on private transactions between other individuals to usurp what is being traded (i.e., the products of the individuals' labor). The intruders justify themselves in two ways: the belief (or pretense) that they are helping the individuals or, more commonly, the belief (or

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<sup>17</sup> As with cells of the immune system, the government is a group of individual humans, not an omniscient entity.

pretense) that they are serving the greater good of all the members in the community.

Therefore, avoid being drawn into arguments about differences in economic systems, such as capitalism versus collectivism. These words obscure the supreme importance of what is being traded (a portion of one's existence) and who decides the conditions of the trade (the individual or someone else). There is one natural system arising from the natural state of existence of all organisms: individual sovereignty. All other economic "systems" are degrees of negation of the one natural system. Communism, socialism, democratic socialism, pure democracy, and fascism are all variations on the theme of negation. There is no spectrum from left to right. All are equivalent in their *modus operandi*: the usurpation of individual sovereignty.

These days, public health officials in Western democracies are enamored of "collective values of society," using the notion to usurp individual sovereignty and impose measures that they claim are for the good of all members of a community. They never talk about helping a specific person with a name and face, but only about helping faceless populations based on anonymous population data.

First, society does not have values,<sup>18</sup> unless there is some kind of societal sentience that is unknown to us in the same way that cells in our bodies are unaware of our sentience. Not to say that such sentience does not exist, but if it does, it is of no practical use today because we know nothing about it and are not able to ask it “What are your values?” It is analogous to a small group of cells in your appendix asking you, “What are your values?”

Second, it is undeniable that individuals *do* have values, consciousness, and sentience.

The burden of proof of any measure is on the shoulders of those advocating the measure, not on the person from whom they want to usurp sovereignty to implement the measure. Even if it could be proven that a measure is in an individual’s interest, the final decider is the individual, not the public health official, who must have the self-discipline not to violate the individual’s sovereignty.

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<sup>18</sup> One can prove that only individuals—not collectives—can have values. “Value” is one’s judgment (i.e., decision) of what is important in life. “Share” is a part or portion of a larger amount that is divided among people. “Collective” relates to all the members of a group. Because “value” is a decision, it is of man’s will. A man cannot divide or alienate his will, nor can he aggregate it with other people’s wills. Therefore, a “value” is indivisible and inalienable, and likewise cannot be aggregated. To wit, a group of people cannot have “shared will” and, therefore, also cannot have “shared values.”

The error arises when people confuse “having a thing in common” with a “shared thing.” A group of individuals can have a value in common, but that is not a “common value.” Values exist only unto the person. One man’s values might very well be the same as that of another, but they are not “shared values.”

There is no greater act of violence, depravity, and narcissism than for one man to usurp another's sovereignty. Cancer cells do it to normal cells all the time. But even a cancer cell does not do it to his brother.



# MONEY

Money entwines your life with the rest of humanity's lives—past, present, and future.

It coils itself just as tightly around those who fight to amass it as those who struggle to shun it. Even when we do not spend money, we are still using it, often unwittingly. To cleanse oneself of money, one would have to either abandon the rest of humanity or require humanity itself to reject its very nature.

When it comes to money, we behave rationally one moment and insanely the next. We dream, hope, and fret about it. We agonize about how to get it fast while laboring over it for years. To squeeze money from our fellow man, we cajole, deceive, and lie. And when that does not work, we pray or kill for it, or both. We are miserly and magnanimous in the same breath. We build and demolish nations, empires, and civilizations with and for money.

Despite the pervasiveness of money in our lives, are any of us its master?

We are most familiar with physical money (in its myriad incarnations: cold cash, stocks, bonds, goods and services, and so forth), and with its attendant concepts such as finance, economics, and accounting. Nevertheless, we mystify money, at once trivializing and demonizing it with well-intentioned maxims and parables, many of which are false, if not delusional. “The love of money is the root of all evil.” “It is better to give than to receive.” Evidence all around us screams to the contrary.

Religion admonishes us about our relationship with the material world—in short, our attachment to money. How many people have believed for millennia that money is an evil, dirty thing? When one man becomes rich, the platitude goes, another man suffers. Therefore, for the good of our souls and the greater good of humanity, we should all give up our possessions and take up an ascetic way of life to build riches for some plane of existence that follows death.

We try to deny money's supreme importance in our lives, usually when things do not go our way. We blame greed or money itself when we fail with money, whether it is on the scale of a man not paying his debts or billions of people living in destitution, mired in ignorance, disease, strife, and all manner of suffering. Of course, we never think of ourselves as greedy, or at least as not as greedy as the next guy.

Yet, religion's authors and adherents, and others who want to usurp individual sovereignty to organize society along their personal utopian lines, are flummoxed by money. What they dismissively and incorrectly call greed is man's instinct to survive, the same instinct that impels all creatures to reach desperately for the last gasp of breath at the moment of death. The instinct is neither moral nor immoral, but merely the universe at work.

What, then, is money?

We have yet to devise a way to stop time, but money is a way to bottle time, at least temporarily, allowing time to be used later.

Only one form of time can be bottled with money: time from a human's life. Money is a way to store an amount of time

and energy from your life in the form of the products of your labor<sup>19</sup> for conversion into the products of someone else's labor for the benefit of yourself (or another person), later. Thus, we cannot pay ourselves with money for our own labor, which is why inflation occurs when politicians print money to buy things. The money they print is not equivalent to the products of anyone's labor, the actual time and energy from someone's life.

Why do we need money?

For any good that we want, we must have the expertise, energy, and time to create it by the transmutation process of our labor. Consider, for example, producing something as seemingly simple as an onion. One could learn how to grow the onion, design and make all the equipment to grow it and, even before that, mine and process all the raw materials to make the equipment. When all that is accomplished, one could then grow and harvest the onion. But it would take centuries for one person to do all of this alone.

Each of us, however, has only eight decades or so to live. We spend approximately one-quarter of our lifetime maturing into

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<sup>19</sup> When you direct your energy at any purpose for a duration of time from your life, you are transmuting the energy and time into a product that is, by the physical law of the conservation of energy, equivalent to the energy and time. The transmutation process is called "labor." It is a process of your will. Thinking, loving, speaking—all manner of doing things and making things—are your labor.

As for the products of your labor, energy and time from your life are consumed and transmuted into the products. They are a portion of what you once were because the products you are about to make during the next second are made from what you are now. The process is irreversible.

adulthood and battling illness and old age. Half of the remaining three-quarters is spent sleeping or at rest. This leaves approximately three-eighths of all the time that we have in our lives to make things as fully functional adults.

Because we cannot stop time or lengthen our lives indefinitely, the only other avenue available to us is to acquire time from the life of someone else to make what we desire during our own finite lifetimes. Not only can we trade, accumulate, and relinquish time from our lives for that of our contemporaries, we can do so with time from the lives of people who have lived before us. Future generations can do the same with time from our lives.

*In other words, time is the currency of our lives.*

But to accomplish all these things with time, two other ingredients are needed: our energy and our will to direct the energy at some purpose during some time from our lives. The process of doing this is called labor, and it results in a product that is equivalent to the time and energy from our lives that we used in the product's creation.

We use money to represent the products of our labor, a way to symbolically store time and energy from our lives. You can convert the money in your possession into the products of other people's labor, using time and energy from their lives for the good or service that they have made for you, just as they can convert money in their possession to use time and energy from your life when you labor for them.

Once we see beyond the physical form of money, the gamut of man's behavior vis-à-vis money is easier to understand: it is the instinct to survive and reproduce. On your deathbed, what

would you do to buy an extra year, a day, or even a second more of life? Some people would fight for it or kill for it, while others would selflessly give their time and energy to their fellow man because of compassion. Since we are mortal, we try to use time from other's lives to increase the efficiency of what we can do in our lives and to achieve what we cannot accomplish alone.

We have many problems with money as a way to store time and energy from our lives.

Think of people marooned on a deserted island with a bottle of water. They might drink when they should be rationing, or drink more than their share when others' backs are turned. Some people are better at collecting more water than others, while some feel entitled to a bigger ration or even to the ration of another. Their desire for the water increases in proportion to their anticipation of it quenching their thirst instead of the exact, minimum quantity that is needed to keep them alive. Some might give their ration to others because of love, pity, guilt, desperation, inspiration, or fear, whereas others might commandeer rations for the same irrational reasons. The castaways might argue over who should be the custodian of the bottle and how rations should be decided. The bottle itself might have problems. It might leak or shatter easily. If it does not have a cork, the water might evaporate even when no one is drinking; fewer people's thirst can be quenched tomorrow than today.

Analogous to the case of the water bottle, money as a bottle of time and energy from a man's life has similar shortcomings:

1. *Money is a promise.* It obliges us to commit some time and energy from our lives to do something for another person, but the fulfillment of the obligation is only as strong as our word;
2. *People work with different efficiencies.* Even if the difference is a mere nanosecond, it will accrue and eventually result in noticeable differences in wealth among people and nations; and
3. *We are irrational.* We cannot precisely calculate the time, energy, and efficiency that a person uses from his life to make a good. The farther a buyer is from the creation of a good, and all the other goods and services that are needed to make it, the farther away from reality is his evaluation of the good's value. We substitute the irrationality of sensory and emotional cues for this lack of information.

Why do we want more money?

The universe as a whole naturally tends towards disorder.<sup>20</sup> All organisms, however, increase order “locally” (inside each one) to survive long enough to reproduce. In doing so, they

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<sup>20</sup> The second law of thermodynamics states that the entropy (a measure of disorder) of a closed system will never decrease. As Sir Arthur Eddington put it, “The law that entropy always increases holds, I think, the supreme position among the laws of Nature.” Life does not violate the second law, but physicists have been stumped by why life should arise in the first place. Recently, Professor Jeremy England has proposed that life exists because the law of increasing entropy drives matter to acquire lifelike physical properties. Matter restructures itself to dissipate increasingly more energy.

minimize the expenditure of their own time and energy while maximizing their use of energy from other organisms and the environment. This self-interest appears to be the most efficient way for each organism to create the local order in the universe necessary for life to arise and grow. Man is no different. He seeks to lower his entropy by maximizing his use of the time and energy of other organisms (including his fellow man's) while minimizing the expenditure of his own. Because money is a way to store and trade time and energy from our lives, man treats it as he does any other source of time and energy.

As such, money might be the most precious of all inventions. Not only has money improved our success at survivability and reproducibility, it has enabled us to go beyond them. When people trade, they are bargaining for the products of other parties' labor that they perceive are more valuable than their own.<sup>21</sup> It is the only way that we have to improve the general prosperity of mankind by increasing the size of the pie through increasing the efficiency of our use of the finite time and energy in our lives. In doing so, we have been improving our health and lengthening our lifespan, giving us even more time and energy to use in our lives.

Humans have been able to increase their overall prosperity (e.g., longevity, mitigation of risk from natural forces, health) through the power of intellect rather than biological evolutionary means alone. Money as a proxy for storing and using time and energy makes this possible. Nature is replete

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<sup>21</sup> My definition of business

with these economies, such as cells using and trading adenosine triphosphate (ATP) among themselves.

Money might be the seed of civilizations.

To understand this, imagine that I buy a good from you with money, and then you burn the money. What has happened? Have we lost merely paper? No! An equivalent amount of your life's time and energy, transmuted into products using your labor, will have to be used to recreate the same product to sell again. You have lost time and energy from your life. But there is another cost. The progress of your community is impeded because of the additional cost of having to recreate something. There is an opportunity cost. You could have used that time and energy to create something better to advance your community.

Likewise, if people do not use the proxy fairly (e.g., by printing or stealing money) then everyone's prosperity suffers. The efficiency of storing time and energy is compromised. Bubbles, booms, busts, recessions, and the like are inefficiencies caused by our irrational decisions, the shortcomings of money, and the usurpation of individual sovereignty.

Time—our life's time—is the currency of our lives. Your wise investment of your time and energy pays manifold returns on the balance sheet of life.

## EMPATHY

Much has been written about the indispensability of empathy for leaders. I contend that sympathy, not empathy, is necessary and sufficient for leading.

Sympathy can be learned because it arises from the intellect.<sup>22</sup> It is reasonable and ordinary for leaders to use their intellect to sympathize with others. In doing so, a leader can collaborate with others to achieve a goal objectively without necessarily experiencing—or succumbing to—the emotions of his followers.

Empathy, on the other hand, arises from countless influences that interact in complicated ways during one's life, none of which can be replicated or simulated. As with risk tolerance, so it is with empathy. Even the most seemingly risk averse person is also reckless gambler; his behavior depends on the situation. Likewise, one's degree of empathy varies according to the circumstances in which one finds oneself at any given time. Because of the irrationality of empathy, competent leaders are vigilant to mitigate it in themselves.

Consider physicians, for example, who are expected to have humane attitudes, ability in relationships, and empathy. But measuring empathy, let alone teaching it, still escapes the medical profession—despite the best efforts of medical schools and hospitals for decades. At best, there are some limited methods, such as those to measure the patient's perception of relational empathy during a consultation with a physician.

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<sup>22</sup> The First Canonical Set of Leader Traits

Regardless of (or, perhaps, because of) this failure, patients are still healed and outcomes continue to improve.

As with today's popular political indoctrinations known as "diversity training" and "unconscious bias training," the validity of empathy training can be easily debunked, starting with its premise.

1. The logical flaw in the premise of empathy training is that, by definition, tampering with another's personality is an apathetic act that is unequivocally contrary to empathetic behavior. "Training" someone to become more empathetic usurps the individual's sovereignty by forcing him to become what the trainer wants him to be, and not allowing him to be who he has created himself to be in his life.
2. There is no agreement about what empathy is and how it should be measured, nor the degree or quality of empathy that is required to lead in any given situation.
3. No credible method has ever been devised to measure an individual's empathy with sufficient repeatability and precision to be of any practical use.

People bent on training others to become empathetic are totalitarian ideologues. They are convinced that they are morally superior to the "lost soul," and will usurp his sovereignty without compunction, forcing him to behave according to their design. Making up for their lack of competency in leadership and business, ideologues latch onto indoctrination programs, which are really mechanisms to gain

personal economic advantage and satisfy their need to control others. Human resources departments are rife with such ideologues, ostentatiously supported by directors who are inwardly petrified to stop them.