

NEO-TECH IV

Information Package

CREATING BUSINESS VALUES

and

PREDICTING STOCK PRICES

by

Frank R. Wallace

In a free economy, the long-term value of any business or company is always determined by its long-term competitive value to society. In a free economy, that value to society is expressed in the common-stock value of the company.

The net value of any activity to society can be determined by using Neo-Tech principles identified in Information Packages I – III. Neo-Tech IV applies those principles to determine the objective value of any individual, management, business operation, or nation. A person can use those same principles for being successful in business and for accurately predicting the long-range, common-stock value of any corporation.

Most stock and commodity forecasters are mystical. Indeed, such forecasters merely use their “sense” or feelings of the market to rationalize illusionary scenarios or “realities” of the future. To various degrees, those forecasters use objective facts and figures or various technical indicators as non-sequitur props to give their projection a sense of validity. But any appearance of validity is specious. By the time most valid facts or figures become available for forecasting, they already have been discounted in the price.

Indeed, with near-perfect market efficiency, all near-term prices move in unpredictable, random patterns. If a forecast turns out to be right, that rightness and duration of rightness are as much a coincidence as forecasting the flips of a coin. Thus, stock and commodity forecasting is generally invalid and mystical, even when promulgated by Wall-Street gurus and cloaked in the jargon of technical, cyclical, and fundamental analyses. Only by fully integrating the root causes of values, as done in Neo-Tech IV, can long-term values of companies to their stockholders and society be reliably predicted.

Neo-Tech IV
Creating Business Values

**The Fundamental Principle that Determines
the Long-Range Value
of a Corporation to its Stockholders and Society**

Neo-Tech IV is based on the following principle:
**All Honest, Long-Range Profits and Societal Values
Generated by Business
Arise from the Mystic-Free Standards of Capitalism¹**

By reducing that above principle to concrete examples, this document will demonstrate that in a free economy the long-term values or common-stock prices are ultimately determined by the extent that management implements the mystic-free standards of capitalism to produce evermore competitive values for society. For investors and speculators, this information will provide a valid standard to predict the long-range profit growth of all businesses and their common-stock values. For businessmen and executives, Neo-Tech IV will provide specific recommendations for implementing mystic-free capitalistic standards in order to increase the value of their company. Those recommendations will be supplemented with:

- (a) A standard by which to identify those executives and employees who are genuine, long-range assets to their company.

¹The dictionary definition of capitalism is: *An economic system characterized by private ownership of capital goods and by investments that are determined by private decision rather than by state control. Prices, production and distribution of goods are determined by a free market.*

Laissez-faire capitalism is the only political system that does not use force. Working entirely through mutually agreed upon exchanges of values, capitalism is the only system consistent with man's nature and well-being. Capitalism offers freedom and individual rights to all. Capitalism permits maximum individual growth while providing maximum benefits to all. While western political systems have pragmatically and incompletely used various aspects of capitalism, no nation has ever experienced laissez-faire capitalism.

But most writers and commentators put dishonest altruistic-platonistic connotations on the meaning of capitalism: *A system of exploitation of the weak by the strong — devoid of love and good will. A system in which unwanted goods and services are pushed onto consumers through clever, deceptive advertising for the sole purpose of profits and greed. Capitalism dominates most Western governments. Capitalism, big business, and fascism are synonymous.*

(footnote continued on next page)

Neo-Tech IV
Creating Business Values

- (b) A standard by which to identify those executives and employees who are undermining the long-range value of their company.
- (c) Standards for adopting a business philosophy around specific profit-oriented principles.
- (d) Action required to expand both short-range and long-range profitability of a company.

The purpose of Neo-Tech IV is to (1) provide a standard to judge the future financial value of business enterprises, (2) provide specific standards to increase the financial value of business enterprises, and (3) contrast the wealth-producing mystic-free nature of business to the wealth-destroying mystical nature of altruism and neocheating.

Long-term appreciation of common-stock values will occur to the extent that management implements the mystic-free standards of capitalism. Conversely, long-term attrition of common-stock values will occur to the extent that management compromises capitalistic standards in implementing mystical-based decisions. ...Attrition of value is inherent to any business situation subjected to altruism, mysticism, or neocheating.

Before Neo-Tech, the standards of capitalism had never been related to the value of a company in concise terms. The relationship of capitalistic standards to the common-stock value of a corporation can best be illustrated through an actual example of a large American corporation. This illustration will be accomplished by paraphrasing the following document submitted years ago to the administrative management of E. I. du Pont de Nemours & Co., Inc.:

(footnote continued from previous page)

The reason professional mystics and neocheaters display aggressive hostility towards capitalism is because of its anti-mystical, competitive nature — its nature of requiring integrated honesty and competitive efforts for success. Mystics and neocheaters could not survive in an honest, fully competitive, capitalistic society. They could no longer use their deceptive, altruistic manipulations to plunder the producer. Fearing survival through honesty and competitiveness, they are compelled to hate and attack capitalism.

Neo-Tech IV
Creating Business Values

*A Proposal to Increase the Value of Du Pont Common Stock:
An Open Letter to Those Responsible
for the Future
of the
Du Pont Company*

**A Proposal to Increase the Value
of Du Pont Common Stock**

To effectively present this proposal, the following four aspects around which the proposal evolves must be identified:

The need
The purpose
The principle
The proof

After identifying those aspects, the proposal can be presented in its proper context. The proposal will entail the following recommendations:

1. Removal of specified executives who are undermining the value of Du Pont by building careers on deceptive mysticism and destructive neocheating rather than on honest thinking and productive efforts.
2. Realignment of Du Pont's philosophy around specific, profit-oriented principles.
3. Implementation of specified action designed to restore both the short-range and long-range profitability growth of the Du Pont Company.

The Need

Du Pont stock sold for \$278 per share. Eleven years later, Du Pont stock had fallen to \$92.50 per share. Over 60% of the total corporate market value accumulated in 150 years vanished in a decade.

The Purpose

For 150 years, the management of the Du Pont Company increased the corporation's value at a remarkable rate. The common stock price increased many fold. Owners became wealthy.

Neo-Tech IV
Creating Business Values

Du Pont expanded into the largest, most profitable chemical company in the world. What was the cause? The cause can be reduced to a single principle from which all economic values grow. This document will identify that principle.

Over the past decade, the owners of Du Pont (the stockholders) have observed with mounting disappointment the declining ability of management to expand the profitability of their corporation. What is the reason for that growing impotence? Many reasons have been advanced in business and financial publications¹. But management's explanations failed to deal with the crucial issues. And their mystical remedies by nature have accelerated the deterioration. The honest reason for the shrinking profit growth has never been publicly identified. This proposal will identify that reason.

This proposal will also demonstrate that (1) restoration of Du Pont's vitality is still possible, (2) long-range growth in profitability will require action recommended by this proposal, and (3) implementation of this proposal would unleash a productivity/creativity cycle within the Du Pont Company that could generate values and profits outstripping any business enterprise on earth.

Based on mystic-free principles, this proposal is designed to meet the fundamental requirements of expanding profitability.

The purpose of this proposal is to increase the long-range, common-stock value of Du Pont for the financial benefit of its stockholders.

The Principle

This proposal is based on the following principle:

**All Honest, Long-Range Profits and Societal Values
Generated by Business**

Arise from the Mystic-Free Standards of Capitalism

To understand that principle, the difference between altruism and capitalism must be identified. The contradiction between those two terms is evident from the following definitions:

Capitalism is a moral/social system as well as an economic

¹ 1. *Wall Street Journal*
2. *Forbes*
3. *Times*
4. *Chemical Week*
5. *E.I. du Pont de Nemours & Co., Annual Report*

Neo-Tech IV
Creating Business Values

system based on the philosophical premise that every man and woman has the exclusive right to his or her own life and property. Implementing capitalism always yields by nature a benevolent society in which individuals deal with one another on the basis of values — the voluntary exchange of values. Force and coercion are obviated. Capitalism is consistent with man's rational needs and requirements for prosperity and happiness.

Altruism is a morality based on the philosophical premise that man lives for the sake of others...that man's life and property are available for sacrifice to "higher" causes, e.g., the common good, society, the needy, the world, the dictator, God, country, politicians, bureaucrats, lawyers. Implementing altruism always yields by nature a malevolent society in which individuals deal with one another on terms of who will be sacrificed to whom, who will support whom. Force becomes the deciding factor. Fake jobs and bogus livelihoods grow like cancer. ...Altruism is contrary to man's nature, rational needs, and requirements for happiness.

Before applying the concepts of capitalism and altruism to Du Pont and its common-stock price, those concepts must first be viewed from the broader perspective of contemporary Western culture:

Capitalism has lifted man's standard of living to undreamt heights. As will be demonstrated in this document, all long-term benefits to man's life, well being, and happiness have grown from competitive capitalistic principles.

Yet today, a growing number of altruistic businessmen are undermining capitalism. How?

1. By protecting, supporting, joining, and promoting the destructiveness of bogus-job bureaucrats, politicians, lawyers, the clergy, dishonest journalists, dishonest educators, and social "intellectuals".
2. By usurping from business short-range values and advantages for themselves rather than competitively producing long-range values for business, others, and society.

In undermining capitalism, they are depriving man of his motive to produce and his means to be happy.

Man is capable of achieving genuine prosperity and happiness

Neo-Tech IV
Creating Business Values

only to the extent that he can produce competitive values for others and society through the rational, wide-integration use of his mind and constant, hard-work effort. That fact is based on the nature of man. Man must competitively produce for others to honestly meet both his physical and emotional needs.

Hidden beneath the words of all altruists are calls for sacrifice, “temporary” hardship, and periods of readjustment. Those calls for sacrifice are incongruously combined with promises that man can attain values without earning them. All altruists seek an unreal world based on feelings and wishful thinking...a mystical world free of demands for rational integrated thinking and competitive hard efforts. A mystical world that always moves away from the problem-solving nature of life. Indeed all mystics seek the goal of effortless, “peaceful” nirvana — a problem-free utopia. In their utopia, man can defy reality...man can usurp values without earning them...man can consume without producing...man can live effortlessly without solving problems. Reality, however, cannot be defied. Someone has to produce values and solve problems in order for human beings and society to survive and prosper. Thus, to survive and prosper, altruists and other value destroyers must deceive and coerce the value producers into sacrificing their time, efforts, property, and earnings to the value destroyers.

The altruists’ final goal is to coerce or force all value producers to support and respect them, the value destroyers. The motive and ability to produce competitively and in abundance for others vanish when the producer becomes controlled by the nonproducers. Who would be responsible for such an evil, for such an unjust scourge to fall upon our civilization? Ironically, the political leaders, religious leaders, freeloaders, collectivists, and other value destroyers would not be primarily responsible. Those responsible will be the altruistic neocheaters posing as business “leaders”. Such uncompetitive business quislings are today implanted throughout business and industry worldwide.

Those executives will bear the responsibility for the demise of their companies and free-market capitalism. Their altruistic principles are inimical contradictions to the principles of competitive capitalism. Through such business quislings, the

Neo-Tech IV
Creating Business Values

sacrifice of the value producers and businesses is possible. Indeed, those quislings are the transmission belt between the value producers and the value destroyers.

But, the implementation of the capitalistic principles presented in this proposal would render impotent those altruists who are currently in positions of corporate power. For, without those altruistic business quislings, the value destroyers would be powerless to sacrifice the value producer. Their demands for sacrifice would go unanswered. The decline of capitalism would end. A new renaissance would begin. Civilization would rise to a new standard of rationality. Benevolence and goodwill among men would flourish. Man's productivity and happiness would soar.

How do those concepts of business, capitalism, and altruism relate to the common-stock value of Du Pont? This is how:

Man requires self-interest motives to be productive and creative. Man achieves happiness through his productive and creative efficacy. That is the nature of man. When altruistic businessmen assume managerial positions within a corporation, their standards of selflessness and sacrifice are asserted to allow them to neocheat rather than to earn their way to competitive power and wealth. Since selflessness and sacrifice are contrary to value production and competitiveness, the producer's efficacy will diminish. His job effectiveness will decrease, and the future of his company will fade. Thus, as altruistic executives translate their standards into practice, the value of their company to stockholders and society shrinks.

Do such men exist within the Du Pont management? How can they be identified? They are characterized by their lack of singular purpose to create long-range assets, values, and profits. They are also characterized by their willingness to subjugate the best interests of the corporation and its stockholders to some fake "higher cause" or spurious "public good". Altruists can achieve their unearned ends only by sacrificing the values earned by others...such as the assets, profits, and earning potential of a corporation. They are eager to sacrifice that which has been earned and built by others. They are willing to sacrifice the stockholders' equity, potential, and property to "higher causes".

Within Du Pont there has been a gradual shift in the nature of

Neo-Tech IV
Creating Business Values

the management from the objective, pro-capitalistic asset builder to the altruistic, socially-oriented “business leader”. That shift continues under such sophistic rhetoric as “being practical”, “the wave of the future”, “young blood”, “changing reality”, “progressive needs”, “social awareness”, “public good”, “higher causes”. At the same time, the concepts of objectivity, efficacy, happiness, competence, effort, productivity, and profits are being increasingly subverted. ...These assertions about Du Pont management will be demonstrated with concrete facts later in this proposal.

Whenever long-range values are created by business, society benefits. By far, the greatest beneficiary of a profitable business is society. But the basic reason for operating any business can never be to “serve” society short range at the expense of long-range assets and earning, lest the business be eventually drained and stagnated. The only just and moral reason to operate a business is to benefit its owners through the production of competitive values for others and society. Only to the extent that owners profit can employees, society, or anyone else gain long-term values and benefits. Consequently, a business run for the best long-range financial profit of its owners will always yield the maximum, long-range benefits to society. Conversely, only by producing maximum values for society can a business produce maximum, long-range profits for its stockholders. ...That is the benevolent nature of capitalism.

Capitalism means producing competitive values (products or services) for the voluntary exchange of other values (money for further production of values). Success in a capitalistic society requires honesty, rationality, effort, wide integrations, and long-range planning. The standards of capitalism permit man to profit only by competitively producing for the benefit of others and society. The standards of capitalism allow man to fulfill his potential and to achieve happiness to the benefit of all society.

How does the above principle apply to the common-stock value of Du Pont? The common-stock price is the accurate value of a company because that price represents the exact value that buyers are willing to pay for the company in a free market. Over time, a company is worth no more or no less than its free market price (its common-stock price). **Executives are hired by the**

Neo-Tech IV
Creating Business Values

stockholders for one reason only...to enhance the long-range financial value of their business enterprise in order to increase profits and common-stock values. For long-term appreciation of stock values, an enterprise must increasingly deliver competitive values to society.

The value of an executive is judged by the extent that he generates values for the shareholders in exchange for his compensation. In order to enhance the long-range value of a business enterprise to its owners and society, an executive must implement the principles of competitive capitalism. The altruistic executive militates against the value of his company to the extent that he directs his company. That executive does not earn his pay. For, he diminishes rather than builds the long-term value of his company.

To survive, the altruistic executive must constantly draw on the future potential of his company in a turmoil of short-range pragmatic activities that conceal the long-range damage being done to the business. At first, such an executive may blame declining stock prices on “temporary” market conditions. As the corporate assets are consumed and return on investment diminishes, the executive will blame competition, inflation, deflation, “maturing business”, the “inevitable”, “hard luck”, or a “changing reality” for the decline in stock prices.

As solutions, he may offer platitudes and schemes of short-range economies, “belt tightenings”, “creative” accounting procedures, acquisitions, and other one-shot expediencies. Within the downward trend, the stock price may periodically fluctuate upward for durations of a few months or even years. But the downward trend always returns with ever-deepening losses.

When the company is finally destroyed, he will claim that events were beyond his control and the ruins were not his fault. He will plead that he had to be practical and cooperate with the altruistic “authorities”. *He will not identify that operating on competitive capitalistic principles is the only honest, sound way to build values and assets. He will not identify that altruism dishonestly destroyed the value of his company. He will not identify that altruism can never be used to benefit society. But he will secretly know that altruism has always been no more than a clever tool to covertly promote bogus livelihoods.*

Neo-Tech IV
Creating Business Values

To repeat again the principle upon which this proposal rests:
**All Honest, Long-Range Profits and Societal Values
Generated by Business
Arise from the Mystic-Free Standards of Capitalism**

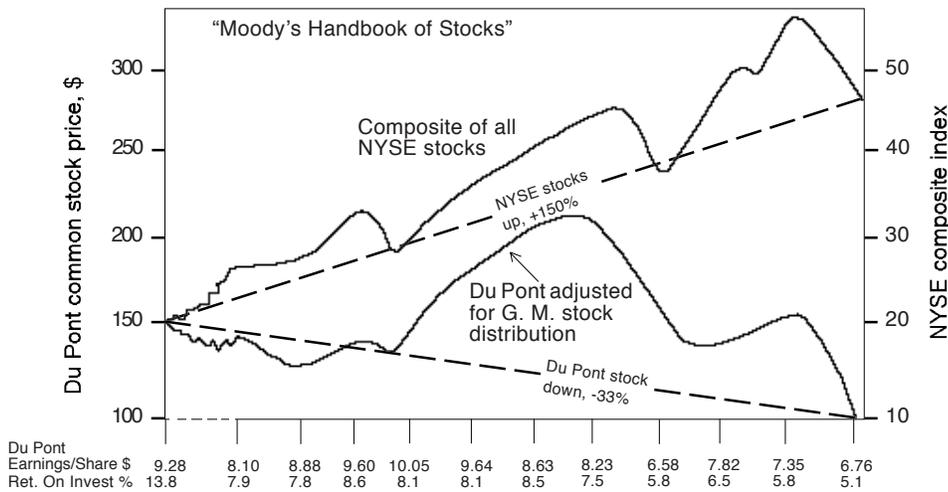
The Proof

To validate this proposal, the following two assertions will be proven with specific facts:

1. Du Pont is not being managed in the best financial interest of its stockholders.
2. Management is abandoning capitalistic standards in favor of altruistic standards, thus continually shrinking the long-range profitability and value of Du Pont.

The following graph provides proof of the first assertion. The steady, long-term deterioration of Du Pont common-stock values is proof that the Company is not being managed in the best financial interest of its stockholders. That fact becomes especially obvious when the deteriorating stock price is superimposed against a composite of all other 1360 stocks on the New York Stock Exchange.

Proof of the second assertion is based on an abundance of factual evidence. A portion of this evidence will be documented



Neo-Tech IV
Creating Business Values

with quotes from the following, publicly available communications:

- *Management Newsletter*, a Du Pont publication
- *Better Living Magazine*, a Du Pont publication
- “1 + 1 + 1”, a Du Pont movie
- Statements and speeches by major Du Pont executives.

This documentation will demonstrate the extent that altruism has gripped the Du Pont Company and the consequences of abandoning competitive capitalistic principles.

Management Newsletter

The management is responsible for the thematic content and philosophical timbre of all internal and external communications released by a company. Perhaps nowhere is the philosophical position of Du Pont management reflected more precisely than in its *Management Newsletter*. A chronological review of the Newsletter over twenty years starkly reveals the progressive abandonment of objective capitalistic principles for subjective social pragmatisms. During that abandonment of principles, decisions are increasingly made by what some shadowy external “authority” might say or think rather than by independent judgment of reality by strong, honest executives.

Past Newsletter articles reveal a strong, exuberant company guided mainly by capitalistic principles. But current Newsletter articles reveal a company guided by altruism and by what “other people” think, feel, and wish. That shift is demonstrated in Table 1 on page 416 by contrasting earlier articles in the *Management Newsletter* to articles twenty years later in *Management Newsletter*.

Reading those early Newsletters is like traveling into another world...a brilliantly clear world that almost was and *should have been*...a happy, just world in which rationality and productivity are recognized as man’s primary virtues...a cheerful, exciting business world in which action is guided by the independent judgment of individuals dedicated to generating values and profits. The philosophical contrast (capitalism vs. altruism) between those early Newsletters and those twenty years later is clearly apparent. Yet, the seeds for that deterioration of capitalistic principles began to appear even in the earliest Newsletters. With increasing manipulation of unearned guilt in an increasingly altruistic culture, obsequious apologies for capitalism and Du Pont were appearing in articles such as:

Neo-Tech IV
Creating Business Values

Big vs. Little Business

Is Big Business Useful?

A study of the Newsletters reveals that the philosophical shift from capitalism to altruism occurred in two major steps. The first step occurred when the presidency of Du Pont passed from Mr. Crawford H. Greenewalt to Mr. Lammont Copeland. The struggle to explicitly uphold capitalism abruptly ended. Articles such as listed below ceased:

Business Pleads its Case in Whispers

Mr. Greenewalt stated, "It is the corporation's proper duty to oppose any action which threatens the property or the interests of its stockholders, to fight hard if the well-being of its employees is threatened, or if the successful continuity of its life comes under fire."

U.S. Superiority and Productivity vs. USSR

Industrial Progress Undermines Socialism

A basic shift in philosophy was apparent. The primary focus of Du Pont changed from generating profits for the stockholders to "serving society". The following articles began appearing for the first time:

Du Pont Research —

President Copeland equated the value of research to serving "society" rather than to expanding corporate earnings, profits, and assets.

Could nylon have been developed and transformed into a venture that generated hundreds of millions of dollars in profits for the company, employees, stockholders, and society with an altruistic standard determining the research and development efforts at Du Pont? Commercial ventures that generate large, expanding profits for their stockholders can evolve only from capitalistic standards.

As Others See Us

This article signalled the acceptance of a standard whereby management replaces independent judgment with "what others think" as a valid basis for action.

Research for Government

Nonprofit research done at the expense of the stockholders. Why? For what purpose and at whose sacrifice? Only destructive altruism could justify such research.

Neo-Tech IV
Creating Business Values

Despite the basic philosophical shift to altruism, some articles such as the one listed below continued to uphold the values of Du Pont:

Industrial Research in Internal Competition

This article dealt with the competitively effective utilization of human skills within the Du Pont Company.

The second and most devastating step in the philosophical shift occurred when the presidency of Du Pont passed from Mr. Lammont Copeland to Mr. Charles B. McCoy. The personal experience of research scientist Dr. Frank R. Wallace must be related to demonstrate that philosophical shift. After joining the Company, Dr. Wallace studied each issue of the *Management Newsletter*. The articles captured the exciting action and values evolving from the most creative, capitalistic enterprise in history. The Newsletter symbolized supreme human action, creativity, and rationality. The Newsletter was a major source of pleasure and fuel in concretizing man's worth and potency. When the first shift occurred under Mr. Copeland, Dr. Wallace failed to identify what had occurred. In reading the Newsletters, he subconsciously ignored or dismissed the altruistic-based articles while savouring the articles expressing the action and values of Du Pont. After seven years, Dr. Wallace left Du Pont for three years. On returning, he read with amazement the current *Management Newsletter*. The feature article was entitled:

The Plant Open House,
A Way to Win Friends and Influence People.

Did a multi-billion-dollar corporation have nothing more significant to report to its management than a plant tour¹ for town folk? At that time, Dr. Wallace did not understand why such an article should appear in the *Management Newsletter*. As the months passed, he read articles such as outlined in Table 1. ...Gradually he began to understand what was happening.

The second and final step in the abandonment of capitalistic principles was occurring. In essence, all the greatness of Du Pont was being reduced and equated to a plant tour for town folks...an age-old, altruistic technique of mystically reducing man's

¹Plant tours per se can be a proper, rational activity for any factory. In fact, an article on plant tours might properly appear in the "Management Newsletter" if presented from a profit-oriented, value-producing viewpoint.

Neo-Tech IV
Creating Business Values

greatest achievements to the pedestrian level.

In this seemingly innocent manner, the door had been opened to sacrifice the values of Du Pont. ...How can a philosophy expressed in the *Management Newsletter* lead to the sacrifice of Du Pont?¹ Consider the nature of other communications that emanated from Du Pont with Management sanction. Those communications ranged from a popular, heavily-attended seminar titled *Application of Social Science Technology to Du Pont*² to publications like *Better Living* (analyzed next) and speeches by key executives (analyzed later and in Table 4). The direct impact of management's current philosophy on Du Pont's business was reflected in a Du Pont seminar entitled, *The Future of the Fiber Business*. That seminar projected a steady decay of Du Pont's return on its fiber investment despite an optimistic market and growth picture for synthetic fibers.

That seminar was presented by the Du Pont textile-fiber management to the Executive Committee. No plan or consideration to reverse the deteriorating financial situation was offered or even considered. The gloomy nonaction stance by management to correct a suicidal business trend coupled with the anticapitalistic (government controlled) economic philosophy of Keynes accepted by Du Pont economists and management³ are the essences for the systematic, long-range deterioration of Du Pont. With bizarre irony, the "modernistic" cover of Du Pont's Annual Report that year symbolized the purposeful destruction of values: The marvelous, industrial works of man were photographed part in-focus, part blurred, and part double exposed. Why, for what reason, for what purpose was a clear, sharp value purposely distorted and blurred into a non-value?

¹Du Pont sacrificed to whom? To the bogus careers of altruistic management.

²This Du Pont-sponsored seminar lent credibility to a pseudo-science in order to dismiss the capitalistic concept of value production by competitive individuals. Social science replaces that valid concept with the spurious collectivist concept of outputs by "human organizations" — an unintelligible concept that cannot be defined or identified within reality.

³Seminar by Du Pont's chief economist, Mr. I. T. Ellis, "Economic Analysis and Forecasting". Credence and acceptance was granted to the spurious economic theories of master black-hat neocheater, John Maynard Keynes.

Table 1

ARTICLES IN DU PONT MANAGEMENT NEWSLETTERS

Original Newsletters

Article Headings :

- Annual Report
- Earnings
- Dividends
- Sales
- Payrolls
- Sales Price Index
- Income
- Peacetime Standards
- Increased Volume of Business
- Increased Capital
- Return on Operative Investment
- Research Activities
- Expansion and Improvement of Plant Facilities
- Employee Relations
- Decision of U. S. Supreme Court
- Strikes
- Nylon Price Reduction
- Plant Election

Every article is germane to the profitable operation of Du Pont. Void of articles of a social or altruistic nature.

Total number of articles written under the following headings:

- Profits - 22
- Free Enterprise - 13
- Big Business - 24

By contrast, not a single article twenty years later was written in support of profits, free enterprise, or big business.

Newsletters Twenty Years Later

Article Headings, Quotes, and Comments:

- Plant Assists Disadvantaged Youth
- “Plans for Progress has top corporate backing and is being implemented throughout the Company”.
- Why? For what business purpose? Progress is achieved by efficacious producers, not by incompetents or the “disadvantaged.”*
- New Priorities in Aid to Education “...aimed at improving educational opportunities for the disadvantaged.”
- Why? For what business purpose? What does “disadvantaged” mean? A “disadvantaged” individual is simply one who has chosen not to put forth the effort and discipline required to become “advantaged” or productive.*
- Pollution Control Activities
- “We must be concerned not only with what our neighbors think of us at the plant level, but also how we project ourselves as a total corporation.”
- Such a statement is void of principle and lacking in independent judgment: Vast corporate actions and expenditures are being based on a standard of what “other people” think and feel rather than objective facts.*
- Du Pont Steps up Efforts to Hire the “Disadvantaged”¹
- Why? For what business purpose? Then, Du Pont stock was above \$160. Today, Du Pont stock is below \$100.*
- Banner Year for Recruiting
- “Du Pont people found greater social consciousness among students they interviewed.”
- What does “social consciousness” mean? What possible value could*

(table continued on next page)

Table 1(continued)

ARTICLES IN DU PONT MANAGEMENT NEWSLETTERS

Original Newsletters

Article Headings :

Typical Articles of original newsletters:

- Public misconception vs. facts.
- U. S. standard of living vs. Russian.
- Productive output of America vs. Non-America.
- Left-wing criticism vs. advantages to U.S.
- Reply to cellophane monopoly charge.
- Atomic energy a product of American enterprise.
- Du Pont President says free enterprise is greatest national resource.
- Post-war production of nylon exemplifies spirit of free enterprise.
- Benefits of American economic system.
- Rise in standard of U. S. living through greater productivity.
- Socialistic developments in U. S.: *Du Pont offered its employees a free 169-page book that identified the failures of British socialism and nationalization.*
- U.S. high standards of living improved by industry.
- Protection of patents encourages invention.

Newsletters Twenty Years Later

Article Headings, Quotes, and Comments:

students with greater "social consciousness" have toward increasing the assets and profits of Du Pont?

— Interview with "Chemical and Engineering News"

"Mr. McCoy stressed Du Pont's faith in the chemical industry and said long term the industry can greatly improve its current rate of return with a little 'luck' in reestablishing a healthy capacity-demand balance in such major items as plastics, fibers and fertilizers."

The President of Du Pont publicly declares that improved rate of return for Du Pont is based on faith and luck! Mysticism and chance have become the stated basis for improving the performance of the Du Pont Company.

¹That article defines the meaning of the "disadvantaged" as: "Members of poor families and unemployed or underemployed, or those who are not seeking work but should be, and who possess one of the following characteristics — high school dropout; minority group member under 22 years of age; over 44 years of age; physically, mentally or socially handicapped." Why a minority group? And what group? Only one legitimate minority exists and that is the individual. If his or her rights are protected, the rights of all are protected. What does socially handicapped mean? At competitive wages, what possible business value could such uncompetitive people offer Du Pont? Even the pretense of so-called moral value or duty fails when one identifies the injustice that placing a dishonest business value on the so-called "disadvantaged" perpetrates against those who through their own efforts become people of value...value producers.

Neo-Tech IV
Creating Business Values

Better Living Magazine

The first issue of *Better Living Magazine*¹ Dr. Wallace received on returning to Du Pont contained an article entitled “Dedicated Amateurs” — a five-page spread on the card playing, auto driving, chess, and other free-time activities of certain employees. No, nothing was wrong with those activities. But, Dr. Wallace wondered why such a mundane, slice-of-life article was published in *Better Living*. The article was injected between a feature article on the new fiber Qiana® and a dramatic article on building huge underground caverns for ammonia storage.

In that same issue, Dr. Wallace read a three-page spread about a Du Pont employee dedicating his free time to unpaid social work. Fine, that was his personal, free choice. The article even contained a photograph showing this employee teaching a group of migrant laborers to recognize a sign to the bathroom. That article was inserted between an article reviewing the outstanding technological achievements of the Film Department and an article describing the industrial use of television. Why the mixing of outstanding human achievement with the commonplace? In search for an answer, one might ask if a magazine needs to include the ordinary or prosaic aspects of life to be realistic and credible.

That question was eloquently answered by the *Du Pont Magazine* (issued bimonthly by Du Pont’s Advertising Department). Like a searchlight slicing through the darkness, that magazine provided a dazzling flow of Du Pont’s greatest products and achievements. That happy magazine was totally void of the commonplace and confirmed the vast potential that existed within Du Pont. That magazine also demonstrated that men existed within Du Pont who held greatness above the ordinary and insignificant. That magazine concretized the reason to fight for the great values of Du Pont.

The difference between *Better Living* and the *Du Pont Magazine* reflected much more than the editorial differences expected between a magazine issued by the Public Relations Department and a magazine issued by the Advertising Department. A comparison of article headings in the following table illustrates the profound philosophical and view-of-life gulf that existed between those two magazines.

¹*Better Living* is a bimonthly magazine published by Du Pont’s Public Relations Department.

Neo-Tech IV
Creating Business Values

Table 2 <i>DU PONT MAGAZINE VERSUS BETTER LIVING MAGAZINE</i>	
<i>Du Pont Magazine</i>	<i>Better Living Magazine</i>
Cover Photo: A chic, intelligent-looking woman projecting self-esteem and confidence of self-earned values.	Cover Photo: A grinning, un-groomed girl celebrating the forceful occupation of private property (Columbia University) by a mob whose members chose to usurp and destroy values produced by others.
A Slick Assist for Snow Shovelers (“Teflon”)	Youth: A New Society
Goodyear’s Gas-Filled Fleet (“Hypalon”)	What’s it all About
A Cover that Keeps Rolling Along (“Teflon”)	The Quarrel with the Establishment
A Fabric of Freedom (“Dacron”)	Does Business Really Care
Beautifully Blended for Fashion (“Orlon”)	The New Left
Enhancing the Character of Quality (“Minute Bleach”)	The Church — Will it Survive
Helping Industry to Keep its Cool (“Teflon”)	Youth Reject Racism
Speeding up Chemical Separations (APC Tablet)	Youth at the University of Michigan
What’s New (“Birox”, “Mon-Soon”, Polysilicates, “Cronor” gravure Film, “Tri-Seal”)	

The two magazines were philosophical opposites. The *Du Pont Magazine* reflected a cheerful, guilt-free admiration of the values and products that had arisen from Du Pont. *Better Living* reported on Du Pont’s values in an apologetic, resentful manner while saluting the standards of altruism and egalitarianism, which

Neo-Tech IV
Creating Business Values

demand the looting and destruction of Du Pont and competitive capitalism. All doubts about the philosophical nature of *Better Living* were eliminated with subsequent issues that began with the destructive mixing of great achievements with the mundane. Those subsequent articles represented the inevitable disintegration of rational values by the altruistic philosophy.

After an editorial that explicitly suspended moral judgment,¹ the entire 32-page issue of *Better Living* proceeded to idealize those who sought to destroy competitive capitalism and the profit-making ability of industry. That 32-page spread saluted those collectivist conformists who hate and fear capitalism because they are incompetent to compete in free markets — incompetent to meet competitive standards that demand discipline, thought, effort, and the production of values. Those standards require man to think rationally and produce values for others and society to survive.

Under the title, *Youth: A New Society*, that issue of *Better Living* projected a potpourri of impotent, anticapitalistic conformists as “honest”, “idealistic” youth. That “honesty” and “idealism” epitomized the dishonesty and fraud of that article: Youth who substituted emotion for reason and feelings for facts as their guide to action were blatantly dishonest and destructive. Moreover, youth who chose to evade their responsibility to produce rational values for others were neither honest nor idealistic.

The supreme injustice of *Better Living* was committed against those youth who had not surrendered to dishonesty...against those youth who were struggling to achieve rational goals and values. But the most destructive injustice of *Better Living* was committed against Du Pont and capitalism. By implication, that issue besmirched Du Pont and competitive capitalism with all the real and imaginary ills of this world. Not one word in *Better Living* was dedicated to the only rational purpose of Du Pont...to generate expanding profits for its stockholders by increasingly producing

¹Quote the editorial, “We are describing — neither condoning or condemning it — this phenomenon because it is rapidly moving front and center.”

Neo-Tech IV
Creating Business Values

competitive values for others and society. Not a single word was dedicated to the supreme moral value of Du Pont...an efficient organization in which individuals could utilize their rational minds and productive efforts for their own and loved ones' well-being and happiness by providing benefits to others and society. ...Those who produced *Better Living* gained their dishonest, destructive livelihoods from Du Pont. And Du Pont management willingly paid their salaries!

Every Du Pont executive should carefully read that issue of *Better Living*. Observe the massive, envious, unearned guilt foisted upon the businessman, Du Pont, and free enterprise. Observe the implicit threats and sullen malevolence that exudes from beneath the "properly tempered" words and the measured praise for Du Pont's incongruous efforts to meet the demands of the value-destroying altruists. Look at the pictures ...look carefully into the faces of those demanding that business sacrifice itself to the "good of society". Their expressions range from the robot, joyless faces of desperately dependent conformists to the loathing, power-seeking expression in the face of Ralph Nader to the raging faces of the militants screaming for blood and destruction.

All those faces can be reduced to one common expression ...fear...fear of competitive capitalism...fear of the hard work and honesty required to produce competitive values for others...fear of competing with value producers. To survive, those nonproducers must depend on the producer being tricked or forced into sacrificing earned values to the "good of society" — to them, the nonproducers. Remember those faces in *Better Living*...you will see them again. And you will not have to wonder who provided those "idealistic" youth with the sanction to cripple and then destroy Du Pont.

"1 + 1 + 1" Movie

The long-term increase or decrease of common stock prices for any company can be forecast from its management's philosophical projection of capitalistic principles. The movie "1 + 1 + 1" released by Du Pont's Public Relations Department

Neo-Tech IV
Creating Business Values

with sanction of the Executive Committee, afforded an unusual opportunity for an in-depth analysis of management's philosophical projection of capitalistic principles:

Du Pont is an awe-inspiring subject that symbolizes the pinnacle of accomplishment. Du Pont is a proud example of man's potency toward which all humans can lift their eyes for inspiration. Consider how Du Pont was treated in "1 + 1 + 1", a movie shown to most Du Pont employees and to millions of Americans:

A breathtaking skyline of New York City appeared. Exultant music played. The bold Du Pont oval filled the screen. Firm and steady words spoke of the marvels that man has created with steel and concrete. Yes, yes, one could eagerly agree. That was Du Pont. That was the story that should be told...exultant, bold, breathtaking. But that spine-tingling emotion lasted only a moment. The camera promptly zoomed into close-up shots of the "man in the street". With the focus on the group and the common man, the magnificent spell was broken.

Why did the moviemaker do that? Was he implying that the "man in the street" or the group was responsible for the great achievements symbolized by the skyline of New York? Was not that movie supposed to stress the individual? What about the few, uncommon individuals...the innovators, industrialists, scientists, and artists? It was those uncommon individuals who gave us the great values of "music, steel, and concrete". How could the moviemaker commit such an oversight? Or was it an oversight?

The scene shifted. A voice told us of Du Pont's 86 factories and 100 laboratories spanning the globe. From barren earth, factories of production rose majestically. For an instant, that thrilling emotion returned. Then came the jolt. The scene shifted. The voice changed. The value of Du Pont's factories was obliterated by a female voice sighing that the new plant will bring "A lot of young men, I hope."

Why was the moviemaker building heroic images of Du Pont only to shatter them? Why was the moviemaker purposely spoiling values? Why was he mixing poison with food? Did he not know the only results can be poison?

Neo-Tech IV
Creating Business Values

The movie continued. A statement was made, “Some men’s urge to make life better takes them down wondrous roads.” What were those wondrous roads? No explanation. Instead, the moviemaker raked the audience with a ludicrous pandemonium of old-fashioned cars speeding around corners, and water skiers engaged in spectacular falls. Another statement was made, “Man must be unique.” The next scene showed a pie-eating contest and then a dozen or more youths in coon-skin coats riding in a single automobile. Mixing purity with poison...the mind with the mindless...values with non-values — an ancient neocheating trick to destroy values. What was the moviemaker’s motive?

What was the meaning of that film? The movie pressed onward. The narrator revealed that over 2500 Ph.D.s worked for Du Pont. The narrator then announced that today’s science was a “meshing of groups”. What did “meshing of groups” mean? No explanation. Was not this movie supposed to stress the individual? Again, what about those few individuals who were responsible for all the material values we have today? No mention was made of them.

The scene shifted to technical management in action. Hope surged for a glimpse of greatness. Now will the value of the individual appear? No. Instead of crisp, intelligent men making meaningful business decisions, the scene wilted into altruistic torpidity. A woman inarticulately spoke about helping mankind by nitrogen fixation. She spoke as if the excuse for Du Pont’s existence was to help the global indigents. Her words, sounding more like a bovine moan, were not those of a confident, productive human being. Was that the moviemaker’s portrayal of management in one of America’s greatest corporations?

Next came a scene about Du Pont explosives. Instead of depicting how explosives have so benevolently lifted a torturous burden from man’s shoulders, the scene disparaged human intelligence. A scientist was presented. He proceeded to express himself with garrulities such as “those cats think explosives are for war”. Did that reflect the seriousness and intelligence of the Du Pont scientist? At that point, the moviemaker introduced his metaphysical view of the science: “Let the scientist miss and miss and begin again” was presented as the *modus operandi* of the scientist. The focus was on failure.

Neo-Tech IV
Creating Business Values

No acknowledgement or recognition was given to those competitive, value-producing scientists who think long-range and achieve great goals through carefully planned, exceedingly difficult, hard work. Instead, the audience was garroted with the fallacious image of a “crackpot” scientist mindlessly mixing together everything in sight and meeting failure after failure until by chance he stumbled onto a great discovery. Was this the moviemaker’s metaphysical view of science? Was man’s mind impotent and technical achievement a matter of chance or accident?

How did the moviemaker project those precious few individuals who choose to use their minds and exert supreme rational effort in order to discover, innovate, produce, and market products that have generated hundreds of millions of dollars in profit for Du Pont? Their work was summed up in one sentence. “Things blew apart and everything”. What was the meaning behind that seemingly frivolous remark? Was the moviemaker informing us that those great achievements required no special effort or intelligence? Did nylon evolve by a process of things blowing apart? Was that the moviemaker’s view of man’s accomplishments? Could anyone present such a dishonest, resentful, envious view of competence and achievement?

How were the end results of major technical achievements portrayed? Mylar® was selected as an example. Its value was promptly reduced to a toy butterfly. What about the value of knowledge? A Du Pont scientist spoke of his past. He referred to himself as a defrocked organic chemist and wondered why he ever obtained a Ph.D. degree. No explanation was given. The man was left appearing as a diffident fool for his past efforts. The man then explained that his genetic makeup made him what he was. Did not that mystical, predeterministic view negate the value of man’s mind and his volitional discipline, effort, and free choice?

What about the value of man achieving his long-range goals? A sequence began with an obviously intelligent man making the rationally correct statement that “man has to satisfy the need to build”. Indeed he does. Man’s most fundamental need is to build (to produce). How did the moviemaker project that? The next scene showed a descending foot crushing a child’s sand castle.

Neo-Tech IV
Creating Business Values

Why? Is what man builds so tenuous and meaningless that his work can be crushed to nothing at someone's random whim?

What about the moviemaker's view of absolutes? His view was projected by a factory scene: A worker asserted that there was too much supervision. The next worker asserted that there was too little supervision. What purpose did that seemingly innocuous scene serve? Was it to show that one side is as valid as the other...that everything was a matter of opinion...that there was no right or wrong way...that whatever one felt was right...that there was no objective reality?

The scenes went on and on. Build up and tear down. A skyline was silhouetted with beautiful new factories. What significance was attached to those factories? Only one specific message was projected — new factories caused problems of uprooting, relocation, and retraining. What about the products, jobs, profits, and competitive values generated by those factories? ...Silence.

What about the most important facet of man's life — his productive work? Man and his work were sloughed off in ten seconds with the statement, "man must do his own thing while inside the Company". The scene shifted to man's activities outside the Company. In a lengthy persiflage of bizarre nonsense, we were bombarded with an incoherent collection of silent flickers blended with all the modern, mind-blowing psychedelic effects. Why? For what purpose? Was the moviemaker telling us that man's work was no more significant than a perfunctory statement that "he must do his own thing" and his other activities were no more worthy than meaningless pantomime and boring psychedelic effects? Could anyone possibly hold such a malevolent view of man and his life? Let us continue with the movie:

The desecration of values, man, and Du Pont continued at an accelerating pace. Du Pont employees *at work* were associated with pin-up girls, slogan-painted lab coats, and hippy buttons. The basic technique continued...show a value and then tear it down...show a man producing at his work and then knock him down with a slogan-painted lab coat or leave him leering at a girlie picture.

The moviemaker's technique reached the climax with the scene

Neo-Tech IV
Creating Business Values

of the Executive Committee. Waiting in desperate hope for a glimpse of greatness, one found himself begging the movie to preserve values here...with the men who run that great, productive company. In the Executive Committee, one must find firm-faced men with clear, honest eyes...men whose voices were strong and confident...men who talked of important matters, such as production, profit, and values...men who talked of awesome business transactions, heroic discoveries, and fearless plans. But, alas, one was told apologetically that “someone had to run the store”. Everyone was then gratuitously rammed with personalized close-ups of the men one wanted to keep at an impersonal distance in order to uphold them as ideals and sources of inspiration. Yes, everyone was assaulted with poster-size faces of the “warm personal man next door”¹.

Was the moviemaker telling everyone that the leaders of Du Pont were nothing more than a group of regular guys? Did it take no one special to run E. I. du Pont de Nemours & Company...just the man next door? The fist hit hard. The Executive Committee was the last place one wanted to see the regular guy. One’s soul pleaded for something better, a glimpse of a hero, a glimpse of inspiration. The rest was anticlimactic. No words were uttered of awesome business transactions, thrilling discoveries, or fearless plans. Instead, one heard only of personnel problems, pollution problems, and safety problems.

Nothing seemed to matter after that scene of the Executive Committee. One could watch with indifference as a plant manager obsequiously apologized to the mayor of a city for a new Du Pont factory by explaining that “Du Pont did not want to lean on people or be a problem, but wanted to help solve problems”. Nor did it matter any more when the narrator implied that Du Pont had to cajole college graduates into marketing careers. It no longer mattered that the wonderful values available through marketing careers were ignored.

But one final shock remained. It bludgeoned the senses in a

¹The moviemaker was not completely successful here. A few faces did not yield. They reflected a dignity and self-esteem that even the moviemaker with all his modern techniques could not pull down.

Neo-Tech IV
Creating Business Values

thundering broadside. In the final denouement of the moviemaker's soul, the most indisputable values of Du Pont — its magnificent array of commercial products — were reduced to the level of the “inscrutable jellybean”. One by one the wonderful products of Du Pont were paraded before everyone to be wantonly besmirched with alternating, out-of-focus scenes of strident, blank-faced youths, writhing with loose, flopping mouths and glazed eyes. One by one the products of Du Pont were flung onto a carrion heap of tortured motions, primitive drum pounding, and flashing lights that accurately reflected a schizophrenic's view of life.

The great products with all the heroic efforts of individuals who chose to use their minds...all the benevolence, achievement, and inspiration that Du Pont represented...all those great values and achievements were trampled into the joyless, Marcusian-Kafka jungle of the parasitical collectivists and professional mystics whose darkling minds viewed with hatred every value that Du Pont delivered to society. ...Could anyone hate life and its values that much?

With howling screams ringing in one's ears and the neocheaters dancing on Du Pont's murdered spirit, the movie ended with brashly incongruous proclamations about the value of the individual. The movie inextricably wove Du Pont into the anticapitalistic dishonesties that are moving throughout the world. The movie maker was successful...brilliantly successful. The movie “1 + 1 + 1” will accomplish precisely what its creator intended the movie to do — drive nails into the coffin of capitalism. And when the last nail is driven, all the benevolence and happiness possible to man will be sealed in that coffin.

How could a mere movie have such devastating effects? This is how: Think back...think far back into your childhood. Recall that precious time when one could romantically look to the future as a life of boundless happiness and goals to achieve? Remember eagerly seeking values, knowledge, and facts? That spark of life, however brief, exists in every child. But most choose to let that spark flicker out — to give up so early in life. Most forever extinguish that spark, never to know life again. A few hang on longer. Fewer, still, never give up. In them, a hidden spark

Neo-Tech IV
Creating Business Values

forever burns. And it is they who count. It is they who become the heroes of life.

The movie “1 + 1 + 1” is the instrument that will break those still struggling to hold on. Implicitly to them, United States business is the last bastion of reason...the last source of inspirational values. Capitalism is the lifeline they unknowingly cling to. As the movie “1 + 1 + 1” was shown throughout the land, thousands of those young, precious sparks quietly flickered out. So subtle was the movie that few will ever know why. But those who read this document will forever know why. To those who saw “1 + 1 + 1”, recall the emotions at the conclusion of that movie: Aside from a vague feeling of malaise one might have felt, aside from an undefined nagging that something was wrong, what other emotions could possibly be experienced? One could experience only boredom, indifference, puzzlement, sadness, or resignation. With the strength and vitality drained from a once proud image, Du Pont was left hat-in-hand apologizing for its existence. Du Pont was left as an empty, hulking skeleton of effaced values...not even worthy of having its name in the title of the movie.¹

What was the reaction to this movie by those young minds after being inculcated with forty minutes of subtly specious but powerfully effective anti-heroic, anti-mind scenes? To those who had already given up, only a lethargic “so what” was possible: They were saying “so what” not only to the movie, but to Du Pont, business, capitalism, and their own lives. ...As they gave up and their sparks flickered out, so went the future of Du Pont and capitalism.

¹*Management Newsletter*: “‘The film’, Strauss says, ‘takes advantage of many visual, shorthand techniques to tell a story that informs and motivates without preaching, puffery, or the heavy hand of corporate self-congratulation.’” *Better Living* stated: “The moviemakers (Henry Strauss & Co., Inc. of New York City) provided no traditional story line. Instead of a continuous band of narrative, the impressions were assembled, then tumbled against each other like brilliant shards of glass.” For what purpose? For what value?

Neo-Tech IV
Creating Business Values

No, the producer of “1 + 1 + 1” was not responsible for such crimes. The responsibility belonged to the corporate management for failing to protect the ideals of Du Pont and competitive capitalism. Men such as the producer of that movie would be powerless without the sanction and support of such quisling managements.

Nearly twenty years before, a movie was produced under a different management — a management that took Du Pont to the heights of profitability and common-stock values — the movie was entitled *The Du Pont Story*. Those who recalled that proud and glamorous movie vividly grasped the opposite philosophical view of that management. That earlier management took Du Pont to the height of profitability and value. The subsequent management replaced that management with “liberal views” as a route to “higher” values. Du Pont stock sold for \$278 per share. Eleven years later, Du Pont stock had fallen to \$92.50 per share. Does that represent higher values? Or do such “higher values” represent value destruction?

Speeches and Statements
by Major Du Pont Executives

In one last desperate hope, one might rationalize that the *Management Newsletter*, *Better Living*, and the movie “1 + 1 + 1” reflected only the views of its writers and editors and not the philosophy of Du Pont management. That hope promptly dissipates on examination of speeches and statements of certain key executives who controlled Du Pont management. Their words were philosophically consistent with the *Management Newsletter*, *Better Living* and the movie “1 + 1 + 1”. Their own statements demonstrated that Du Pont management was abandoning capitalistic standards for mystical, altruistic standards:

McCoy Tells of Need to Cure Social Ills.

Article Headline

Wilmington News-Journal

Casting an undefined pall of guilt on industry for the “social ills” of man, the President of Du Pont, Mr. McCoy, implied that private enterprise had the duty to cure those “social ills”. He

Neo-Tech IV
Creating Business Values

then declared his intentions to “serve society” through the Du Pont Company. With no reference to serving the stockholders and a perfunctory reference to profits, Mr. McCoy stated the lip-service non sequitur that “nothing is mutually exclusive about making a profit and serving the needs of society.”

As Mr. McCoy led Du Pont into the “service of society”, the press eagerly reported his views and actions:

Du Pont President sees unique role for industry in solving society’s problems.

— Chemical and Engineering News

Ironically, that same magazine revealed the inevitable results of abandoning capitalistic principles to altruism:

Earnings are still far below their peak, and this year will bring, at best, only a small improvement over last year’s performance. Du Pont’s stock price is less than half what it was four years ago and it has been falling all year.

— Chemical and Engineering News

On the same day that *Chemical and Engineering News* published its article about Mr. McCoy, the *Wall Street Journal* published comments on the performance of Du Pont. Those two articles provided a grimly realistic cause-and-effect dialogue between altruism and profits as shown in the following Table 3.

Table 3
DESTRUCTIVE ALTRUISM <i>versus</i> PRODUCTIVE PROFITS
<p>CAUSE — “Although Mr. McCoy is now faced with the responsibility of getting his vast company really moving again, he also gives very deep thought to the increasingly critical role industry must play in society in the years ahead.”</p> <p style="text-align: right;">— McCoy, <i>Chemical & Engineering News</i>.</p>
<p>EFFECT — “The stock may be cheap like some people say — but where’s the incentive to buy when the outlook is so hazy?”</p> <p style="text-align: right;">— <i>Wall Street Journal</i>.</p>
<p>CAUSE — “The challenge is for industry to devise more imaginative ways to place its technological resources in the service of man; to couple its business goals with the clear and pressing needs of society.”</p> <p style="text-align: right;">— McCoy, <i>Chemical & Engineering News</i>.</p> <p style="text-align: right; font-size: small;"><i>(table continued on next page)</i></p>

Neo-Tech IV
Creating Business Values

Table 3 (continued)

DESTRUCTIVE ALTRUISM *versus* PRODUCTIVE PROFITS

EFFECT — “How the mighty have fallen,” remarked one fund manager. The reference was to the stock of Du Pont.

— *Wall Street Journal*.

CAUSE — “Society will reward those that help unclog our highways, rebuild and revitalize our cities, cleanse our streams, and conquer poverty and disease, not those whose pursuit of the dollar blinds them to such needs.”

— McCoy, *Chemical & Engineering News*.

EFFECT — “Investors’ increasing disenchantment with Du Pont stock is largely based on what Richard Berkley of H. Hentz characterizes as an uninspiring earnings record over the past 10 years.”

— *Wall Street Journal*.

CAUSE — “In Mr. McCoy’s view, industry has already moved away from the narrow idea that business corporations are merely organizations to make and sell goods to provide a fair return to their owners. Instead, he says, we have to come to look upon our enterprises as mechanisms invented by society to translate scientific knowledge into the goods and services that society needs.”

— McCoy, *Chemical & Engineering News*.

EFFECT — “But if you’re a level-headed investor, you buy performance. And Du Pont — based on its record over the last 10 years — hasn’t shown it.”

— *Wall Street Journal*.

President McCoy must be held responsible for the deteriorating performance of Du Pont. Mr. McCoy was hired as the chief executive to serve the stockholders. He was paid by the stockholders to protect and enhance the financial value of Du Pont. A president of an industrial corporation is not paid to solve society’s problems or to cure “social ills” with the earnings and property that belong to the stockholders.

Neo-Tech IV
Creating Business Values

Were not other executives also responsible for abandoning capitalistic principles and the resulting poor performance of Du Pont? Yes. And they must also be held responsible to the extent they neglected, misused, and damaged the stockholders' property. In examining the speeches and statements of other major Du Pont executives, however, one discovers a profound difference between *some* executives and Mr. McCoy. While the speeches and statements of those Du Pont executives contained philosophical errors and varying degrees of compromise to altruism that were contrary to the best interests of Du Pont, their projected views still remained basically pro-capitalistic. To varying degrees, they recognized and upheld the values of Du Pont. In other words, a few executives still displayed view points that, although often blighted with sprinklings of altruism, were nevertheless based on capitalistic premises. Mr. McCoy's views, on the other hand, were based solidly on altruistic premises that were "justified" with bits and pieces of pragmatic "capitalism". That fundamental difference in viewpoints becomes vividly apparent in Table 4 on page 434 in which the mystical statements by altruist president Charles B. McCoy are compared to the honest statements by dedicated executive Pierre S. du Pont who recognized and upheld the values of capitalism.

The profound difference between the viewpoints of those two men is self-evident. Mr. McCoy's sad, guilt-ridden view of man's nature and achievements contrasted sharply to Mr. Pierre du Pont's benevolent, guiltless view of capitalism and the benefits it bestows upon all mankind. On reviewing other speeches and public comments by Mr. McCoy, one fails to find a single word of admiration or recognition of capitalism or the marvelous plethora of material and financial values that emanate from the Du Pont Company.

Mr. McCoy's view of capitalism, technology, achievement, and Du Pont was one of disparagement and effacement as evidenced by the following public statement made in his speech before the Society of Chemical Industry:

"There are people so enthusiastic about technology that they assume it is going to solve all our problems. It's nice to have such trusting friends, but they are operating

Neo-Tech IV
Creating Business Values

under an assumption that can only hurt us more than anyone else. We cannot meet this blanket contract. When they discover this, as sooner or later they must, they are likely to be angry as well as disappointed. They will think we let them down. Perhaps to an extent we have brought this on ourselves by claiming so many wondrous products and monumental discoveries. Be that as it may, would we not be well-advised in the future to make doubly sure that our propaganda stays in line with practicality? Could we not profit from a more open and candid acknowledgment that we have limited expertise?"

What standard was held by a man who projected technology and human achievement in this manner? What long-range inspiration, daring progress, or heroic achievement could ever evolve from such a standard?

Here a logical question arises: Why did the Board of Directors, the majority of whom are presumably productive men on capitalistic premises, elect Mr. McCoy as the president of Du Pont? What is the underlying reason for their selecting a value-destroying altruist as president? Today, most businessmen are confused and bewildered by the irrational, anticapitalistic culture raging about them. Instead of being hailed as the heroes of mankind that they genuinely are, productive businessmen are maligned and assaulted with blame for the world's "social ills".

The rational businessman, in his innocence, does not understand the reason or the nature of the mounting assaults against him and his business by the news media and by the growing hordes of value-destroying altruists, politicians, and pseudo intellectuals. He has not gained the philosophical knowledge to explicitly identify that he is right and good and they are wrong and evil. He represents the creation of values through rational thought and action, and they represent the destruction of values through force and coercion. He represents the honest and intellectual; they represent the dishonest and anti-intellectual.

Having neither the knowledge nor the stomach to deal with the inscrutable irrationalities besieging him, the businessman usually commits a major error...he avoids thinking about the dishonest hypocrisies surrounding him. Instead, he seeks ways

TABLE 4
SENSE-OF-LIFE COMPARISON

Cheerful, Productive, Hard-Driving Capitalist

**Pierre S. du Pont Speech
(Integrated/Business Mind)**

“The United States became the strongest and most prosperous nation in the long history of mankind. Its reputation for wealth and generosity grew to such proportions that a successful motion picture was based on the idea that the way for a nation to live happily ever afterward was to lose a war with the United States and get on the list of foreign aid.

“United States, one of the rarest things the world has ever known — a country with a surplus of food. Most of the world, even today, lives almost literally from hand to mouth, on the verge of famine and starvation. Indeed, famine and starvation are an annual way of life in far too many areas of the world. The United States is a most happy exception.

“If the average American — the common man, which I suppose includes pretty much all of us — could be made to understand the importance of this question to him, and the fact that he has a major responsibility to make sure that his selfish and personal interests are protected, then I believe our economic structure would be invulnerable.

“We have here what ought to be the most salable product on earth, and yet all available evidence is that the great bulk of those advantaged by it do not appreciate it, do not

Gloomy, Destructive, Guilt-Projecting Altruist

**Charles B. McCoy Speech
(Altruist/Criminal Mind)**

“We always come out with pretty much the same laundry list: food supply; population control; housing and urban renewal; pollution control; improvements in medical care and in the cure and prevention of killer diseases; development of alternative raw materials to supplement scarce natural resources; improvements in transportation, especially in densely populated areas.

“There is deep concern that technology is not working as it should in the service of man, and that organizations closely identified with technology — including our industry very pointedly — are steered by the profit motive into projects that are low in priority or even destructive.

“It is said that too much technical skill is wasted on projects that are glamorous but essentially frivolous, while too little is focused on problems such as hunger, pollution, the decay of our cities, and the psychic destruction of the people who live in them.

“There is concern about the side effects of technology, the ‘accidents’ that seem to occur all too often. There is concern about the long-term effects of the use of chemical materials, as in the case of agricultural chemicals. There is a growing fear that we have unleashed a force we can no longer control, a force doing irreparable damage to the

TABLE 4
SENSE-OF-LIFE COMPARISON

know or care whether any of it is in any danger, and do not consider, if it is, that they have any responsibility to do anything about it. This adds up to perhaps the worst selling job in the long history of mankind.

“This becomes especially evident when you consider that those who have failed in this task have always been considered as pretty impressive in the field of selling. I mean the representatives of American business and industry. Who else can be held responsible? When you come right down to it, who else is interested in tackling this selling job? I’m afraid the answer is nobody. It’s up to us.

“Because of this, some have become discouraged and feel it is an impossible task to win the active and dynamic support of American men and women for the system that has provided a way of life that not even kings and emperors enjoyed a century ago.”

biological balance of the planet.

“More and more, we are hearing serious questions about the meaning of the word ‘progress’. It is no longer taken for granted, as it was for many years, that more technology and more economic growth automatically add up to improvements in the human condition.

“They are as likely as anyone else to raise the question we hear so often today: ‘If we can put men on the moon, how come we can’t clean up the mess down here?’

“Perhaps to an extent we have brought this on ourselves by claiming so many wondrous products and monumental discoveries.”

Neo-Tech IV
Creating Business Values

to mollify those menacing anticapitalistic forces by making financial amends for his lack of “social” consciousness, by making “practical” compromises, by supporting their “humanitarian” causes, or by cooperating to alleviate their “just grievances”. He does not realize that his cooperation and support are providing those anticapitalistic neocheaters with the power and means to destroy him and his business. Thus, that businessman becomes increasingly bewildered as the irrational demands escalate. He often assumes unearned guilt and self-blame for not understanding or knowing how to answer the “socially concerned” news media, the “significant intellectuals”, the “idealistic” youth, the “reforming” politicians, the “concerned” clergy, the “humanitarian” altruists, and all other professional mystics and neocheaters swirling about him.

As the threats and harassment mount, the businessman may seek someone who better understands the emerging “new culture” — someone...anyone who will be more favorably received by the news media, youth, politicians, and the “socially concerned”. With such a misguided view, the directors of a company become prone to select the worst possible candidate to lead their company. Instead of selecting a businessman who would protect and enhance the value of their company through implementing capitalistic principles, they seek a man who could “attune” their company to the “demands of society”, a man who could communicate with “social” intellectuals and “social” leaders, a man with a “social” conscience — a professional altruist.

Such self-defeating acts by businessmen occur through the disease of acting on the basis of what others think, feel, or wish rather than on one’s own independent judgment of factual reality. Business decisions based upon what others think undermines the earning potential of companies such as Du Pont. Indeed, most research and marketing failures at Du Pont occur through those who validate decisions not on facts and independent judgment but on what others think, feel, or wish. That intellectually crippling affliction is the consequence of adopting altruistic standards.

With capitalistic standards, each person must think for one’s own self to compete and succeed. Indeed, altruism would vanish in a world of value producers who think for themselves and accept

Neo-Tech IV
Creating Business Values

the facts of reality as the only valid basis for action. ...The professional altruist negates the integrated, rational use of one's own mind. Furthermore, to sustain his bogus livelihood, the professional altruist must keep the producers from thinking for themselves so they will obey the demands of professional mystics and neocheaters.

“That question cannot be answered in technical terms alone. It depends on social and political factors as much as economics. It depends on the attitudes of people within the technical work force, and what society expects and demands of them.”

— McCoy, Speech

Mr. McCoy's statement speaks for itself. How could any technical achievement capable of generating major profits evolve from Du Pont or from any company when its chief executive subjugates technology and facts to the expectations and demands of an undefinable, nonexistent form of “superior intelligence” that Mr. McCoy calls society. The “superior intelligence” or the “higher good” is the mystical rationalization by which all professional altruists justify their destruction of values. That “superior intelligence” or “higher good” can assume any unreal, mystical form such as “a society that expects and demands”. Plato, the philosophical father of altruism and mysticism,¹ first introduced this concept with his various forms of “higher realities”².

With Immanuel Kant transmitting the philosophy of sacrifice from the Dark Ages, Georg Hegel prepared altruism for the twentieth century. Indeed, the horrors and destruction of Nazi

¹Altruism is tied to Plato's mysticism. For, no rationality, facts, or logic can support altruism. Thus, faith is the cornerstone of the altruist's eternal promises for a better future: “...Mr. McCoy has a sublime faith in the chemical industry in this future of growing technological application to the good of society.” *Chemical and Engineering News*

²There are no “higher realities”, only objective reality. Thus no “higher good” exists to which man can be sacrificed because the highest good is man himself. No “higher cause” (or “society”) exists to which individuals can be sacrificed, because the highest cause is the individual.

Neo-Tech IV
Creating Business Values

Germany reveal the final results of altruism. Adolph Hitler was the ultimate practitioner of altruism. His explicitly stated enemies were rationality, capitalism, and individualism. Using the philosophical ammunition of Hegel and the morality of altruism, he perfected a new “higher good” to which anything and everything could be sacrificed without question. Hitler called his mystical “higher good” or “higher cause” the *National Will*.

“The states and municipalities, and certainly private industry, must look to the Federal level not just for coordination and specific legislation, but first of all for a clear, consistent statement of the *National Will*.”

— McCoy, Speech

The future value of a corporation by nature is determined by the philosophical position of its management. Indeed, this document identifies the business values being destroyed by management’s mystical philosophy of “higher causes”. While the harmful effects of management’s altruistic philosophy are creeping into every phase of Du Pont’s business (research, sales, manufacturing, administration), those effects are most vividly observed in art. Indeed, one’s philosophical views are openly revealed in one’s artistic choices and preferences. Art expresses man’s deepest view of life and himself. How does that view apply to the management and business operations of Du Pont?

Consider that architecture is perhaps man’s most eloquent, revealing form of art: A mighty, artistic structure rose in the center of Wilmington, Delaware — the Brandywine Building — the building to house the offices of E. I. du Pont de Nemours & Co., Inc. Watching the silhouetted skeleton of that colossus rise toward the sky, one could experience a thrilling pride in witnessing the bold shape being assumed by that great structure. Viewing the structure of this building, one could grasp everything that Du Pont has meant to man. The structure embodied all the creativeness and innovativeness of man. That structure represented the frozen intelligence of man’s most magnificent achievements. What an appropriate symbol for Du Pont — perhaps the most innovative, creative company in history. One anxiously awaited for that girdered skeleton to become alive with a sleek skin of glass and

Neo-Tech IV
Creating Business Values

steel. A building saluting the achievements of Du Pont. A building with striking, objective beauty.

With disbelief and initial horror that gradually turned to sadness, one watched the desecration of that building take place as workers installed each gloomy slab of massive stone. Increasingly those slabs disfigured that beautiful structure. A building to house a company that symbolized everything productive and creative about man was transformed into the antithesis of modern architecture. The Brandywine Building was wantonly mutilated into an ugly, expensive, medieval structure. That structure reflected the torturous, physical burdens of the Dark Ages during which the lives of men were consumed in back-breaking toil to erect massive, stone structures with sunken slits for windows. Such was the desecration of the Brandywine Building.

Architecture, as any form of art, reflects the deepest views of its creator as well as the views of those who approve and finance the architecture. A building that should reflect modern man's mastery of nature was dragged back through the centuries to emulate a medieval structure. That structure conjured visions of penitentiaries and monasteries with the accompanying emotions of oppressive guilt and tortured screams. The Brandywine Building was transformed into a structure void of joy and happiness.

The future of any company depends on the philosophical premises of the controlling management. If a management on capitalistic premises ever again assumes control of Du Pont, those oppressive walls of stone will come down. Rising proudly in their place will be glittering sheets of light, airy glass and sleek strips of steel and concrete. When the Brandywine Building is delivered into a joyful, glistening structure by modern man and for modern man, one will know that Du Pont management is once again operating on the mystic-free standards of capitalism.

Neo-Tech IV
Creating Business Values

**STATEMENT MADE AT THE DU PONT ANNUAL
STOCKHOLDERS MEETING**

by
Frank R. Wallace
April, 14, 1972

The DuPont Hotel
Wilmington, Delaware

Today, within the Du Pont company exists the personnel, facilities, and capital to embark on a long-range venture designed to lift our company to new highs in earnings, return on investment, and stock prices. To accomplish that goal, its management must adopt a new standard — a standard called capitalism. Why? Because honest, growing, long-range profits can evolve only from the standards of competitive capitalism.

Capitalism, the philosophical child of Aristotle, found birth in the United States and ultimate expression in the Du Pont Company. Here within this building, our company, Du Pont, represents the apex of intelligence and civilization. ...Du Pont is a triumphant testimonial to man's mind, potency, and value.

One man...one individual stands at the base of this magnificent, commercial achievement. In 1802, Mr. Eleuthère Irénée du Pont began a capitalistic venture. With earned profit as his motive...with unflagging effort and his own mind as his tools, that man chose to function as man should — as a producer of values. The results? Look. Look around this room. Step outside and look. Look across this city...this state...across our nation. Look around the globe. One cannot imagine a more eloquent testimonial to the potency of man than E. I. du Pont de Nemours & Company. Man and capitalism together are the essence of values and wealth...of civilization and mastery over nature...of man's well-being and happiness. Capitalism is the standard for man on earth.

Yet today, Du Pont, along with many other major companies, is increasingly operating on a different standard...a standard directed toward a mystical "higher cause". That

Neo-Tech IV
Creating Business Values

standard is altruism...a destructive morality diametrically opposed to productive capitalism. As capitalism creates ever-expanding values for man, altruism consumes or destroys values in the name of an imaginary “higher cause”, such as society or the national will. Within capitalism there is no higher cause than man, the individual. Within Du Pont, no higher cause exists than serving the stockholders by increasing their long-range common-stock values. How is that accomplished? By increasingly delivering competitive values to others and society.

This idea...this message, must not be a call into silence. For, the owners, the stockholders, must have productive individuals on capitalistic premises once again lead their company. Today, a few such value producers still exist within Du Pont. Those precious few are quietly carrying thousands, tens of thousands, of employees on their shoulders. The owners, the stockholders, must see to it that those precious individuals be the ones who manage their company. Du Pont will then rise as a mighty phoenix...as the harbinger of capitalism, prosperity, and happiness.

SUMMARY

**All Honest, Long-Range Societal Values
Generated by Business
arise from the
Mystic-Free Standards of Capitalism**

This document reveals how the long-term value of a company is determined by the extent management implements the standards of capitalism. For investors, analysts, and speculators, this document provides an immutable standard to predict long-range, common-stock values. For businessmen and executives, this document provides the basis for expanding both short-term and long-term profitability of their companies. For implementing the standards of capitalism within a company, the following actions are recommended:

1. Dismiss all executives whose corporate actions remain on altruistic standards. Fire all nonproducers and value destroyers.
2. Increase the salaries and responsibilities of those

Neo-Tech IV
Creating Business Values

executives who have demonstrated competence in delivering long-range financial benefits to the stockholders.

3. Establish an Industrial Philosophy Department in order to define business standards based on the principles of competitive capitalism. With capitalistic business standards defined, the Industrial Philosophy Department would then be responsible for protecting the company and its growth. How? By assuring that all short-range and long-range corporate actions were mystic-free.

If the controlling management rejects (1) dismissing value destroyers, (2) rewarding value producers, and (3) acting according to capitalistic principles, then what does that management stand for? What is the purpose of that management? Where will that management lead its company?

Injection of capitalistic principles into every phase of management will lift a company into a commanding advantage over competition while unleashing a productivity/creativity cycle that will generate continually expanding profits and rising stock values.

EPILOGUE

This document seeks those individuals who act on their own judgment and live by their own productivity. For those value producers are responsible for all the long-term profits and competitive values that business generates.

Without the value producer, no profitable enterprise could exist. In business, as in reality, the value producers and only the value producers earn their livelihoods. All others, no matter what their positions or apparent power within a business concern, remain on the payroll by the erroneous grace and innocent sanction of those value producers.

This document calls upon all value-producing executives to (1) inject the principles of competitive capitalism into every facet of their operation and (2) rid their company of all value destroyers in order to increase the long-range financial value of their corporation. Can this be accomplished by the few? Yes, of course.

Neo-Tech IV
Creating Business Values

Although outnumbered and perhaps outranked, those value-producing executives can always exercise de facto control over their company because the existence of every job and the company itself depends upon them.

This document asks all value producers to exercise their potency in establishing business and industry on the objective principles of capitalism...for their own sake...for the lives and happiness of themselves, their loved ones, and all civilization. For they, the value producers, and only they, hold genuine power.

To Purchase The Deep Dive Into Dr. Frank R. Wallace's
Predicting & Winning Techniques
* Click Here *