

The Entrepreneur as Moral Hero

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"For all of its good points, a virtue that commerce lacks is heroism." So stated Michael Novak, the procapitalist theologian, in a recent speech I attended in Silicon Valley. As I pondered his remark, what flashed through my mind was the 1993 movie *Schindler's List*. I don't know what Mr. Novak's conception of heroism is, but by my standards Schindler was certainly a hero.

Recall the Schindler story. Oskar Schindler, an entrepreneur and Nazi party member in German-occupied Kraków, made money by employing Jews who would otherwise have been murdered in Nazi death camps. Schindler's motive in the beginning was to make money, pure and simple. The Jews of the Kraków ghetto were highly skilled and cheap. But after working with hundreds of Jews for months, he started to care for them as humans. Later, when the Nazis threatened to send "Schindler's Jews" off to be slaughtered, Schindler paid off the Nazis until the war's end so that he could save his employees (and, it must be noted, pauperized himself in the process).

Of course, commerce per se did not make Schindler a hero. He chose to be a hero at great personal sacrifice; and commercial interest can't explain why Schindler continued to employ his Jewish workers. But it was commerce that led him to employ Jews in the first place. After Schindler saw Jews working in his factory, he became friends with many of them and cared for all of them. Some movie critics called Schindler "complicated" and "puzzling." But Schindler was about as puzzling as snow in January. Commerce humanizes people: we find, unless we are dyed-in-the-wool misanthropes, that we start to like at least some of the people we work with. It's true that Schindler's actions toward the end of the war showed more courage than most people have. But what led to these actions was his own affection for his employees, something that is quite natural and common.

While Schindler was extreme, the day-to-day activities of entrepreneurs around the world evidence similar heroism on a smaller scale. Take this quiz:

QUESTION 1: Which group of South Africans, other than black workers, most strenuously opposed apartheid?

ANSWER: White employers. Why? Because apartheid prevented them from hiring blacks. White employers wanted the opportunity to hire blacks and were willing to fight--and, for a while, even to flout--the hateful racist laws that prevented them from doing so.

QUESTION 2: Which group in the American South, other than blacks, was the strongest opponent of racial segregation on streetcars?

ANSWER: Local streetcar companies. Before the segregation laws, most streetcar companies voluntarily segregated tobacco users, not blacks. In Augusta, Savannah, Atlanta, Mobile, and Jacksonville, according to Hoover Institution research fellow Jennifer Roback Morse, streetcar companies refused to enforce racial segregation laws for as long as 15 years after the legislation was enacted. They did so because separate cars would have reduced their profits.

QUESTION 3: A sociology professor at Washington University in St. Louis once told me that he had been about to get a good academic job at the University of Michigan in the early '50s when he was told by a university official that, because of his Communist background, he couldn't be hired. He decided that finding a job anywhere in government-funded academia would be difficult during the McCarthy era, and so he postponed his academic career. Where did he get a job?

ANSWER: With a marketing firm. His employers didn't even ask about his politics; they cared only about whether he could write well.

See a pattern? Entrepreneurs are usually in the vanguard in breaking down racial and other discrimination barriers by hiring people in disfavored groups. That makes sense. An important entrepreneurial activity is seeking out undervalued assets.

"Schindler got into [saving Jews] for the wrong reasons." So said Walter Mondale in a speech he gave in Tokyo while he was the U.S. ambassador to Japan. Mr. Mondale's point was that Schindler's original motive was profit. Profit is also

what motivates entrepreneurs around the world to hire those who are discriminated against.

Once you realize this, you can conclude, with Mr. Mondale, that the profit motive is bad. Or you can challenge this view. If you choose the latter, you will join the company of Adam Smith, who celebrated self-interest, which he called self-love. Life would be tough, argued Smith in *The Wealth of Nations*, if our "affections, which, by the very nature of our being, ought frequently to influence our conduct, could upon no occasion appear virtuous, or deserve esteem and commendation from anybody." Translation: how can you attack self-love when it is an inherent part of being human and, indeed, a tool for human survival?

The 18th-century lexicographer and writer Samuel Johnson put it more succinctly: "There are few ways in which a man can be more innocently employed than in getting money."

Because entrepreneurs make money by seeing people's abilities clearly, they often ignore racial and other harmful stereotypes--and show a lot of courage in doing so.