

# THE SELF-

BRIAN MILLER AND MIKE LAPHAM

# MAD

FOREWORDS BY BILL GATES SR. AND CHUCK COLLINS

# MYTH

AND THE TRUTH ABOUT HOW  
GOVERNMENT HELPS INDIVIDUALS AND  
BUSINESSES SUCCEED



An Excerpt From

***The Self-Made Myth:  
And the Truth About How Government Helps Individuals and  
Businesses Succeed***

by Brian Miller & Mike Lapham  
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# Foreword by Bill Gates Sr.

**B**rian Miller and Mike Lapham have very effectively debunked the pervasive self-made myth that lies at the core of our public policy debates today. When pundits or candidates describe progressive taxes as “punishing success,” the implication is that success is achieved by the entrepreneur alone, with little or no help from others. I don’t subscribe to that view.

Miller and Lapham provide an important new narrative—one that accounts for the immense role that government plays in business success. Anyone interested in public policy, and particularly tax policy—including our politicians in Washington, DC, and statehouses across the country—should read this book and reflect on its message.

The reader will be edified by the book’s thorough examination of the ways that government investment supports business success. To choose just one example, publicly funded research from government agencies like the National Institutes of Health has produced economically and medically valuable products that financially benefit both the research institution itself and the entrepreneurs who develop those products. You may agree with me that this public investment also delivers an enormous benefit for all of us.

As an attorney for almost 50 years, I worked closely with entrepreneurs and saw how their business enterprises are boosted by government efforts to create a stable and positive business environment. I also had a front-row seat for the creation and the growth of my son’s business (Microsoft), and I observed the many ways our

country's publicly supported infrastructure, tax laws, government-funded research, education, patent protection, and so forth helped the company grow. As I've said numerous times, I have no doubt that growing the company in the fertile soil of the United States accounts for a significant portion of the value of that enterprise; and if you had plunked Bill down in some developing country, even with all of his intelligence, creativity, and hard work, the company would probably have gone nowhere. Being born in this country is the ingredient that most reliably determines whether a person has the *opportunity* to become wealthy.

*The Self-Made Myth* recapitulates and reinforces the government's role in supporting business and makes the case for progressive taxation and a robust public sector. With a deeper understanding of the roots of individual and business success, one can no longer see progressive taxes as "punishing success" but rather as giving back to support the nation that made one's wealth possible and laying the foundation for the next generation of entrepreneurs.

Some readers may be aware that I have spent a good bit of my time since 2001 advocating for a strong estate tax. I also co-chaired the effort to enact the first-ever income tax in Washington State in 2009. It's critical that we rethink our tax structure in this country, and Miller and Lapham take an important step in that direction by upending the self-made myth and the anti-government narrative that flows from it.

A quick glance at the past 80 years shows that we have had periods of tremendous economic growth in this country when top marginal tax rates were high, putting a lie to the notion that raising taxes on upper-income taxpayers will stunt growth.

At a time when our country is cutting and canceling all sorts of the most basic relief for our disadvantaged citizens, there is a need for our wealthy class to pay income tax in a sum commensurate with the major contribution our society has provided for them. The work of the authors here has made so very clear the need in

this difficult era to provide a level of public support that invests in the future of our country.

It is critical to change the conversation about how wealth is created, who creates it, and the role of government, and this book does that effectively and importantly. And it couldn't be timelier. I urge you to read this book and get engaged in the debate about progressive taxes.

*Bill Gates Sr. worked for many years as a successful attorney in Seattle, Washington, and is active in philanthropy. He has been an active leader in both the national and Washington State debates around progressive tax policies.*



# Preface

This book is born of nearly 15 years of organizing and working with business leaders and other high-income and high-wealth individuals as part of the Responsible Wealth project. Responsible Wealth is a network of 700 business leaders and high-wealth individuals who speak out in favor of progressive tax policies, corporate accountability, and fair wages. They do so because they have a deeper and more honest understanding of their own wealth and financial success, an understanding we call the *built-together reality*, which we lift up in this book.

Responsible Wealth is a project of United for a Fair Economy (UFE), a national organization working across class lines to raise awareness of the dangers of extreme inequality and to promote a more broadly shared prosperity. The authors of this book, Brian Miller and Mike Lapham, are the executive director of UFE and the project director of Responsible Wealth, respectively. For additional information about Miller, Lapham, UFE, and Responsible Wealth, see “About the Authors” at the back of this book.

When doing radio and TV interviews and speaking around the nation, we have seen debates about tax policy and other issues break down over different views of what’s fair and what can be morally justified. We argue in this book that those differing views of fairness are rooted in starkly differing understandings of the origins of wealth and financial success. So instead of arguing about policies, this book is devoted to reaching a deeper understanding of the origins of individual and business success. Is wealth creation and business success the result of the hard work, creativity, and

sacrifice of a small number of self-made men and women? Or is wealth the result of a broad array of actors and forces, hard work being only one of them?

The book is organized as follows:

- The introduction offers an overview of the self-made myth and its consequences, as well as a preview of the built-together reality and the paradigm shift it brings about in the way we view the public policy questions of our day.
- Chapter 1 examines the roots of the self-made myth, its more recent adaptations and examples, as well as additional implications of that myth on the debates of our times.
- Chapter 2 makes visible the often-invisible contributions that government and society have made to the success of prominent business leaders. In doing so it busts the myth of self-made wealth and clears the way for a new understanding of success.
- Chapter 3 lays the foundation of the built-together reality of individual and business success, including an examination of the myriad factors that contribute to the success of individuals and businesses.
- Chapter 4 comprises the bulk of the book, featuring profiles based on interviews with business leaders whose first-person accounts paint a very different and more holistic picture of wealth creation—the built-together reality. Chapters 2 and 4 are supplemented with informational “reality checks” that offer historical perspective and analysis of particular ways that government investment supports individual and business success.
- Chapter 5 provides an examination of how the built-together reality dramatically changes the way we view the role of

government and points to a number of public policy choices that flow from this new view, from taxes to workers' rights.

- The conclusion presents a number of ways that readers can get involved in their own communities and social circles to help change the dialogue about individual and business success and foster a more honest debate about the important policy choices we face.

The self-made myth is a story that is told and retold at every level of society and infused into our language and thinking. As such we've written this book with the broad public in mind because we believe that all Americans must engage in this dialogue. We thank you for joining us in this conversation and invite you to share this book far and wide with book clubs, colleagues, friends, and family, including that uncle you always argue about taxes with at holidays, your high school classmate who doesn't understand your politics, and the woman who owns the local shop who's always complaining about taxes and government.

# Public Policy and the Success Narrative

Our nation has a deep and proud history of coming together in the face of adversity and challenge. When the Soviets launched *Sputnik 1*—the first manmade satellite to orbit the earth—on October 4, 1957, a challenge had been made. Americans rallied in response, retooling our economy in dramatic ways. Public dollars were put into research and development for new aerospace technologies. Education programs across the nation were ramped up with a new focus on science and math. The space race was on. Many astronauts put their lives on the line, and some lives were lost. But on July 20, 1969, the *Apollo* lander successfully touched down, and the first humans set foot on the moon.

This story represents one of many such moments in our history when Americans came together and solved a problem. In the days following World War II, Americans mobilized to help returning veterans rejoin the economy. Massive public investments in individual opportunity resulted in the GI Bill that enabled those veterans to attend college and buy a home, helping sow the seeds of an unprecedented period of economic prosperity and the rapid expansion of the middle class.

Today we find ourselves facing the lingering effects of the Great Recession. Unemployment is still near double-digit levels. Homes are still being foreclosed upon in record numbers. Banks are still not lending. Despite the enormous challenges we face, our

nation seems unable or unwilling to come together and solve the serious problems before us. Instead we are caught in an intractable battle between two opposing views for solving the economic crisis we are in, each arguing that their policy solution is more fair, morally justified, and, in the end, more effective.

We believe that a large part of why we have such differing views in the realm of economic policy is because we have such divergent views on where individual success and wealth come from. In this book we explore a deeply held belief in our society—the myth of the “self-made man,” or what we are calling the *self-made myth*—and we offer an alternative that we believe is more honest and complete: the *built-together reality*. These conflicting paradigms are summarized in the table on the following pages (see “At a Glance: The Myth versus the Reality”). It is our hope that by coming to a deeper understanding of the origins of individual wealth and success, we can begin to achieve greater agreement on solutions to the economic crisis we are in and point the way toward a new era of broadly shared prosperity.

## The Self-Made Myth

The *self-made myth* is the assertion that individual and business success is the result of the personal characteristics of exceptional individuals, such as hard work, creativity, and sacrifice, with little or no outside assistance. Those who subscribe to this myth do so only by ignoring the contributions of society, the supports made possible through governmental action, any head start a person may have received, and just plain old luck. If this were purely a matter of ego and self-delusion, it would not warrant such a book, but the perpetuation of the self-made myth has profound and destructive impacts on our views of government and the public policy debates of our times.

While its influence has ebbed and flowed over time, the myth of the self-made man has deep roots in our society, dating back

to America's earliest history. In a frontier nation with abundant resources, it was argued, any man (women and people of color were largely excluded in those early years) could, through industry and sound character, achieve financial success. Horatio Alger's novels told and retold stories of the poor country boy who made good, while waves of writers touted the accomplishments of nineteenth-century industrialists and entrepreneurs who seemingly rose from rags to riches as testament to this "truth." There were early skeptics who raised legitimate questions, but the story stuck and remains deeply embedded in our national character.

In the mid-twentieth century, writer Ayn Rand brought the self-made man story to new extremes with a book that is nearly required reading for conservative activists today. In Rand's 1957 novel *Atlas Shrugged*, great men are responsible not only for their own success and wealth but for the success and the wealth of the entire world around them. Like the Greek Titan Atlas, they hold the world up on their shoulders. In this fictional world depicted by Rand, the great minds and the self-made titans of industry create virtually all wealth and prosperity in our society. Government only gets in the way.

The tension between society's contributions and those of the individual are evident in our dialogues today. In a nationally televised interview, one of the authors of this book cited a *USA Today* op-ed by Abigail Disney, where she spoke of the role that public investments—including roads, courts, and schools—played in making her family's fortune possible. The other guest on the show nearly exploded, "It wasn't government! It was *one man!* . . . an entrepreneur named Walt Disney!"<sup>1</sup> This statement overlooks not only society's contributions but also the contributions of Walt's brother and business partner, Roy Disney, grandfather of Abigail. The tendency of our culture to attribute financial success solely to the actions of a single individual is a reflection of the self-made myth in the United States.

## At a Glance: The Myth versus the Reality

### The Self-Made Myth

The **self-made myth** is the false assertion that individual and business success is entirely the result of the hard work, creativity, and sacrifice of one individual with little outside assistance.

### The Anti-government Narrative

The self-made myth is used to justify an **anti-government narrative**.

If all wealth derives from the hard work and the sacrifices of these self-made men and women, there is no significant role for government. Government, if anything, gets in the way in this extreme view.

Furthermore our nation owes a debt of gratitude to these heroes whose business success creates jobs for others and prosperity for all. Those who have not achieved success are simply lazy or risk-averse, according to this worldview.

### Implications of the Narrative

If one accepts the self-made myth and the anti-government narrative that flows from it, it follows that:

- Inequalities of wealth and income are justified as a reflection of respective work efforts. Government should do nothing to intervene.
  - Progressive taxes are viewed as “punishing success.”
  - The size of government should be as small as possible, and regulations should be reduced or eliminated to free up the “job creators” to do more of what they do best.
  - Efforts to secure fair wages are characterized as extortion from the captains of industry and finance, who supposedly created the wealth.
  - Social safety nets are viewed as promoting laziness and sloth.
-

## At a Glance: The Myth versus the Reality *(continued)*

### The Built-Together Reality

The **built-together reality** is the truth that individual and business success is built through individual effort but also through schools, roads, laws, and countless other taxpayer-supported institutions as well as luck, various head starts in life, and the contributions of others.

### The Public Investment Imperative

By acknowledging the various factors that contribute to wealth creation, the built-together reality points directly to the **public investment imperative**.

By this view government plays an important role in laying the foundation of individual and business success by investing in schools and transportation, sowing the seeds of innovation, and establishing reliable rules of the road.

The further acknowledgment of luck, various head starts, and the contributions of others erodes the justification for extreme concentrations of wealth and inequality.

### Implications of the Narrative

If one accepts the built-together reality and the public investment imperative that flows from it, it follows that:

- Current inequalities of wealth cannot be justified by differing effort alone and should be reduced.
  - Progressive taxes are viewed as “giving back” to support the nation that made that wealth possible.
  - We need a robust government with the capacity to create the needed regulatory environment and make investments in our shared prosperity.
  - Workers who help build the wealth should share in the prosperity through fair wages and a share of the wealth.
  - Social safety nets provide an important floor and a much-needed leg up to enable more Americans to join in the building process.
-



Throughout this book we often use individual and business success interchangeably because what we are talking about is that unique intersection of the individual and the business in which that individual is operating—the entrepreneur, owner, or chief executive officer (CEO)—that is, the “great man” held up by society as the primary driver behind that business’s success. It’s hard to think of Wal-Mart’s rise to market dominance without talking about its founder and long-time CEO, Sam Walton, or to talk about the success of Microsoft without any mention of Bill Gates. The same goes for Steve Jobs and Apple, Lee Iacocca and Chrysler, Phil Knight and Nike, Jack Welch and General Electric, and Mark Zuckerberg and Facebook.

Over the past three or four decades, we’ve seen a resurgence of the self-made myth, which has been used to fuel an anti-government narrative. It has been used as a political tool to dismantle the social contract that once bound us together as citizens of one nation whose prosperity was interconnected. As far back as Barry Goldwater’s *The Conscience of a Conservative* in 1960, we’ve heard the term “punishing success” applied to progressive tax policies,<sup>2</sup> an assertion that the success of those at the top was entirely their own doing, with no outside help. But that was only the beginning of a much longer assault on government.

We heard lots of talk about “job creators” and “punishing success” during the debate over the Bush tax cuts in 2001 and 2003. We heard it again in late 2009 during the standoff that led to the Obama-GOP tax deal that extended the Bush tax cuts for another two years. And we’re hearing it once again as the 2012 presidential race heats up. At a campaign event in Charleston, South Carolina, Texas Governor Rick Perry declared, “As Americans we realize that there is no taxpayer money that wasn’t first earned by the sweat and toil of one of our citizens.” In this view government and society had no role in the creation of that wealth. It is entirely the result of the “sweat and toil” of individuals acting alone. Perry went on to say that progressive taxation “punishes success.”<sup>3</sup>

Mitt Romney echoed this sentiment when he stated, “There was a time in this country where we didn’t celebrate attacking people based on their success. We didn’t go after people because they were successful.”<sup>4</sup> Again, the assertion here is that it was their success and their success alone. Regardless of who emerges as the front-runner in 2012 or who wins the general election, the influence of the self-made myth in our political dialogues will likely continue for years to come.

Of course those who hold the Ayn Rand view take this elevation of the individual to the next level, by not only attributing the success of the *business* to that one individual at the top but attributing the success of the *entire economy* to those self-made individuals. Our public debates today are full of phrases like “job creators,” a reference to these mythical heroes whose hard work, creativity, and sacrifice drive our national economy. All public policy must bend to satisfy their perceived needs and wishes. By this view our society would be well served to avoid taking any action that might upset the “job creators.”

## **Implications of the Self-Made Myth and the Anti-government Narrative It Supports**

In writing this book, we do not discount the fact that a person, through hard work, creativity, and short-term sacrifice, can better his or her position in life. In most cases one can. To assert that success is *entirely* the result of such individual character traits, with little or no help from others or society, however, has a corrupting impact on our policy debates. How we view the creation of wealth and individual success has a profound influence on our choices of policies to embrace. It shapes our views on taxes, regulations, public investments in schools and vital infrastructure, the legitimacy of extravagant CEO pay, and more.

If one truly believes that wealth derives entirely from the efforts of self-made men, who work harder and take more risks

than the rest of us, then extreme inequalities of income and wealth are morally justified as the rewards for that differing work effort. Government should do nothing to intervene. If the successful individuals at the top of our economy are solely responsible for their own fortunes, then they owe nothing back to society, and any effort to tax concentrated wealth and income is akin to “punishing success.” The fact that we face the highest levels of inequality the nation has seen since 1928<sup>5</sup> is irrelevant, or perhaps even something to be celebrated, for those who accept this frame.

Furthermore, elevating these individuals to the status of heroic “job creators” encourages us as a nation to cut their taxes even further, despite the adverse impacts that may have on funding available for vital public services. Of course, if wealth is derived entirely from these self-made individuals, then there is little or no role for government. Government should be kept as small as possible by this frame. There is a consistent *anti-government narrative* here, driven in large part by the idea that wealth is entirely the creation of exceptional individuals, with no help from the government.

Finally, by viewing wealth creation and financial success as entirely the result of internal characteristics, those who lack financial security, even if gainfully employed and hardworking, are responsible for their own financial misfortune. Social safety nets are viewed as promoting laziness and sloth. Organizing efforts to secure fair wages are viewed as “thuggery” or as group muggings of the captains of industry and finance who created the wealth.

## **The Built-Together Reality**

We believe the time has come to re-examine how businesses succeed and individual wealth is created. In doing so we develop a more complete picture, one that includes the important role of hard work but also takes into account the role of others and the many roles of government in laying the foundation for business success. We call this more rounded and honest understanding the

*built-together reality* of individual and business success. In short, the built-together reality asserts that individual and business success is built through hard work but also taxpayer-supported schools, roads, and courts; the contributions of others; and chance factors like luck, historical timing, and various head starts in life.

In reclaiming the narrative of wealth creation, we could have filled the pages of this book with facts and figures drawn from the works of great economists, but facts alone stand little chance when pitted against a story that is so deeply embedded in our national character. From Horatio Alger to Ayn Rand, writers have told stories of individual and business success, complete with heroes and villains. In doing so they have sold a message to the broad public, a public that would likely never read the writings of conservative economists like Milton Friedman. Stories, unlike facts and data points, define our culture. They establish values and deeply held beliefs that facts alone cannot refute.

As a result, this book draws primarily from the first-person real-life stories of entrepreneurs, business leaders, and other high-wealth individuals, using their own words. Through their stories, and a few facts we included for good measure, we seek to establish a more balanced understanding of the true sources of individual wealth and business success. Their stories paint a much different picture than the self-made myth. In addition to the importance of hard work, creativity, and short-term sacrifice to their business success, they talk of the contributions of co-founders, colleagues, and employees; the role public investments play in wealth building; the role of government rules and regulations that provide a stable framework for business to operate and thrive; and additional factors such as inheritance, privilege, and luck. This is the essence of the built-together reality.

One of the entrepreneurs featured in this book is Jerry Fiddler, founder of the tech company Wind River Systems, which employed more than 1,600 workers when it was sold to Intel in 2009 for \$884 million.<sup>6</sup> The company makes embedded software for an

array of electronic devices, from car ignitions to digital cameras and even NASA's Mars Rover. Fiddler, who now serves as principal of Zygote Ventures, understands the role that public investments played both in his own success and in that of his business.

Wind River wouldn't have existed without government-funded research that I did at Lawrence Berkeley Laboratories. I wouldn't have gotten that job at the lab if I hadn't had a master's degree. I wouldn't have had a master's or a bachelor's degree if there weren't a public university that provided me with financial aid. And if I hadn't gone to a good high school, also public, I probably wouldn't have gotten *into* the university.

So, do I, as a successful business owner in the US, owe some of that back to society at some point? Absolutely, yes. . . .

Like any successful business owner, I worked very hard, and I was also lucky. A lot of other people also worked hard and contributed sweat and ideas to build Wind River. And my employees and I benefited from a whole system of public and private benefits—laws and enforcement, financial incentives, education, research, infrastructure, national defense—the list goes on, and all of these things are supported by tax dollars.<sup>7</sup>

Jean Gordon, a small-business owner in Little Rock, Arkansas, tells a similar story. Her family business, Frostyaire of Arkansas, employs 45 people who freeze and store food, primarily chicken, for food processors and wholesale and retail food businesses, with cold storage food freezers in Batesville and Maumelle, Arkansas. She spoke at a press conference organized by United for a Fair Economy and Responsible Wealth in 2010, declaring, "My family members agree with me. . . . Frostyaire's success depends on government investments like good public schools that give us well-educated employees, and good highways so our customers can ship food."

Gordon goes on to talk not just about the public investments that have benefited her family business but also the role a strong

middle class, supported through public policies, has played in keeping her business profitable. “At Frostyaire, our decisions about hiring employees, purchasing equipment, and expanding the business are not based on tax policy but on the number of customers and the amount of product they have to store with us. . . . The best way to help small businesses like ours is to put more money in the hands of the middle class who will spend the money as customers of our businesses . . .”<sup>8</sup>

Gordon’s testimonial echoes the writings of economist and former Secretary of Labor Robert Reich. Reich argues that it is no accident that our nation’s most vibrant period of economic growth took place when our middle class was strongest.<sup>9</sup> It is this middle class, and the public policies that support and strengthen it, that allows businesses like Gordon’s to prosper and grow.

In story after story throughout this book, the entrepreneurs we have profiled point to factors beyond themselves that helped their businesses succeed. There is no doubt that an entrepreneurial spirit is important, but it is not enough by itself. The public structures that we as a society built together, through governmental action—including roads, courts, schools, parks, and more—are like the soil rich in nutrients in which the seeds of prosperity and entrepreneurship take root. If the soil is neglected and becomes rocky and barren, the seeds stand little chance of germinating or of reaching their full potential if they do survive. Warren Buffett, founder of Berkshire Hathaway, made this very point in a television interview: “I personally think that society is responsible for a very significant percentage of what I’ve earned. If you stick me down in the middle of Bangladesh or Peru or someplace, you’ll find out how much this talent is going to produce in the wrong kind of soil. I will be struggling 30 years later. I work in a market system that happens to reward what I do very well—disproportionately well.”<sup>10</sup>

We couldn’t agree more. We applaud the leadership of Warren Buffett, and the many other business leaders profiled in this book,

in helping us move toward a more honest assessment of individual wealth and success and, in doing so, providing greater clarity about the major policy choices facing us today.

## **Implications of the Built-Together Reality and the Public Investment Imperative It Supports**

By acknowledging the various factors contributing to wealth creation, the built-together reality lays the foundation for a more honest debate about the issues of our time. The built-together reality acknowledges the way public investments in our shared prosperity lift us all, including entrepreneurs and business leaders. By this view government plays an important role in building a foundation upon which individual and business success is possible, by investing in schools, transportation, and more; by sowing the seeds of innovation; and by ensuring stable rules of the road. With the built-together reality and the public investment imperative that flows from it in clear view, our views on a host of issues and policy choices shift in dramatic ways.

If random luck, historical timing, inheritance, and race play a significant role in individual and business success, then the moral justification for extreme inequality evaporates. At the same time, if public investments in transportation infrastructure, schools and universities, research and innovation, as well as courts and a stable business environment are significant contributors to the success of those at the top, then progressive taxes are no longer about “punishing success” but rather about giving back to support the nation and the states that helped make their wealth possible.

If investments in the common good are an important part of the financial success of business leaders and entrepreneurs, then anti-government attempts to make government as small as possible are in fact shortsighted and damaging. Instead we would be well served to make needed investments in a wide array of public structures, from the next generation of transportation

and energy systems to an education system that sows the seeds of prosperity for generations to come. Instead of cutting taxes on “job creators,” the built-together reality suggests we should invest in America and revitalize Main Street, the underpinnings of any successful business.

If, as the built-together reality suggests, the success of those at the top is in part the result of others, including their employees, then organizing efforts to secure fair wages are morally justified. Similarly, if the misfortune of those struggling to make ends is the result not of laziness or sloth but of a plant’s closing or health issues beyond their control (i.e., bad luck), then today’s assault on the social safety nets is unnecessarily punitive. In fact, there is evidence that social safety nets actually *increase* people’s ability to overcome systemic barriers and rise to success in business and in the community.

## **Digging Deeper**

It is in this spirit of shifting the public debate in transformational ways that we open this book with an examination of the self-made myth, its roots and modern forms, and its implications. From there we seek to reclaim a more honest narrative of individual and business success—that of the built-together reality—and to shift the way we think about the big public policy questions of our day.



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