FROM THE DESK OF
THOMAS B. LINQUIST

LYCEUM LEADERSHIP EDUCATION

+1 (312) 929-0218
THOMAS.LINQUIST@LEADERSHIPLYCEUM.COM

One South Dearborn Street Suite 2000 • Chicago, Illinois 60603

October 10, 2025
October 10, 2025

Reply to Henry Weissmann

Dear Henry,

Thank you for your thoughtful letter. Your letter opened up more than a comparison between constitutional and corporate governance. It revealed a set of questions that touch disciplines as diverse as economics, law, political science, and behavioral psychology. What struck me most is that your piece is not just an article in itself but a provocation and a doorway into a much wider conversation.

The *Circle* thrives when one contribution sparks many lines of thought. Your letter does just that. It invites us to consider themes like agency and accountability, checks and balances, exit versus voice, and the meaning of unity not only in the Constitution, but also in the corporate boardroom.

Below, I've framed some offshoot subjects that you raised. Some belong to Lyceum's purview, particularly where behavior and unity are at stake. Others are rooted in extensive academic research, even Nobel-winning work. Together, they form a map for anyone who wishes to explore further.

I hope *Circle* members will see your letter as an opening spark, and the annotations below as a set of possible directions to pursue. We are working on some improvements to the website coming in 2026 that will allow more direct interaction with the network of *Circle* members. Until then, I would be happy to be the recipient and the hub for any comments or responses. That goes for this letter or anything else on the mind of members.

With appreciation,
Tom Linquist

Lyceum Leadership Education

Annotated Topics for Exploration

1. Agency and Principal - Agent Theory

- *Academic roots:* Jensen & Meckling (1976) on agency costs; Bengt Holmström (Nobel 2016) on incentives and moral hazard; Oliver Hart (Nobel 2016) on incomplete contracts and control rights.
- *Themes:* separation of ownership/control, monitoring costs, incentives.
- *Exploration:* Compare shareholder–board–CEO agency dynamics with voter–Congress–President in the constitutional system.
- *Lyceum behavioral angle:* How do or might boards discipline agency costs through culture, behavior, and unity - not just structure?

2. Checks and Balances vs. Corporate Oversight

- *Academic roots:* Constitutional law, public choice theory.
- *Themes:* friction as safeguard vs. efficiency as priority.
- *Exploration:* Why corporations trend toward streamlined authority while governments embed delay.
- *Lyceum behavioral angle:* Behavioral costs of too little friction in boards: groupthink, haste, conformity.

3. Unicameral vs. Bicameral Design

- *Academic roots:* Political science, comparative governance.
- *Themes:* redundancy as safeguard vs. redundancy as inefficiency.
- *Exploration:* Does the committee structure act as a kind of "second chamber"?
- *Lyceum behavioral angle:* When culture must substitute for formal second-chamber safeguards.

4. Judicial Review vs. CEO Evaluation

- *Academic roots:* Corporate governance, management evaluation.
- *Themes:* ex ante vs. ex post accountability; "standing" in courts vs. board oversight.
- *Exploration:* Limits of after-the-fact evaluation in both systems.
- *Lyceum behavioral angle:* How boards can preempt harm and poor outcomes by strengthening ex ante evaluation and drawing out what only one board member may see (what psychologists call the "Cassandra Complex," where warnings go unheeded until too late).

5. Corporate Purpose vs. Constitutional Purpose

- *Academic roots:* Corporate purpose debates (Friedman vs. stakeholder theory), B-Corp movement. Milton Friedman's shareholder primacy view, articulated in 1970, held that the sole responsibility of business is to increase profits within the rules of the game; stakeholder theory, by contrast, argues that corporations must balance obligations to employees, customers, communities, and the environment, not just shareholders. The emergence of B-Corps (Benefit Corporations) in the 21st century institutionalizes this broader mandate by legally requiring firms to pursue social and environmental objectives alongside profit.
- *Themes:* unity of mission; profit vs. general welfare.
- *Exploration:* What does "unity" mean in each system, and how is it safeguarded?
- *Lyceum behavioral angle:* How unity in boardrooms can be preserved amid competing interests.

6. Entry and Exit Rights

- *Academic roots:* Albert O. Hirschman, a 20th-century economist and social scientist, explored these dynamics in his classic Exit, Voice, and Loyalty (1970).
- *Themes:* shareholders can exit easily; citizens cannot.
- *Exploration:* Behavioral consequences when "exit" is easier than "voice."

- *Lyceum behavioral angle:* What happens when directors choose silence or resignation instead of active responsibility?

7. Market Competition vs. Constitutional Conservatism

- *Academic roots:* Industrial organization, international relations.
- *Themes:* markets demand speed; constitutions demand deliberation.
- *Exploration:* Is there an analogue to "foreign affairs freedom" in corporate innovation and crisis response?
- *Lyceum behavioral angle:* How boards decide when to accelerate vs. when to slow decisions. (We explore this tension in our treatment of the Trans Union Merger case, where speed and deliberation collided in critical ways. Please link to the case here: "The Trans Union Merger: An Immersive Experience in Fiduciary Duty and Boardroom Decision-Making")

8. Variability of Forms (Partnerships, B-Corps, etc.)

- *Academic roots:* Comparative corporate governance, cooperative theory. Once again, B-Corps, or Benefit Corporations, are for-profit entities legally committed to higher standards of purpose, accountability, and transparency. Unlike traditional corporations, they embed stakeholder considerations into their charter, balancing profit with positive social and environmental impact.
- *Themes:* not all enterprises follow the shareholder primacy model.
- *Exploration:* What alternative forms can teach us about governance resilience.
- *Lyceum behavioral angle:* What hybrid governance models may emerge in the future.

9. Behavioral Dimensions and Responsibility

- *Academic roots:* Behavioral economics (Kahneman, Thaler, Nobel 2002 & 2017), organizational psychology.
- *Themes:* human frailty, decision biases, abdication vs. acceptance of responsibility.
- *Exploration:* Learning in the margins: who sees their responsibility and who does not.
- *Lyceum behavioral angle:* How behavioral insight can sharpen accountability in boards and leaders.