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Establishments as Material rather than Immaterial Objects

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ABSTRACT

When people go shopping, they enter a building. But the shop cannot be identified with the building, because it would remain the same shop if it moved to another building or if it became an e-store. Daniel Korman [2019] uses these two observations to argue that establishments are immaterial objects. However, all that follows is that establishments are not buildings. I argue that establishments are organisations or corporate agents that are constituted by people. This entails that they are material objects. Korman's observations can be accommodated in terms of the further observation that corporate agents can but need not own or rent buildings.

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1. Introduction

The metaphysics of social entities is puzzling in a number of respects. Shells and pieces of metal have been used as money. This suggests that tokens of money are material objects. But the advent of electronic money reveals that this need not be the case. Does this mean that money is an immaterial object some or even all of the time?¹ The University of Oxford is located in Oxford. But suppose that someone shows around a foreign guest in Oxford and lets her see the colleges, the library, and the laboratories. She then asks, 'But where are the faculty, staff and students?' It turns out that they are elsewhere. Is the university, which consists of the faculty, staff, and students, where they are?²

Daniel Korman presents two related puzzles about what he calls 'establishments'. Establishments are 'human constructs that we would naturally describe as places one can go', such as 'stores, banks, universities, orphanages, factories, casinos, hotels, prisons, and hospitals' [434].³ The first puzzle is about constitution. Korman considers Hatcetera, a store that sells hats. At some point, it becomes an e-store. The claim is that it is no longer constituted by anything, which is taken to imply that it never had a constitution base. The second is a puzzle about how decisions can change reality, what Korman calls 'decision-dependence'. Restaurant Thai Tanic moves within

¹ Smit et al. [2016] argue that money is an abstract object. Thomasson [2003] and Searle [2010] regard money as concrete objects in some cases and as abstract objects in other cases.

² The example is inspired by Ryle. In his version, the foreigner ends up asking, 'But where is the university?' [Ryle 1949:17]. See Hindriks [2012, 2013] for an answer to this question, which also informs the current paper.

³ I refer to Korman [2020] by means of page numbers only.

Oregon from Hillsboro to Beaverton ‘with the stroke of a pen’ [438]. In this case, the puzzle is that material objects cannot be created, relocated, or eliminated by mere decisions.

Korman concludes that establishments are immaterial objects. I argue that they are material objects that are constituted by people. This has the surprising implication that, when the faculty, staff, and students of the University of Oxford are elsewhere, its constituents are not in Oxford. However, establishments are organisations. And both philosophers and social scientists commonly take organisations to consist of collections of individuals.⁴ This supports my proposal. Furthermore, it solves both of Korman’s puzzles. In light of this, I conclude that establishments are material rather than immaterial objects.⁵

2. The Constitution Puzzle

The constitution puzzle consists of the following inconsistent triad [435]:

(HT1) Today, Hatcetera is constituted by something.

(HT2) Tomorrow, Hatcetera will exist and will not be constituted by anything.

(HT3) For all x , if there is some time at which something constitutes x , then, at all times at which x exists, something constitutes x .

According to HT3, an object that is constituted by something at one moment is always constituted by something. Korman solves this puzzle by rejecting HT1, and argues that establishments are immaterial objects. I propose to reject HT2 instead.

Korman starts from the assumption that establishments are material artefacts that are constituted by buildings. Their relation is akin to that between a lump of clay and a statue. Just as a lump of clay can predate the statue, a building can exist prior to becoming an establishment. This would mean, however, that, if Hatcetera abandons the building without moving to another one then it is no longer constituted by anything. This is what happens, Korman proposes, when its owners transform it into an e-store. Given HT3, this conflicts with the fact that it used to be constituted by something.

But some things remain constant during the transition process. Korman observes that ‘Hadcetera will still have employees, inventory, contractual obligations, a website, and so on’ [436]. And he claims that ‘if Hatcetera is *anywhere* once it becomes an e-store, it’s surely in Bloomington, where its owners and employees are’ [ibid.]. This could be taken to suggest that people form the constitution base of Hatcetera. Korman regards this as implausible because the entire staff could be on holiday in Tahiti without the store being there [ibid.].

Imagine, however, that Hatcetera outsources pretty much everything, so that its only members are its owners. And suppose that there is an interesting business opportunity

⁴ Philosophers typically regard organizations as collections of people who accept a collective decision procedure [Held 1970; French 1984; Tuomela 1995; List and Pettit 2011; Hindriks 2018]. Social scientists commonly take them to be hierarchies that consist of managers and employees. Sociologists focus on the relations of authority or power that the former have over the latter [Weber 1978 [1921]; Etzioni 1961]. Economists are primarily concerned with explaining why such hierarchies can be more efficient than the market and how they economise on transaction costs [Williamson 1975].

⁵ See Ritchie [2015] for a defence of the related view that social groups, including Latinos and the U.S. Supreme Court, are material objects.

for them in Tahiti. They have a meeting with a couple of potential business partners. At that point, it makes sense to say that Hatcetera participates in a meeting in Tahiti. Thus, it seems perfectly possible for Hatcetera to be outside of Bloomington in some sense—irrespective of whether it is an e-store. Furthermore, it can perform actions elsewhere if some of its members (or authorised representatives) are where the action is. This reveals that, in some cases, it is intuitive to say that the location of Hatcetera turns on that of particular people.

Furthermore, the intuition that Hatcetera is located in Bloomington might well be due to the fact that it is based and registered there. Presumably, it is registered as a Limited Liability Company (LLC) with the state of Indiana. Its Certificate of Organisation will then mention the name and address of the registered agent, the person who is designated to receive important legal information on behalf of the company. This address is what I call its ‘institutional location’ [Hindriks 2013].

The notion of an institutional location can be used to accommodate conflicting intuitions about the location of establishments and thereby to solve the location problem in social ontology for such entities [ibid.]. Their institutional location need not be more than a post-office box. Yet it influences our intuitions about their locations to a substantial degree. For the intents and purposes of the Chamber of Commerce, Hatcetera is located in Bloomington. The same holds for any creditors that mail bills to the store. Thus, its institutional location explains why it still seems at least somewhat plausible that Hatcetera is in Bloomington when all of its members are in Tahiti.

Strikingly, the extent to which their institutional locations influence intuitions about locations is significantly less in the case of orchestras and dance companies. When they are on tour, we readily accept that they are wherever they give a performance. For instance, if the New York Philharmonic gives a concert in the Concertgebouw, it is in Amsterdam. This in spite of the fact that, just as an establishment, it has its own building, the David Geffen Hall, which is located in New York’s Lincoln Center for the Performing Arts. All of this suggests that the institutional and the physical location of a corporate agent can come apart from each other.

Institutional locations are human constructs that serve social, economic, and legal purposes. They are specified in terms of streets, towns, countries, and postal codes. Importantly, they determine which laws apply to the corporate agent and under which tax regime they fall. As such, institutional locations are not necessarily a reliable guide to the physical location of whatever constitutes an establishment. The same holds for any other organisation with an institutional status, to which I refer as ‘corporate agents’ [Hindriks 2008].⁶ Because of this, it can be useful to discount the former when determining the latter. Doing so facilitates accepting that members are the constituents of a corporate agent. More precisely, a corporate agent is constituted by the collection or aggregate of its members. And it is (physically) located where they are.⁷

All that follows from Korman’s puzzle is that establishments are not constituted by buildings. I propose instead that they are constituted by (aggregates of) people.

⁶ When its members are on holiday there, Hatcetera is also in Tahiti. However, it will be, as List [2018, 302–3] puts it, asleep. Because of this, their presence has no relevance to Hatcetera and its activities. So, it is perfectly reasonable to point to Bloomington as its location, because that is where the action normally is. And that is where it is institutionally located.

⁷ Baker [2000] defends the claim that an aggregate of objects can be a *relatum* of the constitution relation. Note that the aggregate does not necessarily include all members, but might, for instance, be restricted to what Tuomela [1995] calls ‘its operative members’.

Furthermore, I retain the principle that things are where their constituters are. However, I complement this with the claim that corporate agents also have an institutional location that need not coincide with that of the constituters. In fact, as will be important for solving the next puzzle, the institutional address of an establishment can be changed without thereby changing the physical location of the people who constitute it. The upshot is that HT2 is false: *Hatcetera* is still constituted by something once it has transformed itself into an e-store.

3. The Decision-Dependence Puzzle

The decision-dependence puzzle concerns objects that can be changed by mere decisions. Korman illustrates it by using the following example [438]:

Thai Tanic restaurant came into existence fifteen years ago in a building in Beaverton, Oregon, with the stroke of a pen (on a lease), later moved to Hillsboro, Oregon, with another stroke of a pen, and may someday cease to exist as a result of its owners deciding not to renew their lease on the Hillsboro building.

According to Korman [ibid.], Thai Tanic appears to be both a material object and decision-dependent. This gives rise to the following inconsistent triad:

(TT1) Thai Tanic is a material object.

(TT2) Thai Tanic is decision-dependent.

(TT3) No material objects are decision-dependent.

The idea underlying TT1 is that the establishment is constituted by a building: ‘Thai Tanic is spatially located and evidently has material parts (doors, windows, etc.)’ [ibid.]. Korman rejects TT1. I propose instead to reject TT3.

A decision-dependent object ‘can be created, relocated, and eliminated by mere decision’ [438]. The decisions ‘can take the form of verbal or written proclamations, or perhaps even unarticulated intentions in the minds of relevant people’ [ibid.].⁸ But what is relocated when Thai Tanic moves from Beaverton to Hillsboro? Not the building, because it remains in Beaverton. Since buildings cannot be relocated by mere decision, ‘Thai Tanic’ in TT1 must refer to something else.

But it is not at all clear that, if Thai Tanic is a material object, it is constituted by the relevant building. Thai Tanic owns or rents the building that it occupies. And only agents own or rent things. This entails that, just like *Hatcetera*, Thai Tanic is a corporate agent. Now, an agent is distinct from objects that it owns or rents, which means that the establishment is not constituted by a building. Thus, the puzzle misconstrues the relation between them. My alternative proposal is, as before, that Thai Tanic is instead constituted by people, presumably those who have registered it as an LLC.

This proposal raises the question of how ‘Thai Tanic’ can be used to refer to a building. Korman [440] considers the possibility that the term is ambiguous between the restaurant and the building. However, he argues that this cannot account for the truth of the sentence ‘Thai Tanic used to be in Beaverton and is now in Hillsboro.’ Neither the building in Beaverton nor the one in Hillsboro changed its location. However, rather than as a semantic ambiguity, it should be construed as a pragmatic ambiguity.⁹ Thai

⁸ See section 3 for a critical discussion of the notion of decision-dependence.

Tanic is a corporate agent. However, the term ‘Thai Tanic’ has a derivative use on which it refers to the building that it occupies. Thus, the sentence mentioned means that the corporate agent Thai Tanic used to occupy a building in Beaverton and now occupies one in Hillsboro.

The constitution relation serves to explain how constituted entities can have properties that constituting entities do not have, and vice versa (or, in some cases, only derivatively [Baker 2000: 47–58]). A statue is essentially a mind-dependent object. However, the piece of marble that constitutes it is, as such, mind-independent. Similarly, Thai Tanic is decision-dependent as such. But the object that constitutes it is not. Thus, I propose to reject TT3. People and buildings are not as such decision-dependent. But establishments are.

Korman [442–4] claims that establishments are like abstract artefacts in that both can be changed by decisions. For example, a composer can shorten a song by deciding to drop a verse [Friedell 2020]. However, musical works are often regarded as abstract objects that are, as such, not subject to change [Dodd 2000]. Furthermore, abstract artefacts cannot be relocated by mere decision. This means that, as Korman recognises, they are not decision-dependent. Thus, the analogy does not count against the claim that establishments are material objects.¹⁰

In fact, I do not think that decision-dependence provides for the best characterisation of what Korman is after. He argues that establishments do not have to be embodied in order to exist. All that is required is that they are ‘being “kept in mind” by people’. However, being kept in mind is not sufficient for an establishment to remain in existence. Suppose that Hatcetera goes bankrupt and is dissolved while hardly anyone learns about this. Those who keep it in mind, in the same way as they used to do, do not thereby manage to prolong its existence. It matters who accepts what, who makes the relevant decisions, and how these are implemented.

Institutional entities depend on people’s attitudes—to wit, on their acceptance. This means that they depend on the attitudes of several people. Furthermore, they presuppose other entities that are, as I will say, ‘acceptance-dependent’, such as money, lawyers, and addresses. Importantly, decisions that matter have to be made by one or more agents who have the authority to do so [Hindriks 2006]. And executing them often involves declarative speech acts, such as signing a contract. Legally, I suppose, Hatcetera and Thai Tanic are LLCs. An LLC is a contract between one or more individuals and the state. It is created by filing a Certificate of Formation with the secretary of state. Interestingly, such a certificate requires the name and address of a registered agent. In light of this, I reformulate TT3 as follows:¹¹

(TT3*) Institutional entities are acceptance-dependent.

TT3* is consistent with TT1 and TT2. Thus, the puzzle is dissolved.

⁹ In other words, ‘Thai Tanic’ is polysemous rather than homonymous, just as ‘book’ is in ‘That book is boring and heavy.’

¹⁰ Korman (442) also claims that establishments can have physical copies, just as books and recipes. However, a building is not a copy of an establishment in a strict sense, because it expands when it opens new locations or franchises.

¹¹ But what if the last registered member of an LLC dies? In some states, it automatically ceases to exist. In others, an executor takes up the role of a registered member. She dissolves it or executes the otherwise specified articles of the operating agreement. See www.irs.gov.

What is distinctive of institutional entities is that they have rights and obligations, or deontic powers that are acceptance-dependent. And they often have matching causal powers. Shops and restaurants have the right to buy and sell things, to hire and fire people. They have the obligations to file taxes and to meet safety requirements. Having deontic and causal powers fits most naturally with the view that they are material rather than immaterial objects.¹²

Disclosure Statement

No potential conflict of interest was reported by the author.

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