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PEGASUS

A NEWSLETTER FOR THE CAUX ROUND TABLE FOR MORAL CAPITALISM NETWORK LOOKING AT BUSINESS ABOVE THE CLUTTER AND CONFETTI



Pegasus

Introduction by Stephen B. Young

Page 2

The Art and Architecture of Moral Capitalism by
Michael Hartoonian

Page 4

Yijing by Stephen B. Young

Page 12

Introduction

This issue of *Pegasus* brings you what at first might appear to be an essay in the philosophy of aesthetics by our Associate Editor, Michael Hartoonian. But just as you can't tell a book by its cover and shouldn't buy a horse until checking its teeth, this essay applies aesthetics to business, really to living as best we can under the circumstances we run up against.

Aesthetics embraces the multiple and the plural. It can't really exist in a singularity. The dynamic of aesthetics is arrangement of differences, tensions, harmonies, similarities, symmetries and asymmetries, competitions and pluralities into a pleasing order which gives us a sense of substance, calm, meaning and place.

Profiting from the gift of aesthetics is why we try to complement our written thoughts with art and images.

Now, morality is about more than singularities. Morality and ethics are about arrangements of self and other, time past, time present and time future, private interest and the greater good. So, morality and ethics are kinds of aesthetics – perhaps the very aesthetics needed by our souls.

Moral capitalism is, then, first of all a problem of aesthetic design, of composition, of skill in rendering, of imagination of what might be and of what should go where.

We can see this become evident when we consider company stakeholders in today's "stakeholder" capitalism – how should they be arranged for the most pleasure and satisfaction? What design of its business model will be best for the company?

When we hear the current talk about "companies with a purpose," we are hearing a cry for community healing through the aesthetics of moral capitalism.

Secondly, this issue brings you a slightly silly offset to Michael's philosophical framing of how to search for good aesthetics – a short commentary on the ancient Chinese text, the *Yijing* (*I Ching*). I learned a bit about interpretation of the *Yijing* from Mr. Duong Thai Ban, a close friend of my father-in-law, when serving in South Vietnam with the U.S. Agency for International Development some years ago. (I also dabbled a bit in geomancy and *Yin/Yang* "face reading." Casting horoscopes was too complicated.)

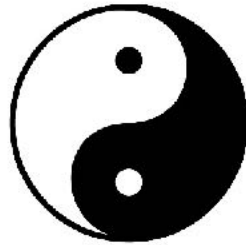
What connects the ancient art (science?) of the *Yijing* with aesthetics is achieving proper balance and perspective in the right way for the right time.

Balance is, I fear, somewhat remote from the Western fixations on logos and nomos – words, names, rules – which can preoccupy the mind and close it off to alternatives and to the flow of life. Seeking balance is fundamental to the *Yijing* and to Buddhism. It is also commanded by

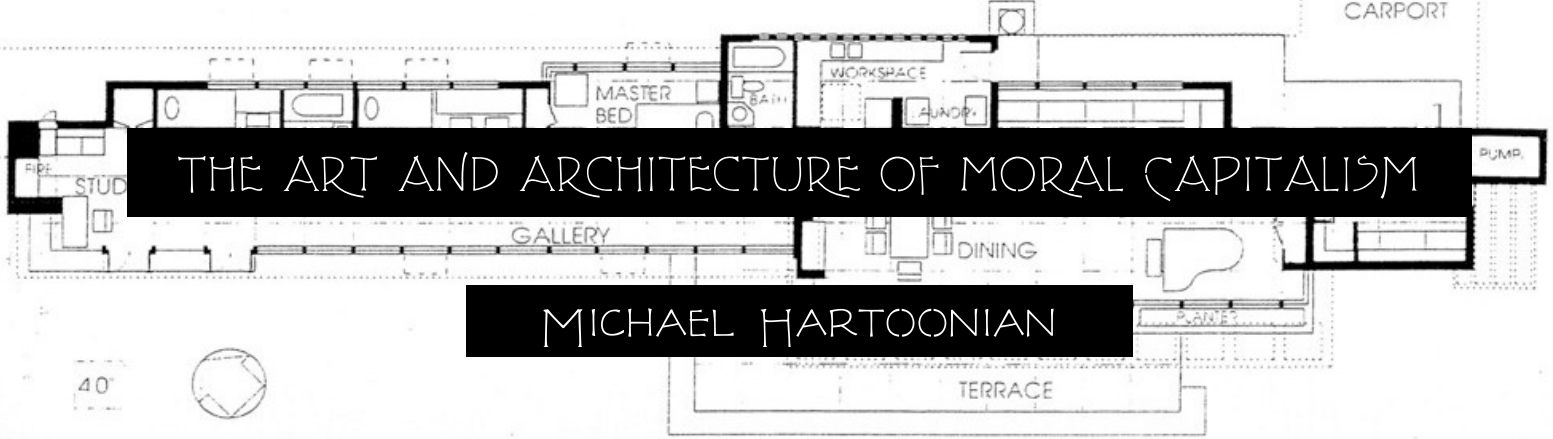
Qur'an – seek the *Mizan*. In the Old Testament, you can find an appreciation of balance in the books of wisdom. In the New Testament, Jesus implies balance, I think, in many of his parables and in his injunction to treat others as we would want to be treated if we were in their shoes.

In sum, we might consider moral capitalism, corporate social responsibility, sustainability or “ESG” investing to be the seeking of balance between money and meaning.

Such intermingling is represented graphically by the circle embracing both Yin and Yang:



Stephen B. Young
Global Executive Director
Caux Round Table for Moral Capitalism



*All good things come by grace,
And grace comes by Art,
And Art does not come easy.*

Norman Maclean

A strong understanding of the power of art is fundamental to our social and economic well-being. Art (aesthetics, harmony, justice and honesty) is the underpinning of human, as well as cultural, evolution.

Let's start, metaphorically, with a more visible manifestation of art in society – architecture – and its display of value dominance upon the landscape and in the behaviors of people. We'll start with an over simplified description of a structure's relationship to motive or motif beliefs and attending actions and proceed to the symbolic meaning of home and habitat and then to (moral) capitalism.

Architecture, in all cultures, presents us with focal points that explains what is important today and throughout time. It does this through educating people's awareness and conceptions of reality. From the Yurt in Mongolia to Hadrian's Pantheon to the villages on the Indonesian island of Nias, we can see an "illustration" of social order. These focal points are similar across the world as places of unique worldviews, protection, creativity and victimization. These points in time also overlap, often causing tensions among historical epochs and their respective presentations of aesthetic quality in the present. We shape our structures, just as our structures shape us. This reciprocity is historically, spiritually and psychologically clear.

In Europe, for example, consider the castles, the cathedrals, the palaces, the schools and universities, the government houses, the banks and houses of commerce, the buildings of industry, sport stadiums and even temples of big data. At one time, the values of the castle washed over the landscape, bringing all sorts of customs and norms; from social organization to systems of class to relationships with God, king and one another. At other times, the church, the government, sports and so on, dominated the value landscape. In all cases, that architecture was the reflection, as well as the generator, of social and personal values. The arts reference the past, persuade and teach us today and portend what's in our future.

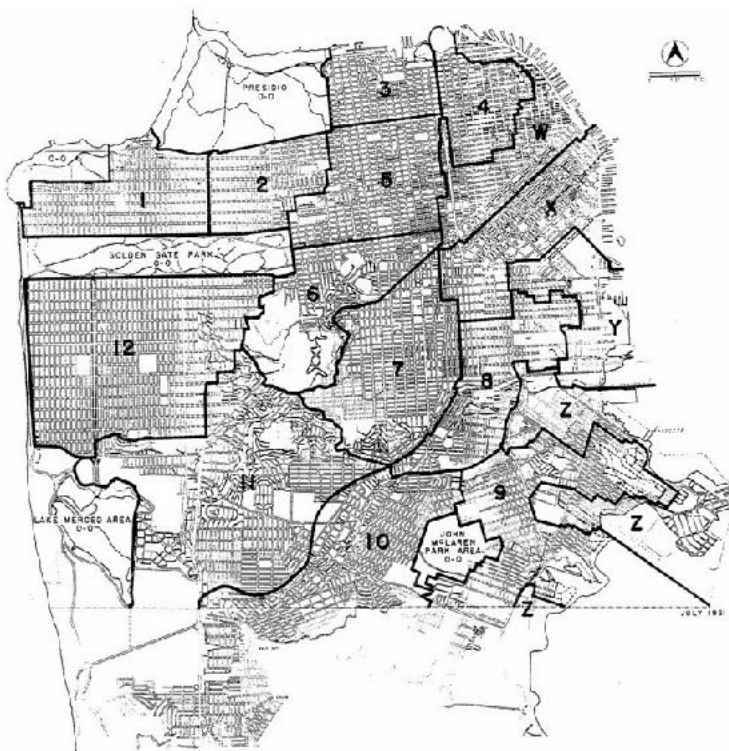
Architectural space first reveals, then instructs inhabitants on a whole hierarchy of spatial and special relationships among people and between people and the land. Architecture makes a direct appeal to our senses and to authority. Structures become places of worship, but more, they are worshiped for what they represent and present and for their store of beauty, both in reality and in transcendent meaning, as well as for explicit, social order. There is a healthy discrimination in structures' relationships to people. That discrimination enhances respect and gratitude through the individual's understanding that it may be fine to use a certain language at home, but not at school. You dress differently at church than at home. You treat adults differently from children and so on. Organizations and institutions establish and demonstrate beauty and responsibility, be that family, school or firm. They hold their respect and purpose by demanding appropriate behavior. That is, inhabitants/citizens of institutions are, by their identity, loving critics of all the institutions to which they belong, be that family, firm or temple.

Cultures and cities, which are the best reflections of culture, are faced with three essential questions:

- What should be preserved from the past?
- What should we keep going forward?
- What must we build anew?

What elements of the city's past should be preserved? Certainly not social and economic failures, like less than healthy environments, homeless "parks," crime, failing institutions and regions of the city that simply lack any aesthetic value. Let's be clear: beauty is not wholly subjective. There are standards of beauty that are found in every society across the world. These include standards of harmony, hue, rhythm, ethics and proportionality. Every culture has definitions of beauty similar to every other culture. Also, aesthetic qualities not only attract people and business, as ugliness repels them, but offer the best criteria for addressing the question of "what to keep," moving forward. We keep the art – aesthetic buildings, parks, theaters, streets, historical treasures and ethical human relationships – all reflections of beauty.

And what do we build anew?



This is the most complex question to answer. It demands global historical memory, the skill and knowledge to hold and debate competing/contradictory ideas and come to a civil and acceptable resolve, while confronting factual, definitional and value issues. All of this is done using aesthetics standards. The corollary question is: how can we make this place more beautiful, just, safe, free and equitable at the same time? The secret is to put first things first, which is the beginning of wisdom. If any place truly wants to enhance the well-being of its citizens and establish moral capitalism, then the first principle must be aesthetics. All good things come from art. If beauty is addressed, everything else will fall into place. You may believe that to be a stretch, but every culture that we have studied always, always, builds function and art together. Design is nothing without its aesthetic better half. If a design or formula is not elegant (possessing grace), it will simply fall apart; creating more harm than good.

Let's ask a more practical question: why would a company want to move its headquarters to city X?

The tired and secondary reasons are: good schools, quality infrastructure, an educated work force and low taxes. These are the straightforward reasons that any rational city council would provide. While these are necessary conditions, sufficiency is found in something bigger. That larger criterion has to do with where managers and employees will live. Is the housing stock of quality and appealing? Are the parks safe and beautiful? Is the infrastructure of quality and beautiful? Are there theaters and museums? Can citizens receive a quality education in proper respect and gratitude simply by walking down the street? Will contractors and high-end skilled workers be attracted to the city?

Now, you may think that these esthetic questions are not considered, but I assure you that these are exactly the questions that make the (enlightened) firm move to city X, particularly if they are considering moving their headquarters. You see, everyone is about equal regarding the secondary set of reasons to move here, as opposed to there. The high aesthetic cities understand what boards of directors know and want. They know that if aesthetic qualities are in place, everything will fall into place. This is altogether true simply because beauty creates justice, truth, purpose and identity. Companies want to have their identity connected to a place of beauty. It's that simple and that difficult to do!

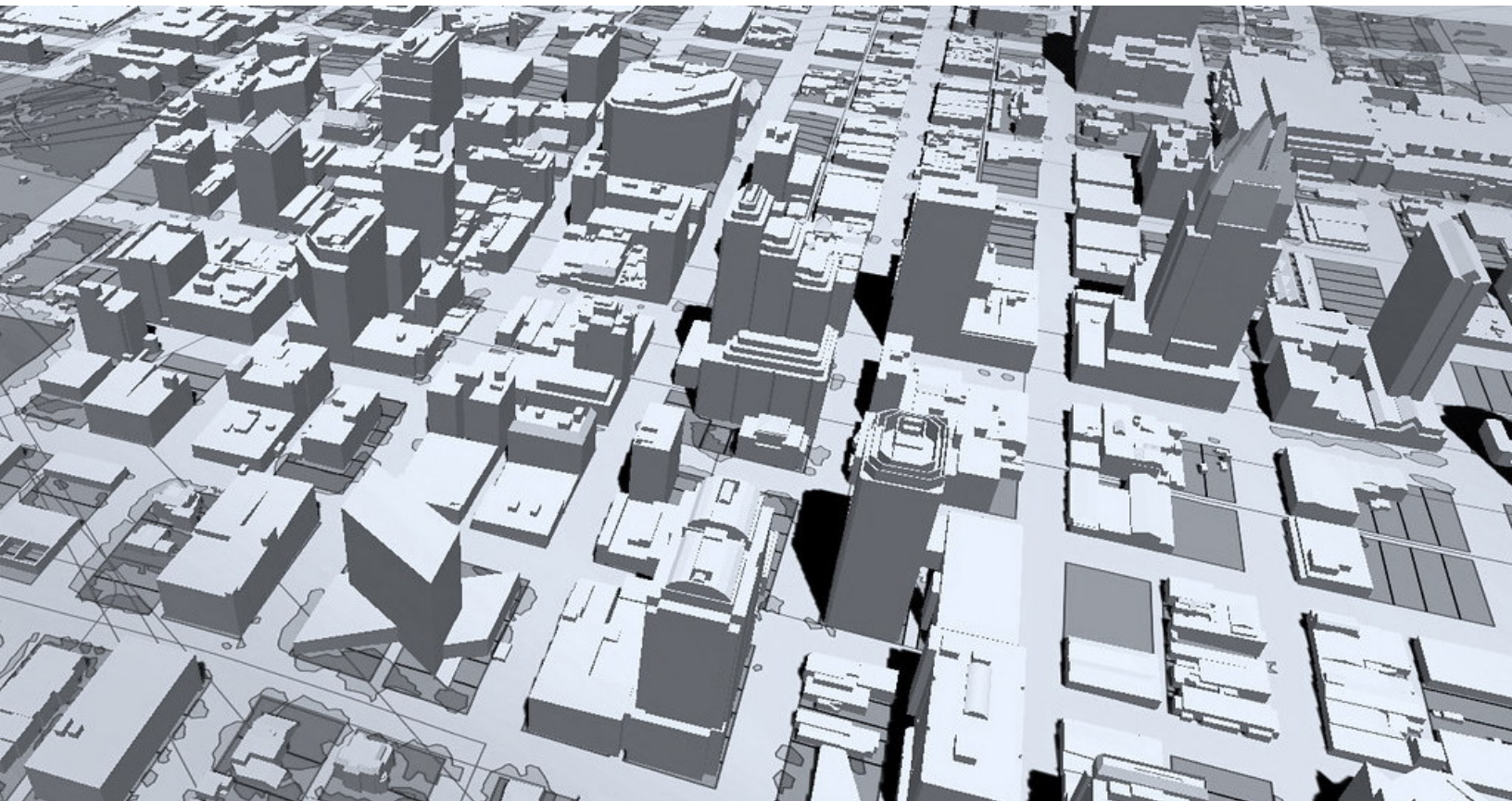
At this point, we might engage Nietzsche's utterance that "God is dead." What I think he is feeling, in metaphor, is the atrophy of aesthetics. Soullessness in individuals and human landscapes are repulsive, dead. Nietzsche began to see the tacit truth appearing through the fog of the last half of the 19th century, suggesting that the blessings of modern technologies, industry and globalization were strengthening the few and weakening the many, fragmenting culture at the cost of harmony, stability and the expressive symbolism of art. We were careless and the modern epoch diminished art and symbolic meaning with it. One is reminded of Eastern Europe today, where you can still see the soulless architecture of the Soviet Union as noxious weeds among the dwellings of the past. We can see this same soullessness in the apartment buildings in China and some constructed in many parts

Twin Cities of Minnesota. You simply can't create human welling if you don't put art first. To do otherwise is to hide the truth of what it means to be human.

People have always attempted to design their environments to give it some order and certainty. Perhaps we saw designs in nature. Perhaps we understood the beauty in the order of natural life. Whatever the reasons, from the art on the cave walls in France and Spain, to the murals in Mexico City and the pagodas of Japan, we have been driven to see (perceive) the world as lovely. We have always tried to reconcile our visual field and our visual world. We are not depicted as recordings on the retina, but as perceived in art. This is the human need, as we embrace meaning and purpose.

Art and Architecture in the Market Place

Merchants discovered early that if their places of trade were attractive, buyers would be drawn to do business there. It took some time, but by the late Middle Ages in Europe, the aesthetic value became a business practice. Of course, in China and Japan, it was already a truism. It would seem that the only contradiction to the rule was when merchants and people, in general, lost personal authority or agency. This is what Karl Marx and Charles Dickens wrote about – the loss of personal authority. This was the case because as the industrial age began, men and women farmers and young people came to the city to work at the beckon “call” of well-fixed authorities, first by business and then by authoritarian governments. Marx saw this clearly, but, perhaps, not as clearly as Dickens. By the late 19th through the first half of the 20th centuries, we see many examples of loss of personal agency. Marx's critique was correct for the 19th century, but not for the 20th or 21st. He didn't understand human nature, economic evolution, and its relationship to freedom, wealth creation, and aesthetics.



Social and economic trend data after World War II clearly show movement toward personal agency in industry and government as people began to gain authority and citizenship through organized labor, civil/human rights movements, education and more direct participation in government policy development. The American experiment continued affirmatively, answering the question: could business, government and citizens work together to enhance the private and common wealth of the nation? Of course, the experiment was/is only as good as the integrity of the people willing to have skin in the game of America. It will not suffice to have intellectually lazy citizens who believe that they are victims without agency. This, I fear, is the present condition and the present leaves footprints in the future. However, we can still bring forward the 18th century elements needed to sustain the architecture of democratic or moral capitalism as suggested by Adam Smith's questions:

- How is wealth created?
- What is self-interest, properly understood?
- Is there an invisible hand at work in the moral sentiments of people (conscience)?
- How is economic agency developed and manifested?

With these questions as a guide and with enough enlightened citizens, the architectural framework for moral capitalism continues to be built.

While still a work in progress, the building blocks of moral capitalism's architecture are becoming clearer as necessary conditions for the creation of wealth and the related enhancement of human welfare. The components of the design have seven interrelated components. Together, they present an economic synergy and more importantly, they represent an aesthetic framework that includes, by definition, ethics. As Smith might have said: "If the market is not encased in ethics, it will become sluggish, expensive and corrupt."

The following list of attributes are given with no sense of hierarchy. They are foundational to the Caux Round Table principles, where each adds to the synergy of the whole, as they reinforce one another. Their utility and beauty are realized in their implementation in mind and in practice. With these elements in place, the institution will create wealth:

- **Generational Covenant** – Since ethics has much to do with perspective, it is critical that economic (human) decision-making pay attention to ancestors (history) and children (future). There exists a sacred bond across generations. If that bond is broken, present responsibility atrophies and society with it. This is more than a family commitment. It is ubiquitous, reaching out to extended families, neighbors and fellow citizens. There is a sharing of temporal responsibility among all who claim the identity of citizen. Moral capitalism makes the appeal that the better off that my neighbor is, the better off I will be. The better off my family is, the better off the schools, firms, government and community will be. This "better off" includes wealth (excellence), but also education, health, civility and civic agency.

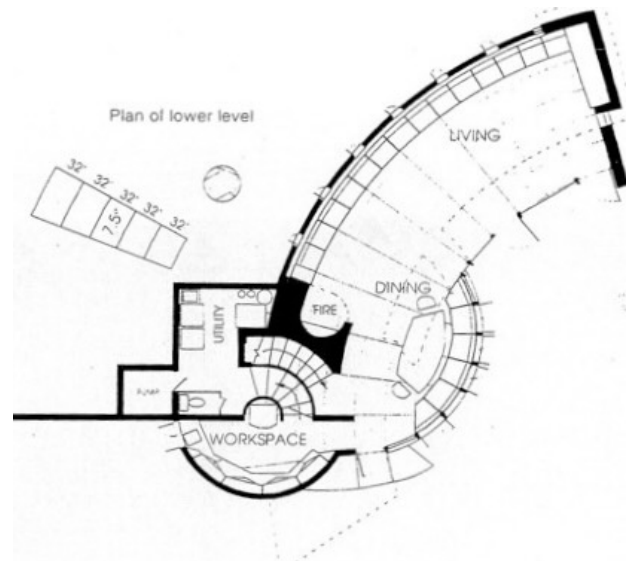
- **Patient Capital** – Moral capitalism demands enduring wait time. Not unlike Sisyphus who, because he had cheated death – twice – Zeus had him roll a large stone up a mountain, but Sisyphus was not allowed to reach the top. The rock would always roll back down and he would have to start over. The moral capitalist understands that there will always be circumstantial conditions that will make efforts fail or succeed. The secret to wealth creation is to keep rolling that stone. Be patient and good things will happen. The best thing that will happen, of course, is the joy, discipline and love that is created by simply doing your life’s work. Happiness is a by-product of work made meaningful by graceful efforts for others. In the end, that kind of effort will heap wealth upon you. In some ways, patient capital is delayed gratification, meaning that sacrifices must be made in the present in order to obtain riches in the future. Every religion on earth has linked sacrifice with rewards...of a health crop, victory in war and even life everlasting. Nothing of worth is gained without expenditures of pain and time. Without this effort, rewards are meaningless and elicit little gratitude, which is the foundation of the moral life.
- **Freedom and Structure** – Individuals within firms and perhaps within every institution that practices ethical behavior, will understand the tension between freedom and structure. In moral capitalism, the task is to increase freedom and decrease structures. However, this can only be done within a context of integrity, where all individuals are given the encouragement and resources to continue learning so they can employ reason, justice and own the consequences of their behavior. It is altogether true that institutions will always need some structure, but the idea is to minimize it, while maximizing the freedom to think, discuss, create and understand reciprocal responsibility, harmony and the aesthetic nature of productivity. When individuals are free to pursue ideas and claim responsibility for their ideas and institutional development, wealth creation is always more of a reality. In fact, free, healthy, educated and ethical people are the only ones who can create wealth. They are or become citizens (not subjects) of the family, firm, community and nation. Citizens are the ones who can create wealth (excellence). The moral capitalist firm wants citizens, not just employees.
- **Aligning Caux Round Table Principles with Practice** – The ethical power of aligning principles with practices is obviously true. We want our behaviors to demonstrate our values. Truth-telling, in this case, is paramount. “I can’t hear a word that you are saying because who you are is speaking too loudly.” This is true of us all. Granted, principles are always more ideal than our practices, but we want to move toward them and we do that through personal decision-making and institutional policies. Public policies, like personal decisions, need an irresistible idea (goal, like wealth creation), commitment and leadership, resources and people who can help push toward the goal. Aligning practice and principle is a team sport. In these cases, there is, again, high value placed on trust and civil/civic behavior. If people do not see themselves as citizens of the institutions in which they work, live, play and learn, it is problematic as to whether they can be citizens of a city, state or nation. The citizen

(including leadership), as a member of the family or firm, seldom asks the family or firm to do things for him or her, but how he or she can serve the family or firm. That is, to make the firm, family or any institution of which you are part better. In working to make these institutions better, the individual will be better and better off. It's that simple and that complex. If wealth (excellence) is what you want to create, this is the only pathway.

- **A Strong Sense of Aesthetics** – The thing about aesthetics is that it encompasses ethics, as well as beauty. Aesthetics is like music. Music is the foundation and gestalt of all disciplines. That is, it includes mathematics, science, history and all other ways of knowing. As Plato suggested, if he had only one subject to teach in the academy, it would be music because the citizen must understand aesthetics, the harmony and proportionality of life.

Moral capitalism is defined by the practice of aesthetics. To the degree that we stray from criteria such as harmony and proportionality, to that same degree, we cannot practice moral capitalism. We may practice finance capitalism or crony capitalism or even monopolistic capitalism, but these deformed configurations are NOT what we should understand as moral capitalism. Moral capitalism is attending to the creation of wealth and justice, where justice is understood as reciprocal duty and wealth creation is recognized and defined as Adam Smith suggested in his inquiry into how wealth is created in the first place. Wealth can only be created by people. Not just any people, but people who are educated, healthy and understand responsibility to other and to the aesthetics and ethics of the community. Wealth, in the case of moral capitalism, must be understood as excellence.

- **Excellence, Wealth and Aesthetics** – The creation of wealth (excellence/ character) involves intellectual, ethical and political qualities, as well as material goods. The sane and good society sees the individual not merely as “economic person,” but as a complex and fatal citizen of multiple social groupings that include family, school, workplace, civic organizations, places of worship, community, state and nation. The evolving economic society has changed the nature of work and with it, how people see themselves – one’s sense of identity. It adds a new meaning and importance to the idea of the work ethic. Traditionally, this has stood for personal characteristics associated with “hard work,” such as reliability, punctuality, perseverance and resourcefulness. Today’s concept of the good workplace is one in which people possess these abilities, but can also participate collaboratively and are able and free to pursue purposeful work.



Relationships in the workplace, which are increasingly electronic, have become more complex. Although the modern workplace often obscures this, we are all profoundly dependent on the efforts of others. Work has a moral context when we understand it as something we do together and for each other. And work that is challenging and cooperative seems to fulfill a deep human need...an aesthetic need for harmony and justice.

Over time, we have sought work for both utilitarian purposes and as a calling. The shift from a nation of farmers, shopkeepers, merchants, craftsmen and artisans to industrial laborers, technical specialists and professionals working within corporate environments has diminished the intrinsic meaning of our work so that today, unfortunately, few people ask or understand the question, “What is your life’s work?” We only seem to ask, “What do you do?” Moral capitalism’s architecture demands asking the former.

Yet, people work best when they view their efforts as vocational (from the Latin for “voice” or “calling”). Here, work calls on passions and beliefs, draws on talents and accords self-respect. More, it demands shared values and the truth of responsibility. In fact, individualism is meaningless without care for the commons. Wealth is created when people find jobs challenging, worthwhile for others and important to the greater good; when they understand their work as a calling and acknowledge the reciprocal duty of respecting the work of others.

So, moral capitalism’s architectural design is based on art, from which grace and all things good are built. The elements of that design are seven in number: a generational covenant; patient capital; delayed gratification; freedom with structure; alignment of practice with principles; a strong sense of aesthetics; and the defining of wealth as excellence. These are the intellectual, material and spiritual building blocks. It takes a purposeful worldview to construct such an edifice. It takes the attitude of the bricklayer who, when asked what he was doing, could have said, “I’m putting one brick upon another.” But his identity of integrity and purpose was such that he simply said, “I’m building a cathedral.” That made all the difference.

With these design elements, moral capitalism stands as the one human construct consistent with aesthetics sensitivities, nature, human evolution and history, justice and citizens’ responsibility for self and community. In essence, it embodies the true meaning of **e pluribus unum**, which, in itself, is a concept of beauty.

Michael Hartoonian is Associate Editor of Pegasus.

Yijing

Stephen B. Young

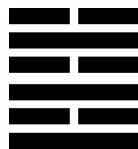
This February begins the new lunar year of the Tiger. In the cycle of years, it is a water tiger due to its balance of Yin and Yang forces. The flow of Yin and Yang, starting with New Year's Day and ending midnight before the first day of lunar 2023, will influence the doings and goings on of humanity every day of 2022. They are believed by some to make it easier or harder for Xi Jinping to win another term as President of China at this falls Party Congress and for the Democrats in the U.S. to win seats in the House of Representatives and the Senate.

The year will also impact businesses and the course of the pandemic.

Fortunately, we have a diagnostic tool which can help us uncover just how Yin and Yang will affect our lives. It is the ancient Chinese text of the Yijing. The Yi, as it is called, consists of 64 sets of lines, six each, called hexagrams. Lines are either solid as a proxy for Yang forces or broken as a proxy for Yin forces.

Now, one can correlate each lunar year with a hexagram, so that analysis of that hexagram brings insight into the probabilities and possibilities inherent in that year.

The hexagram associated with our current water Tiger year is #63 – JiJi. The form of the hexagram is:



The earliest interpretation of this hexagram has the following Chinese characters:

Already fording; growing; little

Harvesting; trial

Initial; significant

Completing; chaotic

Those characters have been interpreted as providing a conceptual overview of how we should understand what the hexagram is trying to tell us about the circumstances we would be facing at the moment contemplated by the hexagram, which would be determined by the movements of Yin and Yang. The interpretative words are:

Fording; growing; small

Harvesting; put to the test

Initial; significant

Completing; chaos

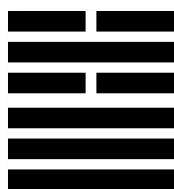
Texts with interpretations of Yijing hexagrams point to this interpretation of what the hexagram predicts:

Making an important move from one position to another; proceeding with the crossing, making the move, keeping at it, is the best course of action; persevere, bring to full growth, but by adapting to others and circumstances – keeping small or light, floating in the flow; the first steps will be of significance, very meaningful; but one should put the new situation to the test – try it out; but at the end, there is a risk of upset, of things falling into chaos.

Now, some lines in a hexagram have special importance. They are called “moving lines” – changing from a Yin to a Yang line or vice-versa. If you change the lines as indicated, you will derive a new hexagram. I was taught to do that, as the new hexagram resulting from the changes gives an indication of how Yin and Yang will evolve next.

To better understand your situation, you need to study the currently applicable hexagram and then the following one. What may happen in the future provides more thorough and comprehensive data for estimating your best course of action.

Now, in hexagram 63, the moving line is the second from the bottom, a Yin line. Converting it to a Yang line gives us hexagram 5, as follows:



The bottom three lines, all Yang, represent Heaven or the drive to create. This is most appropriate for taking an initiative or crossing over to a new position, especially if it is one of enterprise, leadership, formation of something new.

Hexagram 5 advises turning your mind to what is necessary, fixing your attention on the work at hand, provide what is needed – don't daydream or pass the buck to others.

What is within aligns with what is without.

The work will be brilliant and illuminating. Like hexagram 63, this complementary hexagram also indicates success and putting things to the test. At the end, the harvest will be bountiful and nourishing, a significant enterprise accomplished.

So, this is a year for all of us to cross the stream, to get in a new position to do good, to give it our all and not complain. But – most importantly – to prepare for difficulties, diversions, break-downs, losing the way and just wandering randomly from here to there and back again, in the months of November/December 2022 and January 2023.

Stephen B. Young is Global Executive Director of the Caux Round Table for Moral Capitalism.



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