

December 2022

VOLUME XIII, ISSUE XII

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
Humanity and Panarchy by Thomas Fisher	Page 4
The Design of Ethical Behavior and Moral Institutions by Michael Hartoonian	Page 7
A New Code of Ethics for Journalism by Stephen B. Young	Page 18
The Business of Business by Andrew Selden	Page 25

Introduction

Last month's issue of *Pegasus* directed your attention to the importance of thinking about mindsets. This month's issue follows that presentation of which mindsets are most valuable with a discussion of design. The design process which results in our mindsets, our personalities, our institutions, our social, cultural and political systems.

If we step back a moment, we might better appreciate design. In nature, is there any intentional design? Does a tree take pride in being beautiful after building out its branches and leaves? Does the spider take pride in the beauty of its web?

Is it not the discontinuity in having the capacity intentionally to design that puts our human species at a removal from being one with nature?

When I was 15, my grandmother took me to Europe to mitigate my American parochialism. In addition to the art in the Louvre, she especially wanted me to see the cave paintings at Lascaux, some 17,000 years old, a very early example of human design.



In this issue, we publish an essay by Tom Fisher on design. Tom is Director of the Minnesota Design Center and the Dayton Hudson Chair in Urban Design at the College of Design at the University of Minnesota.

Secondly, we include a comprehensive essay by Michael Hartoonian, Associate Editor of *Pegasus*, on the design of morality in human communities. Michael's marshalling of thoughts from different points of view makes the case for the centrality of design proportion in how we decide to live.

Thirdly, we publish a contribution to the moral design of contemporary journalism as a business, a proposed code of ethics for journalists that reflects the moral standards prized by the Caux Round Table. This code seems impressively relevant to the current controversy over the power of private companies in journalism and social media to regulate, for better or worse, what members of the public may say, read, hear and learn. The moral issue of the business model for today's journalism is how close may a private company come to achieving the thought and behavioral control achieved by George Orwell's Big Brother in his dystopian novel, *Nineteen Eighty-Four*?

Lastly, we include a letter from Andrew Selden reflecting on the design of the duties of those who direct corporations to optimize business as a social good.

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

Humanity and Panarchy

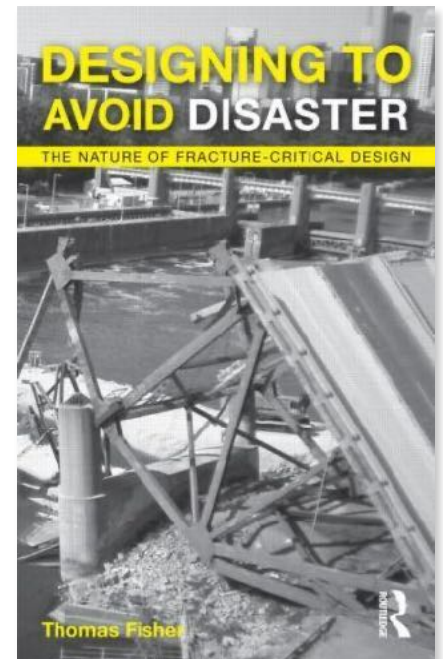
Thomas Fisher

We live in an era plagued by what the historian, Adam Tooze, has called the “global polycrisis,” characterized by a number of simultaneous global challenges: climate change, the Covid pandemic, the war in Ukraine, high inflation and growing authoritarianism, among other challenges¹. In response, the Cascade Institute, a Canadian think tank, has proposed an international research program to understand the risks of this polycrisis.² While not a bad idea in itself, we need more than a research program to look at risk. We need to understand the larger reasons for this “polycrisis” to see what it means in terms of where we have been and where we are going. We need not just more statistics, but also a new story about ourselves.

In 2013, I published a book titled *Designing to Avoid Disaster*, in which I looked at the multiple crises we faced back then, including climate change, growing inequality and the global recession.³ While the book had plenty of statistics, it also tried to tell a new story about the world, one that would help us stop careening from one crisis to the next, as we have continued to do since then. That story had a simple plot line. Most of the suffering that we face comes from an old – and I argued, a mistaken – story about humanity’s exceptionalism.

While we might acknowledge that we are just one of many mammalian species on the planet, humanity has long cherished the idea, backed up by plenty of evidence, that we differ from all other animal species in fundamental ways because of our language ability, our tool and technology making capacity and our social organizational skills.⁴ Those and other traits have made us, if not the most numerous species, certainly the most dominant one on the planet, so much so that through our own actions, we have instigated the sixth major extinction event on Earth.⁵

However much the human exceptionalism story may appeal to our egos and boost our sense of agency over all the other species with whom we share this planet, that story remains a fiction and an increasingly self-destructive one, at that. I argued in a 2011 book foreword titled *The Adulthood of the Species* that we humans remain one of the most vulnerable species on the planet, despite our apparent dominance, because of our dependence upon so many other plant and animal species to sustain us. ⁶ The more we extinguish other species, in other words, the more we bring on our own.



So, what might a post-human exceptionalism story entail? Without detracting at all from what sets us apart as a species, that new story would recognize that, like all other species, the human ecosystem operates like all other ecosystems, according to what biologists call “panarchy.”⁷ Although it shares with the word “anarchy” the same Latin and Greek root word, panarchy has almost the opposite meaning: rather than being without rules (anarchy), panarchy refers the patterns that rule over us all. Panarchy describes the cyclical, figure-eight path that all ecosystems take, as ever-greater efficiency and connectedness in a system makes it ever-less resilient, to the point where an internal or external stress causes the system to collapse and reorganize itself in a more resilient and less interconnected form.

Other species go through this cycle repeatedly, with different patches often at different points in the cycle, which helps ensure the health of the ecosystem as a whole. Humanity has gone through such cycles in the past as well, evident in the rise and fall of civilizations and the appearance and disappearance of human populations in various parts of the planet across time.⁸ Over the last few centuries, however, as global trade and technological prowess have grown, humanity finds itself at a particularly vulnerable point in our history. Never have we become more populous, having just passed the 8 billion mark, more powerful, with weapons able to eradicate us all in nearly an instant and more connected, as technology has united us into a single, digital community.

From a panarchy point of view, we are primed for a collapse. We may not know what will cause a global reorganization of the human ecosystem, at least not until it is too late to do anything about it. But the current “polycrisis” shows how quickly things can change: how fast a novel coronavirus can shut down the economy or how quickly climate change can bring on record droughts and fires. We can keep telling the old story of our exceptionalism and keep believing that the rules that govern all other species on the planet do not apply to us, but that won’t change the reality that a major collapse and reorganization of the human ecosystem is coming, likely sooner than later.

Such words can sound ominous, but only if we continue to believe that such things can’t happen to us. A new story of humanity would start to prepare for us for what is coming by having us begin to imagine a human ecosystem organized more like that of every other species: in increasingly small, mostly local, highly diverse, loosely connected and extremely resilient communities. While dramatically different from our current, globally connected world, that new story is also a very old one.

Throughout most of our history, humanity lived in small communities and derived their shelter and sustenance from what the local environment provided. Capitalism itself, before it took on its current, global form, followed this pattern. Adam Smith’s idea of moral sentiment guiding the marketplace required that economies operate at a relatively small scale, where people could see and had to live with the consequences of their economic decisions.⁹

The plot line of the new story would go like this: we are one of many species on this planet. We thrive when we help the other species we depend on thrive. We prosper when moral sentiment guides our actions. We do best when we remain open to and encouraging of diverse people and perspectives. And we become the most resilient when we do as Voltaire advised at the end of *Candide* and focus on “cultivating our own gardens.”¹⁰

Thomas Fisher is Director of the Minnesota Design Center and the Dayton Hudson Chair in Urban Design at the College of Design at the University of Minnesota.

References:

1. Thomas Homer-Dixon, Johan Rockström, “What Happens When a Cascade of Crises Collide? *New York Times*, November 13, 2022. https://www.nytimes.com/2022/11/13/opinion/coronavirus-ukraine-climate-inflation.html?campaign_id=39&emc=edit_ty_20221115&instance_id=77593&nl=opinion-today®i_id=76367732&segment_id=113201&te=1&user_id=f8cc5b85f3bc42e059dbc439610cfec4
2. Michael Lawrence, Scott Janzwood, Thomas Homer-Dixon, “What is a global polycrisis, and how is it different from a systemic risk? *The Cascade Institute*. Sept 2022. <https://cascadeinstitute.org/wp-content/uploads/2022/04/What-is-a-global-polycrisis-v2.pdf>
3. Thomas Fisher, *Designing to Avoid Disaster, The Nature of Fracture-Critical Design* (New York: Routledge), 2013.
4. Paul R. Ehrlich, Anne H. Ehrlich. *The Dominant Animal, Human Evolution and the Environment*. (Washington D.C.: Island Press) 2008.
5. Elizabeth Kolbert. *The Sixth Extinction, An Unnatural History* (New York: Henry Holt and Company) 2014.
6. Thomas Fisher, *The Adulthood of the Species, New Directions in Sustainable Design* Adrian Paar, Michael Zaretsky, editors (New York: Routledge) 2011, p.xvi.
7. Lance Gunderson, C.S. Holling. *Panarchy: Understanding Transformations in Human and Natural Systems* (Washington D.C.: Island Press) 2002.
8. Nicholas Hagger. *The Rise and Fall of Civilizations: The Law of History*. (Amsterdam: O Books) 2008.
9. Adam Smith. *The Theory of Moral Sentiments* (Oxford: Oxford University Press) 1979.
10. Voltaire. *Candide* (Project Gutenberg EBook #19942) 2006., p. 145.

The Design of Ethical Behavior and Moral Institutions

Michael Hartoonian

*It is clearly necessary to invent
Organizational structures appropriate
To the present multicultural age.
But such efforts are doomed to failure
If they do not grow out of something
Deeper, out of generally held values.*
-Vaclav Havel

Introduction

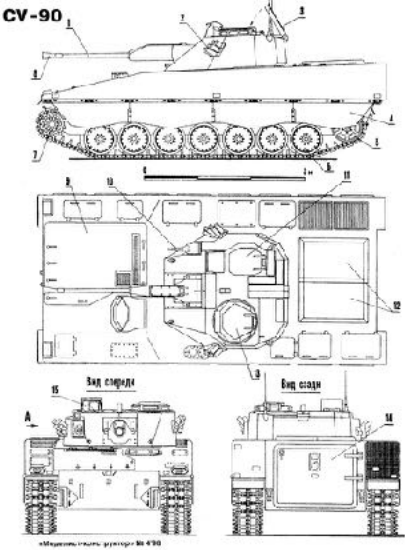
What are “generally held values?” Are they any more than opinions? Are they time relevant or are they a universal barometer? Where would you find these values? Are they on the street where you live? Are they found in the media? The notion of generally held values is meaningless, absent “something deeper” in the evolutionary arch of human behavior. What is this deeper something?

In large measure, this deeper something is a tacit design, a governor of thinking and behavior, a metaphor of life, where the metaphor **is** life and a mystery of one’s relationships with nature, others and self. Without this deeper understanding of design, we live from hand to mouth, absent the will and art to create meaning and purpose in architecture, communion, governance, commerce, religion, moral sentiment and history. Let’s consider some design examples.

Commerce, Governance and Military Design

The design of modern business organizations starts with the Hanseatic League (1356-1860). This organization of merchant guilds and market towns in Central and Northern Europe established a commercial and defensive confederation to enhance safety and foster cooperation among the towns in what is now The Netherlands, Finland, Denmark and Latvia. Its name came to mean a confederation of free-trading city states. Designs of companies, which began in the 14th century and continued into the early 19th century, had characteristics such as stakeholders, reciprocal duty, shared risks and a sense of prudence that gave some meaning to being responsible to the future. It might even be argued that the Hanseatic confederation was responsible for the development of modern banking and the creation of modern nations, as we know them today. Out of these ideas came the joint-stock companies that provided the financing and human capital to colonize North America and helped plant English common law there. Later, the idea developed into conceptions of **commonwealth**, with the opportunity for inclusiveness of markets. Because of scarcity of labor, freedom from want was accessible to most, with the glaring exception of the enslaved and native peoples of the Americas.

What is critical for our discussion, however, is the notion that the design of business held many of the attributes associated with the ideas of Adam Smith stated so clearly in 1759 and 1776. But these ideas would not transfer to the 19th century and companies’ designs changed. Napoleon’s codes and Bismarck’s hierarchies forever altered the conceptual frameworks of business and education, giving them a military construct and denying the subtleties and nuance of moral

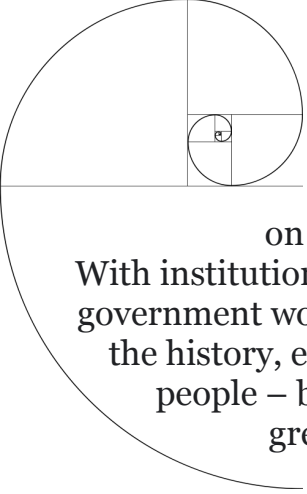


sentiments. Holding to their conceptions of the corporate state, businesses took on a more militaristic design. Concepts like line and staff; flow of information (right to know); command and control; objective; ridged hierarchies; profit over wealth creation; and exclusivity over openness, started to take over design components as the company (partners) morphs onto the corporation. This movement saw the end of Smith's capitalism and was replaced with a structure that mirrored the military. It is not surprising that a military mindset took over the thinking and behavior of business leaders and many government officials. There was an ineffectiveness and attending cost to militaristic design which could, however, be easily "sold" to people because of war's emotional and nationalistic rationales. Leaders knew full well that they didn't need to appeal to rational thought, as war is always the triumph of ignorance over reason. The design of our conceptual frameworks defines the scope of our thinking, period. In this case, the coalition of corporate and military designs led to the bloodiest century ever – the 20th century.

Many rightfully saw the ills of this military economic design. Marx, Nietzsche and 20th century postmodernists and others critiqued the path that commerce was taking and the inequalities and miseries it caused. This market system created more goods, while distributing them without reflection. This economic design seemed to work, notwithstanding what economists called externalities and human/environmental costs. They may have thought, perhaps still do, that all this inequality and misery was the fault of Adam Smith's invisible hand, but in truth, they were confused and could not tell the difference between Smith's market design and the harmful influence of the military mindset that, when applied to institutions, did not create wealth, but broke things and killed people.

So, these and later critics opted for a more simple-minded projection – "capitalism," they argued, would lead to class conflict, relative value claims and revolution. Because of Marxism's misunderstanding of human nature and the beginning of more progressive legislative designs in many nations, communism lost its relevancy and today, means whatever the relativists want it to mean. Certainly, Marxists, neocons and postmodernists began to understand that the destruction of democratic and attending market designs could not be directly engaged, so they would move on to attempt to destroy institutions like families, schools and media. In the end, their goals haven't changed. They just needed to adjust their destructive institutional design patterns.

By the second decade of the 20th century, it was clear that communism and for matter, fascism, could only survive by lies and a linking of the individual (leader) with the state – one state, one leader – all individuals tied together in a spirit of mindless service and inefficiency to a conception of reality absent facts. In this way, the individual's spirit is made subservient to the myth of nationalism, the certainty of a leader's whims and a militaristic corporate design that controls media and minds. These belief systems are even supported by conspiracy theories when things don't work out – Putin's "golden billion" conspiracy – that is, the elite of the West controlling all resources that led to the collapse of the USSR. Russia is a victim and thus, justified in its behavior. Similarly, Trump brings out his conspiracy theories when things don't go his way, claiming victimhood for his bizarre behavior. Some call this propaganda. Others call it advertising. But whatever it is called, these lies are tumors on the brain of democracy, anywhere and everywhere in the world.



By mid-century and with the fall of the USSR, postmodernists and neo fascists gave up focusing on class struggle and markets and turned their aim on cultural institutions. Embracing the fact that they knew little or nothing about economic behavior, communists and other collectivists would now take on families, schools, churches and temples and media as their primary targets. With institutions deteriorating, that is, losing their moral authority, free markets and self-government would weaken, leaving a vacuum for any demigod to fill. Citizens' ignorance of the history, ethics, philosophy and the workings of Adam Smith's theories of markets and people – based on moral principles, shared values and reciprocal duty – gave way to greed, consumerism, amusement and ideology, from which civilization, city, civil, civic and citizen atrophy.

Out of this ongoing discussion about the viability of the “free” market, the assumption was taken as truth by the so-called capitalists of the late 20th and early 21st centuries that they were the masters and CEO salaries reflected that hubris. The “truth,” they believed, simply stated, was that culture (values) follows markets. That is, if you want a nondemocratic, illiberal society to become democratic, simply introduce militaristic capitalism. Of course, this assumption cannot be supported by data. From the Middle East, to Russia, to China and beyond, what is clear is that without the seed bed of liberal and democratic values regarding the rule of law, the defining nature of being human and the primacy of real (liberal) education, anything like a free market doesn't have a chance. Whether the market hits culture or culture hits the market, it's too bad for the market. Any design of ethical behavior and moral institutions must be able to put first things first. Can this be done absent a shared culture? Can capitalism be moral at a global level?

Questions of Moral Design

At a very basic level, we might observe designs that were once universal or a common value (knowledge) within community and market. For example, the understanding that manners and morals were two sides of the same coin. You simply can't have one without the other. But we know that manners do not simply spring from the child or adult, absent a benevolent structure of caring and friendship. Is this structure what we mean by “something deeper?” Or is “deeper” an inquiry into some fundamental questions implicitly asked by the enlightened self in community?

- How shall I live my life?
- Is there anything or anyone that I would be willing to die for?
- Is there anything or anyone that I would be willing to live for?
- What is wealth (excellence) and how is it created?

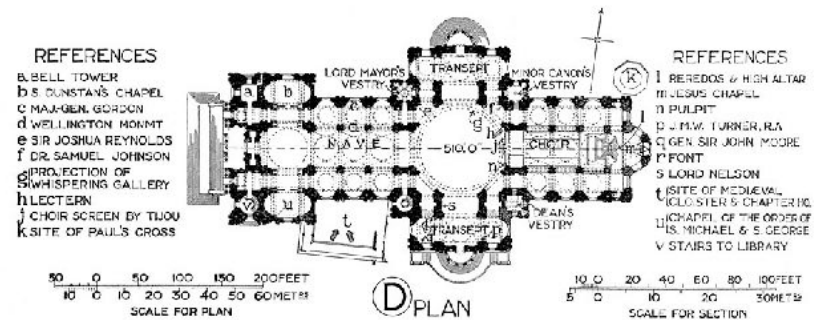
I would like to pose a different question, an inquiry that ties all four questions together.

Why are there rich societies and poor societies? We know that poverty is the norm of history. Few people and societies have been able to build and sustain excellence (wealth).

For example, if you look at the Korean Peninsula and look at the discrepancy of wealth between North and South, you will find a breathtaking difference. Arguing that the cause is due to culture, geography, religious differences or even education simply can't be supported by the data. What's the possible cause then?

Design

The real cause of wealth creation is in knowing the kinetic power of institutions and the moral sentiments therein. Both depend on design elements and the understanding that self-interest is manifested only in the moral design. First, **institutions must be inclusive**. That is, to the degree that they exclude, to that same degree, they truncate wealth. The inclusive institution has a deep belief and commitment to laws that apply to everyone and laws that provide the opportunity for private property (ownership) and economic and political freedom, all with appropriate personal integrity (merit) and behaviors that makes stewardship a way of life. Every design element needed to create moral capitalism and self-governance rests on these principles, judged in the court of social, political and economic history.



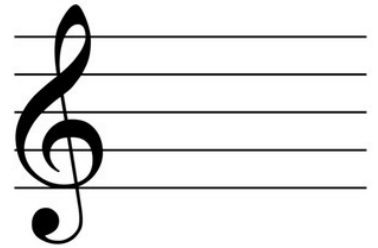
It's interesting that all benevolently structured communities work because of the alignment of principles with admonishments. This is simply the case because you understand that you do **not** come first. The truth comes first. You understand that you should not murder, steal, lie, commit adultery and you should honor your generational covenant. Laws and attending behaviors are built upon these social norms. All common law or constitutional governments throughout history and into the present that are free in conscience have embraced these elements within their design. And sanctions? Well, Lady Justice has and uses the sword in her left hand. That doesn't mean everyone follows the law, but when law, norms and manners are ignored, the glue of society vanishes, giving way to corruption and violence – and of course, **general poverty**. This all seems obvious. Is this simplicity the essence of the synergy of moral design? Does wisdom start with the ability to just say no to ignoble instincts? Or does it simply imply that an inclusive and transparent reality is a necessary condition for wealth creation? These may seem like rhetorical questions, but as you look at contemporary society, the rule of reasonableness seems no longer to apply. Reason and love have little use to a person or a people who embrace victimhood as their identity.

We find the loss of reason and truth so often in political and economic history. There is the desire, by some, to hoard things for themselves and cronies, believing that there is only so much to go around and I'm going to get mine at any cost. There is, of course, little data to make this case, except in non-capitalist markets. This always was and is particularly true of extractive economies and exclusive institutions. The thing about extractive reliance is that it's like being born on third base and believing you hit a triple. Note, for example, Spain of the 16th century, the antebellum South of the 18th and 19th centuries and Russia in the 20th and 21st centuries – extractive and exclusive all. This is exactly how moral capitalism weakens and dies. What is even clearer is the fact that small, victim-embracing leaders present lies about the nature of people, religion, some languages or some location of earth. These sick or sinful behaviors kill wealth and millions of people, as well. What is even more vomitous is that people believe these lies, particularly when tied to nationalism and victimhood.

Elements of Design

What is often forgotten or not seen in human systems is the underlying design elements needed to functionally define relationships in terms of friendship and truth. We think that these relationships simply happen, but they don't. If these connections or relationships are not arranged in charmed feedback loops, social harmony cannot exist. An example would be in the way people understand "culture." Many, if not most, see culture as food, dance, music, skin color or even language. These are surface elements of culture, developed over time and based largely on geography and whims and myths. At its fundamental design level, culture is about relationships. That is, any deeper understanding comes from designed relationships, often expressed as relationships of responsibility (reciprocal duty). To understand culture, these five questions must be addressed:

- What is my relationship to God (ideas that transcend by personal understanding of life and death)?
- What is my relationship to my family?
- What is my relationship to my neighbor?
- What is my relationship to the earth?
- What is my relationship to the larger (state) community?



The **design** of wealth-creating cultures (meaning market economies, democratic governments and institutions therein) all stem from reciprocal duty with feedback loops that define the good and benevolent person and society. Tastes and styles are only a culture's veneer and a superficial way of understanding people. Relationships provide the essence and design of the elusive concept of cultures that create excellence.

An analogy might be useful here. When looking at a dirty piece of coal and comparing that coal to a beautiful diamond, it's hard to believe they are composed of the same main element – carbon. Coal and diamonds are two examples of **carbon allotropes**, where the carbon atoms are bonded together in different configurations or relationship. In one design, you get coal. In a different design, you have diamonds. This rearranging of atoms in nature took a long time and great pressures. Designing the good society also takes time and wisdom. This wisdom puts reflective pressure on behavior, aligning it with the ethical sentiments of the individual. This, by the way, has nothing to do with social/human engineering. It's the wisdom that asks you to put first things first and that means putting the person before the system. Why? Because the individual is the atom in the social molecule. The individual is the keeper of ethics in society. Working and experimenting together, people design relationships. Some of these are good, while others, not so much. But through experimentation and deep conversations and communions, we discover those elements of culture to keep, those to throw away and those to build anew – always designing better (a more perfect union). The guiding standard, of course, is reciprocal duty – friendship, trust, responsibility and love. In doing this, we understand that only the individual can be ethical and when behaving ethically with one another, we create morality. An individual cannot be moral alone. Morality comes from rightful behavior between and among people. The real issue here is (that) the only place where people can act morally is in a moral system. And a moral system can only be created by ethical individuals. So, what comes first? ...the chicken or the egg?

This problem is not unlike the issue of the democratic citizen. The only place one can be a democratic citizen (not a subject) is in a democracy or representative democracy. But a democracy cannot be created or sustained without democratic citizens. How can this be done?

An answer is in the culture tensions among nature's reality, the human mind and what people believe they need. Need is a dependent variable. It is always a function of culture and where someone lives. $Need = f(\text{culture} + \text{environment})$. Absent a cultural context, need becomes impossible to define. Thus, tensions of mind, nature and need can best be understood as an ongoing argument between at least two different mindsets regarding how we should live our lives. One profound truth will always be confronted by another profound truth. One truth would argue that humankind is corrupt and the systems designed are, by extension, corrupt. With innocence, these people and their systems create trash **and call it art** in their popular media, personal expectations and behaviors. Trash is even celebrated with awards and trophies. To change this mindset would cause cognitive desinence, so in comfort or in stress, such people elect trash to lead them, make and watch trashy movies and spend hours numbing their minds watching television in the attempt to amuse themselves and in all this, replace meaning and rightful living with celebrity or its pretense.

Celebrity? Yes. A **celebrity** is a person made famous by the vagaries of taste, transitory cultural norms and intentional creative publicity. There is no there, there. The issue with celebrity is one of identity – one's identity is constructed by someone else, providing no ethical (personal) base. The celebrity is a composite of more than one identity and values are relative. It is a made persona. It's an interrupted sense of "reality" existing through ambiguity of purpose. Some people even call it a brand. Advertising and social media have created celebrity that we now believe are our realities. For example, the Marlboro Man was a brand personified by the rugged individual or glorified individualism, which becomes a generalization without identity. Eventually, we can get lost in the confusion of who we are or want to be simply by associating with a brand or party. This is a great danger to freedom because it sees truth as irrelevant. We see this around the world in fringe cliques on the right and left of the political spectrum. Let's be clear: history is very loud in reminding us that a disengaged majority is no match against a small, radical and violent minority. It is easy to destroy a society. Creating one takes much good work.

We should also understand celebrity, made persona, at a deeper, benign and dangerous level. In today's world, "living online," as it were, leads to the creation of overnight celebrity and unsatisfying lives; lives that are fake and of little matter. Within these fabricated "realities," identity becomes fluid and ethics have no hold on behavior because we no longer know who we are – avatars all. What is most tragic is the celebrity can never be heroic because the heroic is in service to others. The celebrity, not so much. The celebrity is given over to narcissism – vanity and self-love. Celebrity is "self-esteem" run amuck.

In tension with this fakeness or trash is the second profound truth. That is, individual ethics and social morality are based on the power of loving others, in all of love's complexities of joy and labor. Truth, as we know, is always contested. This means that an awareness of how democratic societies are created and sustained is fundamental to love – social harmony and personal meaning (see Confucius's *The Analects*, Montesquieu's *Spirit of Laws* and many

others). The counter argument to love presents life on your (alone) terms, dictating taste and behavior that you can embrace without thought. On the one hand, you might think that this is freedom, but understood, freedom is anarchy. You might think this is diversity, but the logical extension without shared principles is apartheid. You may think it law, but it is power for the few.

There is a choice between trash and harmony; celebrity and hero; rights and responsibilities; intolerance and helpfulness; ugliness and beauty; indifference and love. The question is can we be enlightened enough to design structures that allow for the development of enlightenment? To the enlightened, a charmed system or structure is a person's way of finding out about a person.

The Design of the Moral Community

The working proposition: **Every community, if it is a community, must be moral.**

Community is defined as an aesthetic, harmonious, and respectful place, where individuals practice reciprocal duty, thus creating a moral structure.

As we have understood from every civilization, only the individual can be ethical. However, the individual cannot be moral alone. Thus, to be moral, one must live in community and community, by definition, like communion, company or companion, must embrace the attributes of civil, civic and civilization. This is not just an interesting etymology, but a necessary condition of living in the (moral) community, which is, as you can see, a redundancy.

What would such a structure of community look like? First, it must be a benevolent structure, that is, one that is a place of harmony, friendship, trust and responsibility. This idea of community is a disclosure. It is a mystery in need of solution, a myth embraced by citizens and a deep respect for truth. These elements can only be constructed or revealed by metaphor and debate. People of goodwill must debate the vibrant nature of any conceived system. Attributes therein will include freedom with dynamic arrangements, where freedom is enhanced as personal responsibility is embraced. All of this, of course, must be incased in integrity and education – real education that demands discipline and work. Any moral community must present and represent these elements.

Before we explore more of the framework for more harmony in human markets and governance, we should say what the structure is not. It is not utopia. To suggest utopian frameworks is to express hubris. It is being in love with your ignorance. It's believing you can create a heaven on earth, where, in fact, no one can live. We can create great comfort for many people across the world, as the fascist or communist might suggest and in the process, make our homes uninhabitable and our lives meaningless. While both fascism and communism are built on myths – their myths are of the good old days of nationhood, leader worship and blood. Creating harmony can never mean turning over our ethical and material well-being to such myths or a "leader" like a Putin or a Trump or Xi Jinping. Or, for that matter, giving into angry radicals on the far left and reactionaries on the right. They will destroy markets and justice in the name of human weakness. To the degree that we

personally lay down the joyful burden of ethical and intellectual competence, to that same degree these kinds of people will destroy the meaning of life, replacing it with fantasies and lies that you will believe because your respectability will be gone. If you don't do the work, you give up truth for comfort. You believe amusement is more important than meaning and purpose and we all end up giving ourselves over to stupidity and death. But death will not necessarily bring tears. The tears will come because we no longer know **why** we should live. People who live only by transactions will experience a truncated life – an existence without worth, both personally and culturally. In such a world, filled with fear, conspiracies and lies, we all enter the pit of meaninglessness.

On the other hand, we know of families, companies and other institutions that have been able to provide harmony and meaning in people's lives. The 14 October 2022 issue of Newsweek presented America's most loved workplaces. With appropriate methodology, they showed that personal responsibility for career and personal development opportunities are the most important factors of a happy career. Management that helps people grow through education, integrity and accountability create harmony, higher profits and wealth.

The Question

The structure of the moral community – nation or company – begs a question or two. Can people govern themselves with mutual respect? Can we have confidence in the **People** and in their ability to develop and administer civic justice, with some degree of wisdom?

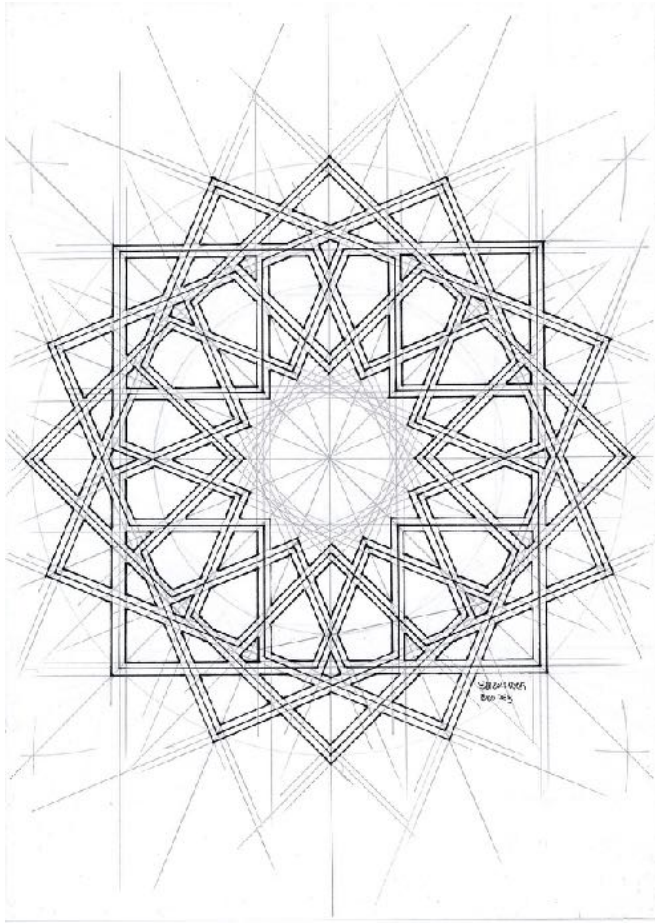
All of this would suggest a belief in an elusive democratic or general enlightenment.

Enlightenment, when manifested in the people, is always subtle. It is most often found in the acts of individuals and institutions with 1) a general

knowledge of philosophy and 2) an appreciation of civic integrity. This must be true in any society that claims a democratic DNA. However, both conditions are problematic because they demand a system of purposeful education called philosophical thinking, which places a premium on reason and debate, while diminishing the corroding influence of tribalists. All democratic societies have and must continue to value reason (enlightenment) simply because tribalism, with its anti-democratic structures and totalitarian mindset, (must) rely on dogmas and mind control mechanisms that belie the importance of the individual and the responsibility of self-government.

Within the discipline of philosophy, we define the democratic mind, as opposed to the totalitarian mind, as one that can hold two conflicting ideas at the same time and still be capable of discussing the qualities of both before making, judging or administering policy. Within the civic realm, the discourse of most worth is the interesting and ongoing reasoned and moral tensions between the public and private lives of individuals. This is manifested in four democratic value debates: common vs. private wealth; unity vs. diversity; freedom vs. equality; and law vs. ethics. Exploring these tensions is at the heart of civic leadership,

citizen competence and defines democracy and moral capitalism through philosophic inquiry and debate. It is the structure of moral behavior, which create the moral community.



The field theory of democracy and moral capitalism – *is simply an idea, sustained through civic, civil and reasoned argument. What's the argument about? It's about keeping dynamic systems fresh by debating the fundamental value tensions inherent in those systems.*

Once the argument stops, the system atrophies and we see the collapse of institutions. It's sort of an uncreative destruction that happens with:

- Failures of critical awareness of the fact that we are living beyond the J curve.
- A new set of cultural questions that can't be answered or a failure to ask any new questions.
- A triumph of transactional behavior over relationships.
- A loss of motive or disclosure concepts in favor of certainty.
- A deep fear of people and ideas.
- A loss of the generational covalent.

These destructive occurrences appear too close for comfort and that's the point. The last thing we need is comfort. We need learning, which is hard and uncomfortable.

Enduring Arguments Over the Four Value Tensions

Designing the moral society demands an ongoing debate over how to balance these values in a rational, intelligent and civil way:

- **Freedom vs. equality**

The balance between *freedom* and *equality* is an essential fabric of democracy and moral capitalism. When conventional wisdom favors freedom, resources and money flow into the hands of the few. Left unattended, the imbalance of wealth and power hurts the economy and undermines the market and democracy. In contrast, when government acts aggressively to redistribute wealth in the name of fairness or economic justice, personal liberty suffers and economic incentives are diminished.

- **Law vs. ethics**

We describe a democracy as a nation of *law*, but understand that a law may not be just or *ethical*. The rule of law implies that it is the duty of citizens to abide by laws that provide a sense of security and fairness. Yet, citizens use (have used) *ethics and morals* to change existing law and advance the causes of liberty, justice and wealth.

- **Private wealth vs. commonwealth**

Free people understand *private wealth* as a driving force behind a nation's economic development. Yet, investment in the public infrastructure – schools and universities, streets and highways, electric grids, police, utilities and even parks, hospitals, libraries, and museums – help private businesses to carry out their work. Maintaining the *commonwealth* enhances private wealth, but without thriving industries, tax revenues would not be available to adequately support public goods and services. There can be no private wealth without commonwealth and no commonwealth without private wealth.

- **Unity vs. diversity**

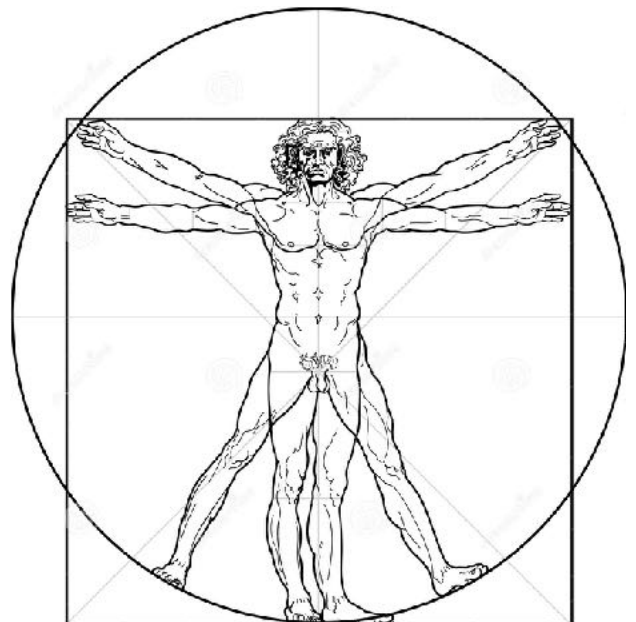
One of the finest achievements of a republic is (has been) to create a relatively stable political culture made up of different languages, religious traditions and races. This *diversity* enhances the creativity and progress of the nation.

Unity is also a necessary component of the society, but has been a persistent struggle. Typically, new immigrants have faced discrimination, distrust and abuse while occupying the bottom of the nation's job chain. Immigrants also work to improve their status and in time, contribute distinctive cultural influences that enhance *diversity* and richness. Again, a democracy must understand that the logical extension of diversity is apartheid, while the end of unity is a totalitarian state.

Performance as Moral Design

Architects have for years used the axiom, credited to Louis Sullivan, that “form follows function.” Frank Lloyd Wright insisted that the idea was misunderstood. He said that “form and function should be one, joined in spiritual union.”

This is the beginning of moral design – a set of performing relationships coming together in a dynamic dance of discipline, love and joy. The energy for and of the performance is created in ongoing arguments and attending decisions.



As we consider the arguments within the value tensions above, it becomes clear that engaging in civic discourse demands acuity in philosophical thinking and arguments. Concepts such as freedom, ethics, law or justice, as well as reason and logic, demand a grasp of ideas that are not found in nature. That is, these motive concepts cannot be understood from our narrow, everyday observational judgements. We can never debate or come to reasonable policy decisions if we are unable to absorb and deliberate on these fundamental values upon which a republic and more independent market depend. That is, the moral design must suggest a performance, a performance based on learned techniques of argument and content, as well as an understanding that moral agency transcends technique and embraces the free will domain of artistry.

The moral design is manifested throughout history by the behaviors of people from all cultures and everywhere on earth. We often call such behavior courageous, good and illuminating a deep concern for others and transcendent virtue. I end with one illustration – St. Francis of Assisi.

One early morning, St. Francis told his disciples that they were going out today into the countryside to preach the word of God to all who would listen. After about ten hours in the fields and towns, they returned home where one of the disciples observed: *“Teacher, we have been out all day and not once did any of us preach – or say much to anyone.”* Upon hearing the critique of the day’s work, St. Francis replied with the meaning, mystery and power of the moral design: *“Son, we have preached all day. We preach by who we are. We preach by what we think. We preach by what we do. Our essence is in our performance.”*

Wealth creators, from all cultures and times, have tried to show us that our moral design is always present within us. It is the dynamic and living spirit that is revealed through our benevolent relationships with others and nature. The moral design of individuals, institutions and the larger community is always ready for our use and benefit. But to access this disclosure, one must work while becoming wise at implementing the charmed relationships that allow for trust and happiness within the scope of our ability to discern inner qualities of character.

Michael Hartoonian is Associate Editor of Pegasus.



A New Code of Ethics for Journalism

Stephen B. Young

An independent-minded billionaire, free to follow his personal will, now controls a major influencer of values and thoughts in the U.S. Elon Musk now is the boss of Twitter.

In early December 2022, Musk turned over internal Twitter documents to two independent journalists – Matt Taibbi and Bari Weiss. These documents revealed how Twitter officers censored public knowledge of the damaging truths contained in Hunter Biden’s laptop, evidence linking his father, President Joe Biden, to personal involvement in “deals” with Chinese business entities.

The preferred term for many influential Americans is not “censorship,” but “content modification.” The newly released documents show Twitter executives talking about “disfavored” views being subjected to “visibility filtering” and “amplification” limits. In other, more frank words, recalling George Orwell’s description of totalitarian life in his book, *Nineteen Eighty-Four*, the Twitter executives sought to control public awareness. By controlling our knowledge and limiting our understandings, manipulators of public discourse seek to control our behaviors to their advantage.

Former Twitter CEO, Parag Agrawal, pledged the company would “focus less on thinking about free speech” because “speech is easy on the internet. Most people can speak. Where our role is particularly emphasized is who can be heard.”

Censorship to guide public discourse is favored by some American politicians. Senator Elizabeth Warren (D-Mass.) has called upon social media companies to use “enlightened algorithms to protect users from their own bad reading choices.” President Biden has called for regulation of speech and discussions by wise editors. Without such censorship and manipulation, Biden asked, “How do people know the truth?”

It its ethical principles for just government, the Caux Round Table holds out a high standard of freedom and probity for public discourse:

Discourse ethics should guide application of public power.

Public power, however allocated by constitutions, referendums or laws, shall rest its legitimacy in processes of communication and discourse among autonomous moral agents who constitute the community to be served by the government. Free and open discourse, embracing independent media, shall not be curtailed, except to protect legitimate expectations of personal privacy, sustain the confidentiality needed for the proper separation of powers or for the most dire of reasons relating to national security.

Journalism becomes more of a self-seeking private business than a public service when it seeks to control our ability to think and reason well; when it places itself in the position of a “philosopher king,” as proposed by Plato in his *Republic*.

Attempted command and control of what the people can read and discuss is the management tool used by Xi Jinping and his theocratic regime of right-thinking and right-living imposed on the people of China. Similar control of news and information props up Vladimir Putin’s regime in Russia, all to further the legitimacy of a regime dedicated to promotion of Russian ethnicity and its special religion, the Third Rome idealism of the Russian Orthodox Church.

Thus, today’s journalism and social media platforms, more than ever before, should adopt the ideals of ESG, especially the impacts of its products on society and governance.

An autocratic censorship discourse regime destroys human capital and degrades social capital. Moreover, such a regime undermines constitutional democracy. Censorship limits the scope of personal agency and so inhibits innovation, compromise and the learning of truth.

To minimize corporate irresponsibility in journalism and monopolistic social media platforms, the Caux Round Table has proposed the following ethical principles for journalism:

Business Principles for Ethical Journalism

Preamble: Fundamental Principles:

- 1) Journalism is a quasi-public trust encumbered with fiduciary duties. Journalism, as a business, provides a notable good of great merit for society. News, information and well-argued opinion constitute a vital part of a society’s social capital. Inaccurate news, false information and propaganda degrade a society’s capacity for finding common ground, mutual respect and tolerance. The moral character of a society flourishes with responsible discourse to provide checks on extremism, stupidity and political authority. Journalism is not entertainment.
- 2) Journalism, as a business, is community, not ownership focused. As a quasi-public trust, journalism does not seek to maximize financial returns for owners. A business in journalism should be organized as a public-benefit corporation, with its stock owned by philanthropic institutions. Journalism companies must distinguish their rightful business model from the provision of that which is demeaning, dysfunctional, false, malicious, arbitrary and destructive of social capital.

- 3) The owners of companies providing journalism must support the creation of social capital. Social capital – the reality of the social compact incubating justice, successful wealth creation and permitting the actualization of human dignity – is created over time by governments and civil society. From the rule of law to physical infrastructures, from the quality of a society's moral integrity and transparency of its decision-making, to the depth and vitality of its culture, social capital demands investment of time, money, imagination and leadership.
- 4) Companies providing journalism will demand from their employees the highest standards of honesty, integrity and self-discipline in the craft of providing the highest quality news, information and well-argued opinion.

These standards, as set forth in the Society of Professional Journalist's code of ethics, are:

Seek Truth and Report It

Ethical journalism should be accurate and fair. Journalists should be honest and courageous in gathering, reporting and interpreting information.

Minimize Harm

Ethical journalism treats sources, subjects, colleagues and members of the public as human beings deserving of respect.

Act Independently

The highest and primary obligation of ethical journalism is to serve the public.

Be Accountable and Transparent

Ethical journalism means taking responsibility for one's work and explaining one's decisions to the public.

- 5) A journalist shall be competent and act with reasonable diligence. Competent reporting and advocacy require knowledge, skill, thoroughness and preparation reasonably necessary for public dissemination of the journalist's work product.

A journalist shall not knowingly: (1) make a false statement of fact or fail to correct a false statement of material fact previously made to the public by the journalist; (2) fail to disclose to the public facts and authority known to the lawyer to be directly adverse to his or her published work; (3) offer evidentiary arguments that the journalist knows to be deceitful or a misrepresentation of substantial truth; or 4) allude to any matter that the journalist does not reasonably believe is relevant or that will not be supported by credible testimony and evidence.

Journalism is no longer a profession, but a business – it sells opportunity for emotional discharge or satisfaction and reinforcement.

What is the Purpose of the Company?

Education.

What Are its Stakeholders?

Principles – follow the law – assume a burden of persuasion; don't take own views as the truth to be accepted without question.

Follow rules of equity – clean hands; seek equity, do equity.

Self-concept/identity – integrate with social forces.

Cognitive biases.

Meet needs.

Not objective, search for truth, knowledge.

Business ethics – stakeholders.

Customers – quality and price.

Employees – hostile environment.

Owners – public good, rate of return.

Competition within bounds of truth.

Community – build social and human capitals, not destroy them; discourse.

Seek Truth and Report It

Ethical journalism should be accurate and fair. Journalists should be honest and courageous in gathering, reporting and interpreting information.

Journalists should:

- Take responsibility for the accuracy of their work. Verify information before releasing it.

Use original sources whenever possible.

- Remember that neither speed nor format excuses inaccuracy.

- Provide context. Take special care not to misrepresent or oversimplify in promoting, previewing or summarizing a story.
- Gather, update and correct information throughout the life of a news story.
- Be cautious when making promises, but keep the promises they make.
- Identify sources clearly. The public is entitled to as much information as possible to judge the reliability and motivations of sources.
- Consider sources' motives before promising anonymity. Reserve anonymity for sources who may face danger, retribution or other harm and have information that cannot be obtained elsewhere. Explain why anonymity was granted.
- Diligently seek subjects of news coverage to allow them to respond to criticism or allegations of wrongdoing.
- Avoid undercover or other surreptitious methods of gathering information unless traditional, open methods will not yield information vital to the public.
- Be vigilant and courageous about holding those with power accountable. Give voice to the voiceless.
- Support the open and civil exchange of views, even views they find repugnant.
- Recognize a special obligation to serve as watchdogs over public affairs and government. Seek to ensure that the public's business is conducted in the open and that public records are open to all.
- Provide access to source material when it is relevant and appropriate.
- Boldly tell the story of the diversity and magnitude of the human experience. Seek sources whose voices we seldom hear.
- Avoid stereotyping. Journalists should examine the ways their values and experiences may shape their reporting.
- Label advocacy and commentary.
- Never deliberately distort facts or context, including visual information. Clearly label illustrations and re-enactments.
- Never plagiarize. Always attribute.

Minimize Harm

Ethical journalism treats sources, subjects, colleagues and members of the public as human beings deserving of respect.

Journalists should:

- Balance the public's need for information against potential harm or discomfort. Pursuit of the news is not a license for arrogance or undue intrusiveness.
- Show compassion for those who may be affected by news coverage. Use heightened sensitivity when dealing with juveniles, victims of sex crimes and sources or subjects who are inexperienced or unable to give consent. Consider cultural differences in approach and treatment.
- Recognize that legal access to information differs from an ethical justification to publish or broadcast.
- Realize that private people have a greater right to control information about themselves than public figures and others who seek power, influence or attention. Weigh the consequences of publishing or broadcasting personal information.
- Avoid pandering to lurid curiosity, even if others do.
- Balance a suspect's right to a fair trial with the public's right to know. Consider the implications of identifying criminal suspects before they face legal charges.
- Consider the long-term implications of the extended reach and permanence of publication. Provide updated and more complete information as appropriate.

Act Independently

The highest and primary obligation of ethical journalism is to serve the public.

Journalists should:

- Avoid conflicts of interest, real or perceived. Disclose unavoidable conflicts.
- Refuse gifts, favors, fees, free travel and special treatment and avoid political and other outside activities that may compromise integrity or impartiality or may damage credibility.
- Be wary of sources offering information for favors or money; do not pay for access to news. Identify content provided by outside sources, whether paid or not.
- Deny favored treatment to advertisers, donors or any other special interests and resist internal and external pressure to influence coverage.
- Distinguish news from advertising and shun hybrids that blur the lines between the two. Prominently label sponsored content.

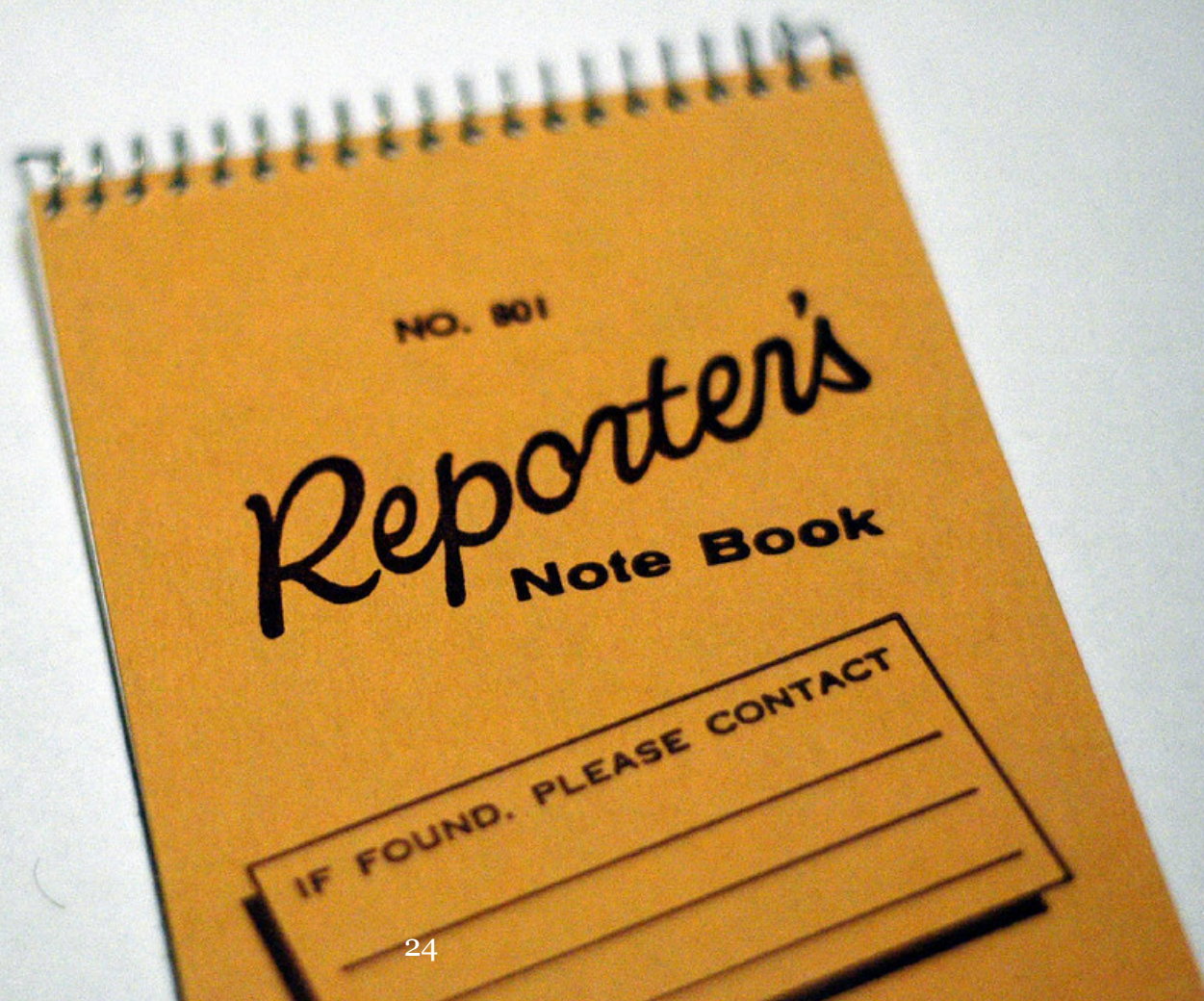
Be Accountable and Transparent

Ethical journalism means taking responsibility for one's work and explaining one's decisions to the public.

Journalists should:

- Explain ethical choices and processes to audiences. Encourage a civil dialogue with the public about journalistic practices, coverage and news content.
- Respond quickly to questions about accuracy, clarity and fairness.
- Acknowledge mistakes and correct them promptly and prominently. Explain corrections and clarifications carefully and clearly.
- Expose unethical conduct in journalism, including within their organizations.
- Abide by the same high standards they expect of others.

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



The Business of Business

Andrew Selden

Some have argued that the managers of business organizations should be obliged to take into consideration not only the traditional concerns of the business, but interests of third parties and outside interests that have no ownership stake in the enterprise.

This line of thought overlooks an important factor.

Under state law, the management of a business entity owes the entity's shareholders – its owners – a number of duties, including (among others) a duty of loyalty, a duty of due care and a fiduciary duty to manage the entity in the best interests exclusively of its owners. The interests of third parties or abstract values do not enter into that, except insofar as that a business entity that does not give due regard to its employees, its communities and its civic responsibilities cannot be maximizing the entity's provision of favorable financial results to the shareholders over time.

That is the law. Management deviation from that is illegal because it is outside the expressed requirements of the legislature – the democratically elected representatives of the citizenry. Third party campaigners who think business entities should operate under different rules of law should direct their theories to the legislature, not management. Directors are personally liable if they breach their duties to the entity they serve.

Andrew Selden,
Edina, Minnesota

(The writer is a retired business attorney, a former member and chairman of the board of directors of the Minnesota Better Business Bureau and author of numerous published works on franchising, and transportation policy.)



www.cauxroundtable.org | Twitter: @cauxroundtable | Facebook: Caux.Round.Table

Steve Young

Editor-in-chief and Publisher

Michael Hartoonian

Associate Editor

Jed Ipsen

Assistant Editor

Patrick Rhone

Layout & Design

We hope you enjoyed this issue of Pegasus. Please feel free to share it with others. They can sign up to receive it directly at: <https://www.cauxroundtable.org/pegasus/>

