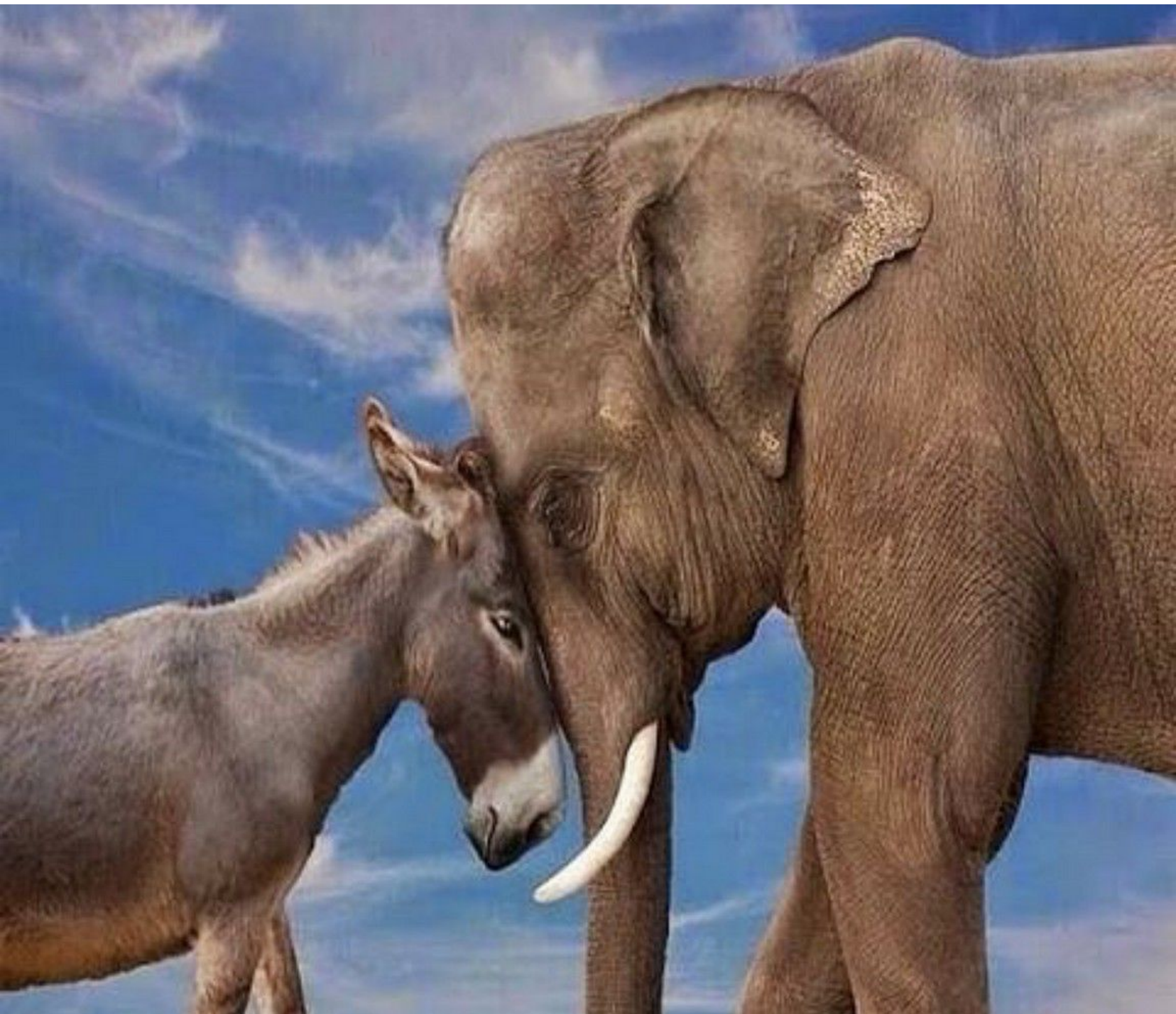


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PEGASUS

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



Pegasus

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Introduction

One of the most complex of Shakespeare's characters is Richard III. Disfigured, but with a devilish wit and deep sarcasm, he observed that "This was the winter of our discontent, made glorious by the sun (son) of York." Worried about almost everything and very democratic in his insults to even those you might suspect to be his allies, he presented himself as a just and kind ruler, yet he was anything but one. Deeply hurt by his physical appearance, as legend has it, he closed his heart to the world, to any sense of the public good and held an ironic discontent for love and rationality. Why? Perhaps Richard's ego and self-interest, which he could not properly understand, together with a narcissistic personality, led him to despair and a life devoid of human tenderness. Perhaps, on the other hand, Richard could not understand the benefits of morally engaging with others, only the costs.

Writing in 1930, Sigmund Freud argued that civilization indeed extracts a cost of personal effort that necessarily generates discontent. Learning to live in community, in harmony, is hard work, so why, then, should we be surprised that we are discontented living in a civilized society?

Civilization, says Freud, is "The whole sum of the achievements and regulations which distinguish our lives from those of our animal ancestors and which serve two purposes – namely to protect us against nature and to respect mutual relations." He believed that beauty, cleanliness and order must be learned so we can acculturate values that encourage our higher mental activities. Sublimation of instinct is a conspicuous feature of this cultural development. Something, I guess, Richard III could not or would not do. While limited in scope, Freud nevertheless made it clear that discontent was a reasonable reaction to duty, discipline and even joy.

In June *Pegasus*, we take a deeper look at the relationships among the ideas of capitalism as a public trust, the necessity for rationality and the forces that pull us apart, even from our own identity, as well as from one another. All these activities create "discontents," that is, an intellectual unwillingness to confront uncertainty, as well as perform the uncomfortable work of learning and executing our responsibilities for moral interactions in our social, economic, political and cultural lives. This moral timidity and intellectual laziness are the death knells of freedom, harmony and meaning. Wealth, like happiness, are simply by-products of living a principled life and living it intentionally.

In the journal *Directors&Boards*, Steve Young confronts us with the economic and moral necessity of building trust in all relationships and the work involved therein. Transactions, contracts and financial agreements are expensive, sluggish and often corrupt, absent moral persuasion. What is hard to comprehend is the idea that it is in the interest of personal and business wellness to lead with principles, despite the discontent manifested by many around you. Discontent is the price of learning and doing moral capitalism. It is present in the ability to learn from trial and error that allows for sustainability and proper growth. I argue in "Rationality and its Discontents" that this learning is at the heart of "coming together." The

secret here is to understand that true learning and growth can only take place within an open system. Meaning – there must be cultural integrity enough to ratchet up freedom and ratchet down structure, thus taking advantage of the wealth-creating ability of (each) individual within the institution or collections of institutions. That integrity, of course, is supported by opportunity, merit and advancement. At a macro level, this intellectual freedom makes it possible to study and make sense out of trend data, taking history to the level of cautious predictability.

The arguments made in this issue are open-hearted and based on moral sentiments and historical trend data. They are a part of the ongoing arguments advanced by the Caux Round Table for freedom, integrity, moral acuity and real wealth creation.

Michael Hartoonian
Associate Editor
Pegasus



Text

CAPITALISM AND ITS DISCONTENTS

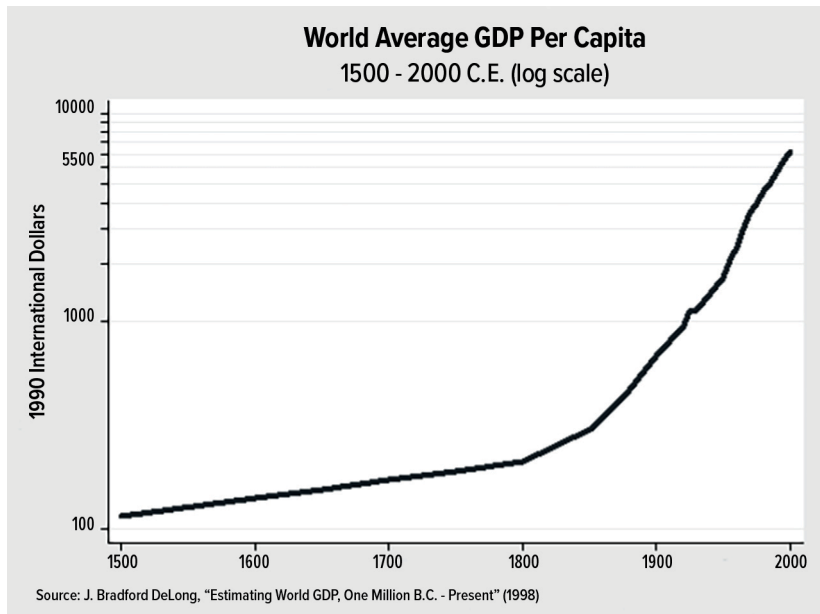
To reduce risks to their companies,
boards must promote an understanding
of the true nature of capitalism.

BY STEPHEN B. YOUNG

In their duty to owners, board members should act to defend capitalism against those who denigrate its advantages. This advocacy will optimize the ability of firms to create wealth for customers, employees, the community and owners. Society and humanity also will benefit, as has been the case since the dawn of the Industrial Revolution.

The promise of capitalism, according to Adam Smith, is its ability to “create the wealth of nations.” And it has done so.

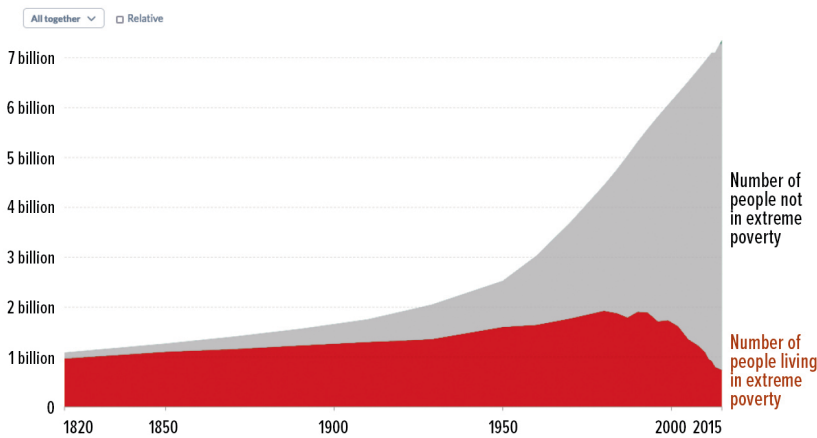
Consider the following charts:



World population living in extreme poverty, 1820-2015

Extreme poverty is defined as living on less than 1.90 international-\$ per day.

International-\$ are adjusted for price differences between countries and for price changes over time (inflation).



Source: Ravallion (2016) updated with World Bank (2019)

OurWorldInData.org/poverty • CC BY

Note: See this link for the strengths and limitations of this data and how historians arrive at these estimates.

CAPITALISM MISUNDERSTOOD

The function of capitalism was, I thought, succinctly put by Walt Rostow in his 1960 book *The Stages of Economic Growth*. Capitalism arrives after a national economy “takes off” and thereafter experiences self-sustaining growth.

And yet for all the wealth created by capitalism over the last 300 years, there is disappointment over

and resentment of its failure to bring good things to all people. An alternative has been proposed to remedy capitalism’s shortcomings: wise use of public power to provide us with happy lives. The public power alternative has taken the form of socialism in both its communist and fascist expressions and its weak version of the benevolent welfare state, with its regulation of private firms and mandatory wealth transfers from the well-off to those less fortunate.

The primary disappointments with capitalism seem to arise from:

- A categorical intellectual mistake of confusing capitalism with money, and a deeply felt objection to its reliance on self-interest and individual greed.
- Capitalism’s cycles of asset booms and busts.
- The failure of capitalism to produce sufficient public goods, leading to inequality.

A discerning mind will intuit that these shortcomings of capitalism as a system of production, employment and distribution arise not from flaws inherent in the system itself but from systemic flaws in human nature. The problem is not the system; it is us, each and every one of us.

Undermining clear thinking about capitalism’s achievements and shortcomings lies in rejection of our personal responsibility.

The Abrahamic religions put responsibility for life’s outcomes on the individual, not on the family, the tribe, the nation or the system. Confucius and Mencius argued forcefully that we should seek to become virtuous and not live as “mean” persons. Buddha advocated personal enlightenment. The ancient Quiche Maya text, the Popul Vuh, objects to “self-magnification.”

CONFLATING CAPITALISM WITH MONEY

Many wrongly confuse capitalism with money.

The Apostle Paul was convinced that the love of money is the root of all evil. Money is a pre-capitalism human invention. Traditional societies used money. Socialist, even communist, economies use money. As a consequence, those economies could not escape from the selfish abuse of money power.

THE “NECESSARY EVILS” OF CAPITALISM: PROS, CONS AND SOLUTIONS

Proponents of the following nine practices argue that they are good and necessary. Their arguments are usually in response to a proposed bill, rule, regulation or stockholder proposal advocating for a ban or curb on them as if they were evil. In each case, ways of working with these “necessary evils” can emerge from their pros and cons.

ALGORITHMIC TRADING

Pros. Uses computer power to improve buy-sell decisions and speed their occurrence based on if-then formulas.

Cons. Entirely dependent on quality of programming. Can intensify buy or sell panics.

Solution. Continually improve programs and use market circuit breaker if market overheats.

BUYBACKS

Pros. Enables companies to increase the shares they hold, decreasing dilution of share value and lowering chances of involuntary change of control. Also increases flexibility of executive and employee compensation programs.

Cons. Deprives company of cash that may be needed for capital investments, R&D or dividends.

Solution. Set policy for capital allocation to ensure appropriateness of buybacks.

CEO PAY INFLATION

Pros. Basing CEO pay on stock price (one major cause of pay inflation) aligns CEO decisions with shareholder interests and, if structured for generous outcomes, can give boards a wider choice of leaders, as some are reluctant to jump ship without a major financial incentive. High pay puts greater pressure on the CEO for high performance.

Cons. CEO pay that is high relative to peers and other employees can be a magnet for stakeholder criticism and can incentivize short-termism. Seeing the CEO as an “owner” is contrary to the CEO’s fiduciary duty as an officer.

Solutions. Restructure pay packages to be heavier on base pay and lighter on equity pay, structuring the latter solely as restricted stock grants. Eliminate stock options entirely except for start-ups. Ensure that golden parachutes, if any, fall below the “excessive parachutes” level that triggers taxation.

DERIVATIVE HEDGING

Pros. Enables companies to offset their strategies without making major and possibly irreversible capital investments.

Cons. Can lead to disastrous outcome if bets are wrong and big.

Solution. Ensure expertise of choice and use in moderation.

GOLDEN PARACHUTES

Pros. Being assured of continued pay after a change of control will prevent CEOs and senior executives from resisting an acquisition offer that may be in the best interests of shareholders and other stakeholders.

Cons. Golden parachutes, if overly generous or too easily triggered, can create a perverse incentive to sell the company and depart from leadership when this is not in the long-term interests of shareholders and other stakeholders.

Solutions. Ensure that golden parachutes are triggered only when two events occur — change of control and dismissal/demotion (so-called double-trigger). Also, make sure that they are reasonable in size (e.g., will not trigger Rule 280G taxation as “excess parachute payments”).

LOBBYING

Pros. Gives companies the chance to tell their story in detail directly to legislators and regulators, supplementing and balancing media accounts that can be overly simplistic or unnecessarily negative.

Cons. When combined with political contributions — especially through anonymous

PACs — can have undue influence on legislative and policy decisions.

Solutions. Require transparency in both political contributions and lobbying. Via an ethics code, set boundaries on lobbying so it does not cross a line into rent-seeking and anticompetitive behavior.

POLITICAL ACTION COMMITTEES

Pros. Can be a way for corporations to support candidates and policies consistent with the needs of their industry, contributing to better state and national policy.

Cons. Can cause corruption and confusion — the identity of contributors to PACs may be known to candidates, who may be beholden to them, but not to voters, who may be misled by them.

Solutions. Get buy-in on PACs from stakeholders. Candidates and companies should be transparent, disclosing sources of funding and purpose of formation. As stated above (under “Lobbying”), ensure ethical behavior to avoid rent-seeking and anticompetitive behavior.

RESTRUCTURING

Pros. Enables companies to weather hard times through structural changes, such as layoffs that lower labor costs, divestitures that raise cash or share buybacks that discourage takeovers.

Cons. Can cause loss of talent, business lines or funds that will be needed later.

Solution. Consider impacts on all stakeholders in the short and long term.

SHORT SELLING

Pros. Can prevent overvaluation of stock by betting on a reasonably likely downturn.

Cons. Can drive stock prices down too low based on false information.

Solutions. Refrain from short selling. Support stocks victimized by short selling. At the exchange level, insist on strong circuit breakers per Regulation SHO (but with no exemptions).



When Charles Dickens created his wealth-accumulating character Ebenezer Scrooge, he made him a moneylender who heartlessly collected debts owed to his firm. In his magnum opus *Das Kapital*, Karl Marx stigmatized a capitalist as “Mr. Moneybags”: “His person, or rather his pocket, is the point from which the money starts and to which it returns.”

When love of money takes over our souls, we scheme for ways to extract “rents” (cash money) from others without allowing them much, if any, bargaining leverage. Such transactions are pretty much “take it or leave it” and lack fairness. Economists call this behavior “rent seeking” and “rent extraction.” The latter happens when we have power — political power, social power and market power (monopolies, oligarchies, protective regulations, patents and copyrights). This kind of capitalism is more correctly understood as “crony capitalism,” or a system of collusion between rent-seeking officials and private enterprises at the local or national level.

The love of money, as Saint Paul warned, stokes desire in our hearts and encourages our minds to scheme. The more money, the more we can be tempted.

Money gives us power when, as Lord Acton warned, “Power corrupts and absolute power corrupts absolutely.”

Now, power is necessary for human flourishing. We can have no individual agency without power. Assets — intellect, skills, charm and wealth — drive life outcomes.

The wealthy, no doubt since the dawn of time, have lived better than the poor in every culture.

Thus, we must accept owning money as a human good, even as a human right, perhaps. But the circulation of money can distort our judgment and warp our values.

Since capitalism produces more wealth than any other economic system, it generates money, which is both a public benefit and a private good. But money power is also a source of inequality and unfairness, as owners, workers, consumers and governments all bend their wills day in and day out to get money.

But capitalism is far more important to humanity than money. Capitalism raises living standards and thus brings hope to societies and individuals.

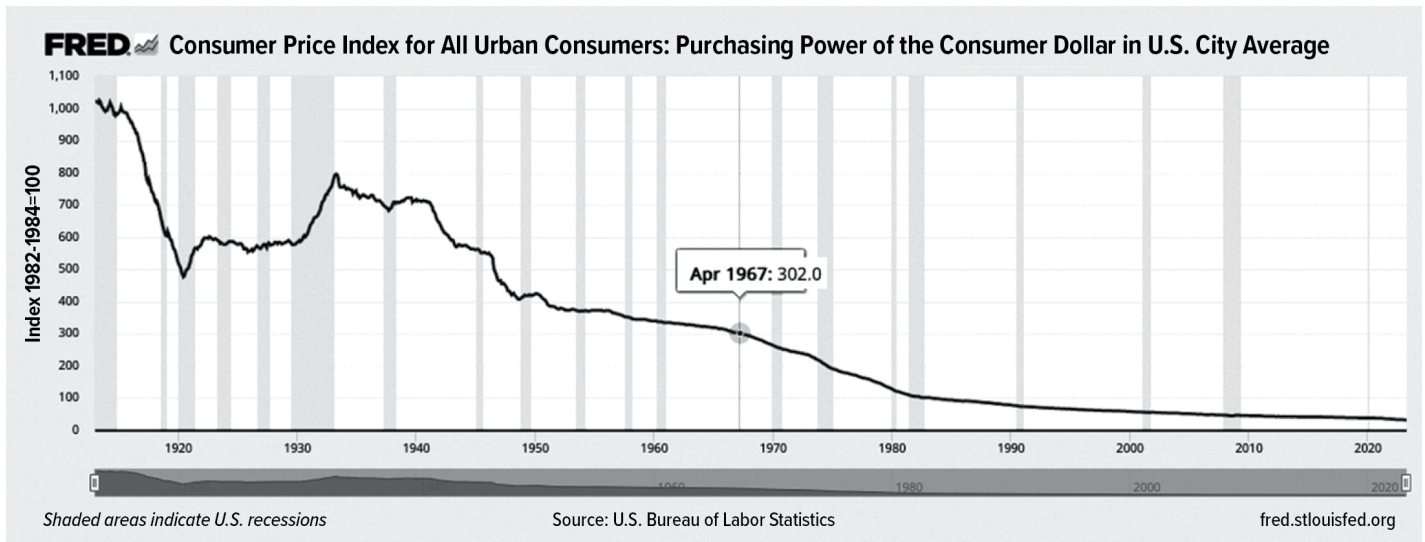
Briefly stated, one of the most ingenious capacities of capitalism is its superior ability to restrain excessive abuse of money power. Through competition, a prolific mechanism of checks and balances, capitalism uses self-interest to constrain self-interest. Inequality of outcomes in market economies very often comes about when competition is replaced with modes of rent extraction.

BOOMS THAT END UP IN BUSTS

In addition to wrongly objecting to capitalism because it thrives on the circulation of money, there is anger that, from time to time, capitalism does not create wealth but destroys it, or rather destroys the monetary value of assets.

People buy assets with money. They invest to make a profit and so enhance their agency capacity. But sometimes assets lose market value over time as buyers don’t value them as highly as they once did. Owners then become poorer in money.

Financial crises have happened since the dawn of capitalism, including the Tulip Mania in Holland, the South Sea Bubble in England, the Mississippi Bubble in France or, closer to home in the United States, the 1929 stock market crash, the 2008 collapse of credit markets and the recent collapses of some regional banks.



Taking on debt can also lead to financial distress. The borrower can misjudge the probability of repayment or events can happen that deplete the borrower's stock of ready money available to repay the debt. Too much debt is just as much a risk of potential loss as is any net present overvaluation of assets.

The cause of these losses is not the system of markets but lies in the minds of buyers and sellers, borrowers being only buyers of money. Human nature disposes us to making misjudgments and so choosing illusions over reality. The old saying was "If wishes were horses, beggars would ride."

Both financial crises and debt/income mismatches arise from misjudgments in valuation. In financial crises, the market value of financial contracts becomes unrealistic or even irrational, and then buyers balk, driving prices down. In assuming debt, the value of the asset, or the net present value of future earnings, is misjudged. In time, the borrower lacks capacity to repay the financial obligation and must default, most likely losing ownership rights to the asset.

Now in its own way, capitalism provides a check on making excessive valuations. At some point in a competitive market, prices get so high that the supply of buyers shrinks and prices must drop to draw them forth again. The rationality of self-interest — human nature — prevails again. But here state action intervenes to affect the price equilibrium in financial markets. Financial enterprises are regulated, and the state influences the value of money by increasing or decreasing its supply.

The chart above depicts the real value of the U.S. dollar over the years the American welfare state was evolving into its present scale as the federal government injected more and more money into the economy.

But it is not feasible for capitalism as a system to correct misjudgments of individuals about their ability to assume and repay debt. In some jurisdictions, however, bankruptcy laws attempt to minimize the harm done to borrowers by such misjudgments.

NOT ENOUGH PUBLIC GOODS

There is disappointment that capitalism does not produce, either in quality or in quantity, the public goods many desire and that capitalism does not sufficiently inhibit the production of public "bads." In economics, this is the problem of externalities — the consequences that come with our actions.

Consider our need to offset the accumulation in our planet's atmosphere of trillions of tons of carbon dioxide, leading to changes in our weather and climates. Capitalism gave us the Industrial Revolution. The Industrial Revolution has given us climate change — a public "bad" — as an unintentional by-product of its technologies.

Public "goods" are things like education, housing, a living wage, healthy food, roads and bridges, and freedom of speech and thought. Capitalism does not internally generate these goods in quantity. Nor can capitalism always provide them in quality. Capitalism is a pay-as-you-go system when most of us either can't, or are unwilling to, pay for these and other public goods.

This third source of dissatisfaction with capitalism also arises from the quandaries of human nature. How far does my duty to others go? How much should I sacrifice my money to benefit others? Am I always my “brother’s keeper”? Doesn’t “my brother” have obligations arising from human dignity to make the best out of life? Am I a steward of community well-being, or is that the government’s job?

A notorious insight of Adam Smith gives us a clue about capitalism’s capacity to bridge the gap between our private interest and the creation of public goods. Smith observed that we humans live by “truck and barter.” What I don’t have, maybe I can get from you — that is, if we can agree on an exchange value between what I want and what you have. Smith pointed out that, often, self-interest more than altruism generates outcomes that benefit others. In that sense, something of a public advantage is created by the intersection of differing self-interests. Both parties to the exchange benefit and society is better off for their having benefited from one another.

Consider education and health care: Are they public or private goods?

On one hand, both education and health are private goods. The individual “owns” the advantage that comes with education and good health. They contribute importantly to personal human capital balance sheets.

On the other hand, a society that has provided high levels of human capital for its members is more productive, more resilient, more progressive, more tolerant — all important public goods. Such goods are “non-rivalrous” in the language of economists, and so are shared in common with all members of the community.

I call these goods “quasi-public/quasi-private,” as they are an amalgam of that which belongs to one and that which also benefits others.

Decelerating climate change follows a similar model. Some innovative private goods or services — electric vehicles; new, smart, nuclear reactors; carbon removal and sequestration; changes in production methodologies for cement making and shifts in agricultural practices — have public benefits.

So, one way capitalism can achieve more in the production of beneficial “public” outcomes is to introduce products and services that will attract customers willing to buy such quasi-public/quasi-private goods.

The appropriate competence of the state in encouraging such production of quasi-public/quasi-private goods is to transfer “rents” from taxpayers to private entrepreneurs to shift the risk/return calculus associated with their private interests toward more favorable valuations of their innovative enterprises.

The state can also adopt and enforce laws that change the calculus of self-interest on the part of market participants. Law can set specifications, provide preferences and impose penalties on goods and services. The state can thus constructively change the calculus of self-interest — bring the cost of future consequences into the present to minimize the deleterious and shortsighted effects of unenlightened self-interest.

Thus, capitalism with help from the state can cope with human nature, warts and all, to better serve the common good. Though many of capitalism’s perceived evils stem in fact from our human nature, capitalism can influence our behaviors for the better but will never change our natures.

IMPLICATIONS FOR BOARDS

Boards of public companies would be wise to promote this understanding of capitalism in order to strengthen the performance of the companies they serve and to advance the common good. Capitalism is a quasi-private/quasi-public system dependent on our human nature but capable of offsetting our shortcomings.

Understanding the true nature of capitalism — including what appears to be its list of necessary evils (see the sidebar on page 17) — will enable directors to respond to the many issues confronting them in the course of fulfilling their duties. At the same time, board members must act with a view to optimizing the public goods produced by the companies they supervise and minimizing the public “bads” associated with the goods and services that those firms introduce into our economies. This goal is consistent with their duty of due care to owners. Optimizing the benefits and minimizing the harms will lower risks and increase the firm’s net present value as enlightened self-interest always seeks to do. ■

Stephen B. Young is global executive director of *The Caux Round Table for Moral Capitalism*.



Rationality and its Discontents: Coming Apart/Coming Together

Michael Hartoonian

*Turning and turning in the widening gyre
The falcon cannot hear the falconer.
Things fall apart; the Centre cannot hold.
Mere anarchy is loosed upon the world,
The blood-dimmed tide is loose, and everywhere.
The ceremony of innocence is drowned.
The best lack all conviction, while the worst
Are full of passionate intensity.*

-William Butler Yeats

Introduction

In 1919, when William Butler Yeats wrote “The Second Coming,” perhaps the world did appear to be falling apart. The World War had just ended and the destruction of life and property was staggering. Yeats suggests that institutions were crumbling and people were losing their sense of purpose, asking WHY? Why to reason. Why the question of war? Why the lack of responsible leaders? Why the tools built for destructive purposes? And did God care? Indeed, was there even a God? Who was at fault?

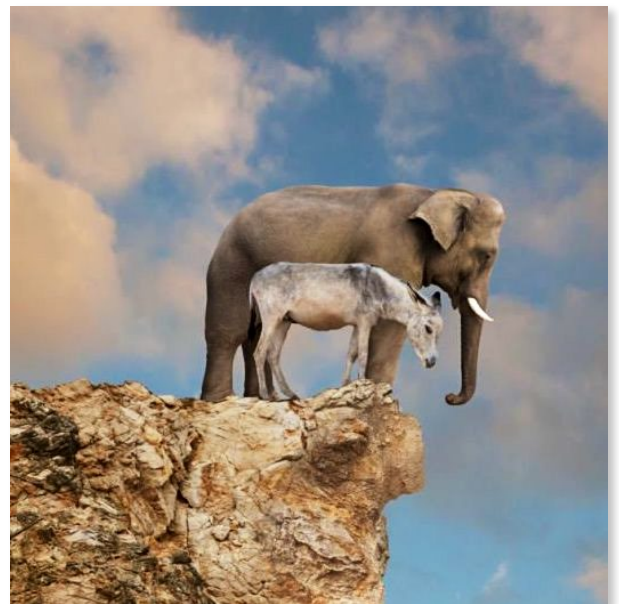
If divisions among people and ideas existed before the beginning of the 20th century and they did, new and deeper fault lines began creating a pathology of morality that would make the 20th century the bloodiest in history. In those 100 years since, fissures of income, race, education, religion, place and even beliefs between fantasy and reality (subjectivity and objectivity) have intensified to the point where the future of the Earth and life upon it are problematic.

Coming Apart: The Legacy of False Narratives

There is an interesting characteristic about human beings. We must believe in something, almost anything, causing a crisis of what I would call the **unconditional surrender to subjectivity**. Humans also love stories that tell them that they are not responsible for their situation. They are simply victims of external environmental and social systems or, perhaps, some internal flaw in their body, given to them by God, the environment or even their family. There are hundreds of false narratives hovering about, sinisterly waiting for a demigod to render some notion of an “afterlife” or brilliant future, obtainable only through him or her. The purpose of the demigod’s false narrative is to grab power and then control the minds of “true believers.” True believers are easy targets because they tend to trade freedom for security and always live in fear. They are defined by their victimhood.

There’s a sort of Gresham’s law at work here in the world, where the higher values like aesthetics, hero, truth and merit are being driven away by the cheap values of style, celebrity, materialism and victimhood. The unethical know this and will “divulge” conspiracy theories that salve the victim and turn opinion to their advantage. This has always led to a profound question for victims and non-victims alike: what is my life’s work (not your present job) in building a good existence for myself, my family, community and nation? While it seems like a rhetorical question, it has always perplexed the human mind and does still today. It is perplexing because most people value comfort above truth, gifts above merit, self above duty and a preference for ugliness over aesthetics. Thus, we can’t comprehend the degree of good work needed to achieve harmony, so we just drop the burden of objectivity and simply amuse ourselves into mindlessness. Mindlessness is the condition of living in an ideological and opaque bubble.

When any set of values is seen as equivalent to any other set of values, cultural frameworks notwithstanding, thinking stops and separations happen. Relativism allows people to live in all kinds of little bubbles, getting progressively fearful, ignorant and belligerent. To believe that there are moral equivalents between democracy and totalitarian (plutocracy) governments or between truth and opinion is a dangerous leap toward diversity and diversity without unity is apartheid. Division is not hard to accomplish, absent an honest search for shared values. But that search can’t happen, given the gullible nature of the lazy mind and, besides, it’s not in the demigod’s self-interest to tell followers that they are stupid, so they tell admirers that they have been harmed by a changing environment, over which they have no control. Of course, the real reasons or the contested truth about social change simply never makes it into conversation. Why?



In today's world, we believe the search for truth is too difficult. Thinking is hard. It takes more energy than simply doing what the media tells you to do. Knowing this, the make-believe stories created by corrupt leaders of primary institutions like government, religion, education, medicine, media and most of all, AI, is causing the morphing of reality into the comfortable and mind-numbing condition of illusion. When fantasy becomes the norm, real arguments stop and people cower and chain themselves to superficial groups in attempts to exercise their abhorrence with anyone outside the club. Yes, you do have to be taught to hate and hate comes by separation (sin).

Looking around our world, I see irrational and suicidal gangs forming – primarily based on hating other human beings. This is not only the case in Europe, Asia and Africa, but in the Americas, as well. For example, in the northeastern region of the U.S., we see Neo-Nazi gangs seeking to make New England a land of white supremacists. In eastern counties of Oregon, we have people who believe that they are so different from fellow citizens living in the eastern parts of their state that they want to move their civic orientation to Idaho. We have some people in the U.S. Congress who want a “divorce” of red and blue states. This phenomenon of hate and separation is ubiquitous around the world. We don't even understand that ideologies of hatred are not regionally defined, except through nodal regions. Hate, wherever it shows its teeth, has no interest in other peoples, nations and most of all, in a future with any sense of morality. They don't even understand their own self-interest must be tied to the self-interest of others, not only within the gang, but more importantly, tied to other groups.

Breaking Away

It is a natural human tendency to want to “break” away from all the traps and nets that society and culture build for us. As young adults, we want to get away because we have learned that the shadows on the walls of the cave are not real. But too often, we stay, chained to the ideologies of the small-minded storyteller. Besides, it's scary out there. So there needs to be an attraction or pull, both intellectually and environmentally, strong enough to make us move out of the comfort of familiar myths. But comfort is a strong master.

Thus, we live in a fog. We see each other through dark glasses. Our learning has been truncated. We simply talk with the members of our gang or we join a media site like Replica and talk to ourself. Education once was conceived of as a countervailing energy to the myopia of the present. The purpose was not to become better off, but to become better, period. But over the last half century, education has been devalued and is now nothing more than vocational training. And it's not very good at that. The lack of attention given to liberal and deep education (learning the discipline and joy of enlightenment) has today become destructive to freedom and the unity of shared values. We even find law schools, such as the one at George Mason University, no longer understanding education as enlightenment, but as a wedge to separate society. E Pluribus Unum is meaningless to most “educated” people. We no longer honor learning the cultural heritage of the human family – its history, science,

literature, religion, philosophy and arts – but have merely created echo chambers for the ignorant demigods and the corrupt idea that a school’s purpose is to prepare workers for conceptions of employment long past or to instill an ideology, absent analytical thinking. And with this kind of education, from elementary school through to the graduate level and on to our media, we might still believe that we live in the land of the free and home of the brave. But how free are you when you can’t walk through your parks at night? And how brave are we when, as a people, we are afraid of our own children?

As an example of fear of children, in survey after survey regarding the growing shortage of teachers, one would expect that the primary reason is pay. However, most teachers who leave the profession say that it is the children and their parents, as well as a general disrespect for learning, that compels them to leave. Children, like most of the rest of us, seem not the least bit interested in learning, but in being entertained and amused. This is a worldwide and spreading dis-ease, disclosed by teachers from Japan to Germany.

The Cost of Separation

We are coming apart, the generational covenant no longer exists and we just say “Well, that’s the nature and life span of any culture and civilization.” No, it’s the nature of unethical leaders using false narratives to create untestable generalizations about things from race to immigrants simply to frighten people into stupidity and compliance. We want easy entertainment and are surprised when our children want the same thing. What are we so afraid of? Why are we so risk-averse? Have our cultures turned us into moral cowards, simply content to “make it through the day?” What’s the cost of isolating ourselves from history and the future? And from one another?



If we had the courage to take a deep dive into the history and morality of ideas such as slavery, class, nationality, IQ and even attitudes (leanings) towards style (not beauty), we would discover a whole set of made-up concepts, their largest attribute being fear (ugliness and an attempt to pretend advantage). But since very few learn about the logic of inductive arguments, we are left adrift in a sea of mindlessness, where whatever the captain says must be God's law, simply because she's the captain, so we can do no other. We believe that laws cannot be changed and we are so innocent regarding the history, meaning and implications of religion, linguistics, culture, property and wealth that whatever is, must forever be. We seem to know even less about how to live our lives with purpose and grace. What divides us more than anything else is the unequal distribution of knowledge and morality – values that should be ubiquitous. What was said by the ancients is today still altogether true – the defining attribute of coming apart is the commission of sin. And the meaning of sin, within any context, is separation.

For example, if we look more closely at the worsening conditions in our cities, from San Francisco to Paris, reasons for an exodus from most cities can best be explained through the idea of “backlash.” Many of the older citizens who built a functioning and accountable civic, moral and material infrastructure are seeing their cities taken over by “new” leaders who have tried to help themselves by pretending to help or at least not embarrass the incompetent. The results are clear. Corporate headquarters are moving out, crime is ubiquitous, the judicial system is timid and cities are going bankrupt. What governments don't seem to understand is the fact that they should not try to do things over which they have no control. By the way, we are the government – the 4th branch of government – and should know better. But almost all citizens now believe that they are entitled not to govern, but to receive gifts. Last month, in a looting (stealing) of a Nike store in downtown Chicago, one of the men running from the store said, “I'm owed this, it's reparations.” So, if you are interested in understanding the separation of people, you must also be interested in the relationship between ignorance and backlash. Cities are dying and the people and leaders who might be able to help the healing are simply giving up and moving out.

One final and fundamental understanding about “coming apart” is the disappearance of trust, which, at its foundation, is the expectation you have that others will play by the rules of the road and the rules of life. You expect someone to stop at a red light. You expect people will pay their taxes. You expect that people will not steal or lie. You expect that people will judge you on your merits, not your appearance. You expect people to enhance their families and communities through pursuing education and better health and by being reliable and judicious. You expect people to be civil and protective of the civic infrastructure. When these expectations are no longer taken for granted, sin or separation becomes the coin of the realm. I would simply ask: Are we coming apart? Does Yeats' description of the world make sense still today? What does “coming apart” have to do with a loss of trust and the loss of identity?

Coming Together: Seeing the Full Picture of the Other

It is altogether true that we must see the total picture of somebody or we see them not at all. This is the classical understanding of identity. Who a person is has to do with stable relationships which are, at the same time, also dynamic. Yes, there is an internal element to identity, but identity is basically a self-portrait painted from the colors of the several connections built into living our daily life. The portraits painted are always based on ideals toward which we work to achieve, but always fall short. Nevertheless, without the ideal, we are left with idiosyncratic fringes of what should be a more whole society. The secret here is to understand the **real** and constantly move toward the **ideal**. Identity starts with an intimate relationship with another person. It expands out to include family, community, nation and world. To embrace the more ideal condition, these relationships must be mindful of the morality of harmony and the grace of person, family, community, societies and one's life's work. This is what defines and gives meaning and purpose to life. As the Greeks would



have said, “A man alone is an idiot (idios).” There is no identity, absent relationships and, thus, no purpose in life other than the base notion of amusing ourselves. This isolated condition causes a feeling of being lost and afraid and a pushover for any demigod. In fact, the creators of false narratives about the end of our Earth and life upon it, become the gods of tyranny and we let them because we have lost the glue of humanity – identity, purpose and harmony. When we are in sparking relationships, we work to understand why we are coming apart and embrace the accountability to ensure that we come together.

Getting Started

First, we should remember that an individual is not a microcosm of anything. Attempts to classify any individual into a generalization destroy that individual and we are left with faceless and insignificant groups devoid of human dignity. Made-up categories, such as race, which have no validity in nature, separate us into artificial groups. And without perspective, we believe that we are different and even somehow better or worse. This, of course, is nonsense.

Let's look at some of the things that divide us and see how truly superficial these categories are and what, if anything, can be said and done to help us come together. I will start with some knowledge from the U.S., but I would suspect that these percentages would be consistent around the world. Americans seem to be longing for moral leadership. Seventy-one percent of respondents in an online survey Making Caring Common conducted in October 2020 agreed or completely agreed with the statement, "I'm very troubled by the moral state of our country" and only 13% disagreed. Despite our diverse religious backgrounds (or lack thereof) and ideological differences, there is wide agreement among Americans on crucial values, including fairness, decency, caring, respect, honesty, loyalty and hard work. This agreement cuts across class, race and geographic regions. Elevating these values and talking about what they concretely mean in our daily lives can mitigate the worn out, perpetual conflict between left and right. But, alas, we are too caught up in amusing ourselves. And there is much amusement. Simply observe political, business, education and even judicial elites. Yep, funny and so sad.

The Bedrock

We know the cycles of the rise and fall of nations and empires. The stories are similar. In no particular order, nations rise when citizens therein identify with it. They love their country and are proud to be associated with it. They find meaning in serving their nation as a public trust. Citizens have a generational covenant manifested in delayed gratification and responsibility for their children. Even when ignorant leaders arise, there is enough morality in foundational institutions like families, schools, churches, the courts and news media to control the leaders' corruption. The center still holds. Wealth is still created and a civil and civic character permeates commercial, government and social relationships.

How does the fall begin? There are several elements or events that tend to take place. The nation can no longer protect its borders. When asked, people seem embarrassed about claiming citizenship. In fact, it may not occur to them that they are citizens at all. Mercenaries begin to do the work previously done by citizens, from serving in the military, to running prisons and growing food, to cleaning streets and constructing buildings. And the financial condition of cities, of businesses and of banks begin to atrophy. The government leaders, the judicial system and the education establishment lose respect because they, as well as the common citizen, have deskilled themselves. The simplest of abilities, like knowing how to cook, keeping your community, home and family healthy and educated, engaging in civic debates, working to improve the aesthetics and civic infrastructure of the community and many other skills we depend on, simply disappear. With their disappearance, a whole new period of dependence, along with the fading of identity, set the stage for collapse. At this point, the fringe political groups want to destroy social, political and economic relationships by claiming that the way to freedom is through the destruction of civic identity, institutions of religion, which no longer underpin community and family, and most importantly, put the individual and one's personal desires above any transcendent ideal. Of course, the fringes can only be defined when the whole is still in place. Once that center is destroyed, the fringes also collapse into chaos and anarchy. Why?

Unless You Know WHO YOU ARE, You Can't Be Responsible

Coming together demands rightful behaviors, at least for those people who want to live meaningful lives. These behavioral attributes include trustworthiness, accountability for the given and accepted roles a person has and a desire for harmony in all relationships. Of course, a deep competence in the productive activities of life is also necessary. But the primary or sufficient attribute of those wanting harmony and being respectful of the individual's dignity is identity. You must know who you are and what is expected of you in relationships. And since identity is always based on connections to others and the Earth, absent that truth, you can only aspire to be an idiot.

Identity is a dynamic and complex standard. It begins at the time you enter the world. At this point, location and the attention given to you by family and community begin to shape your vision/virtue. You mimic. You learn and whatever you experience and how those experiences are assimilated become your operational theories about how the world works. In this sense, we all live in a private universe, shaped by those early relationships. Left unquestioned, this myopic virtue becomes the totality of our reality. We will only deal with ideas that confirm the narrowness of our worldview.

Coming together is not about your private universe. It demands putting your theories on the table for honest analyses. We must consider the possibility that we could be wrong. This behavior is a prerequisite for any harmonious relationship, be that family, firm, community or nation. All theories must be evaluated. All ideologies exposed and all those capable must be willing to investigate the meaning of a better life. That is, allowing future possibilities to drive behavior, including the behaviors of delayed gratification (sacrifice) and enhancing personal and community aesthetics.

Rationally, we can all agree that love is better than hate, peace better than war, wealth better than poverty, health better than sickness and beauty better than ugliness. Love, peace, wealth and so forth are byproducts of coming together. Hate, war, poverty and so forth are manifestations of coming apart and this path is not only expensive, boring and meaningless, but kills with impunity. This bleak situation is the result of incompetence regarding any understanding of love, peace, health and beauty. But beyond that ignorance is the irrational and soul-destroying beliefs we hold regarding race, wealth, religion and history. If it's the case that responsibility for life's harmony is determined by identity, which it is, how is it then that we don't know who we are?

The Morally Brave, Not the Meek, Will Inherit the Future

Identity is not about "going along with the crowd." It's about making your personal life's statement. We are always in the process of becoming. That is, as rational beings, we want to move from who we are to something better. If we can't admit we are a work in progress, there is little hope for us and our society. Thus, we must have an ideal or model of what we and our

communities can become. We live with a discrepancy between what is and what can be. If we and our communities what to come together, there must be an ideal of what that looks like. We already know what the attributes of that ideal are, but lack the will and leadership to bring it into being. So how do we move from a problematic present to a more harmonious future? How should we employ the attributes of trust, reciprocal duty and real wealth creation to take ethical principles into everyday practices?

Well, it's about better personal choices and moral policymaking. At the policy level, we need to imagine a place where truth, merit and harmony replace lies, equality of results and chaos. To accomplish this, leaders and citizens must not be meek, but courageous. We are at a point in time where only a change in our virtues will change policy and the practice of better choices. Imagine:

- How do we get citizens to understand that their self-interest is tied directly to the self-interest of all citizens?
- How do we create places of low crime and high education?
- How do we turn the squalor and ugliness of the land into an aesthetic landscape?
- How do we develop a sense of meaning and individual respect so that people will reject, out of hand, any mind-altering drugs, even those mind drugs produced by "social" media?
- How do we reintroduce merit and pride and the ideal of public trust?
- How do we stop killing each other?

There are, no doubt, several policy recommendations that could be generated from these questions. All will take a great deal of character. Perhaps a universally paid two-year requirement for community service for all 18 to 20-year-olds. This would precede post-secondary school. Perhaps a required program for all retirees receiving social security to serve an average of 5 hours a month working with schools, local governments, law enforcement, parks and museums as advisors and mentors. Perhaps a sunset on welfare for the rich and work-related payments to those who wish to contribute to their communities in ways that support the aesthetic infrastructure, from housing stock to streets and roadways. In the end, coming together is simply the ability to see the world with sensitive eyes that behold the fulness of what it means to be human.

Michael Hartoonian is Associate Editor of Pegasus.



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Steve Young

Editor-in-chief and Publisher

Michael Hartoonian

Associate Editor

Jed Ipsen

Assistant Editor

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Layout & Design

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