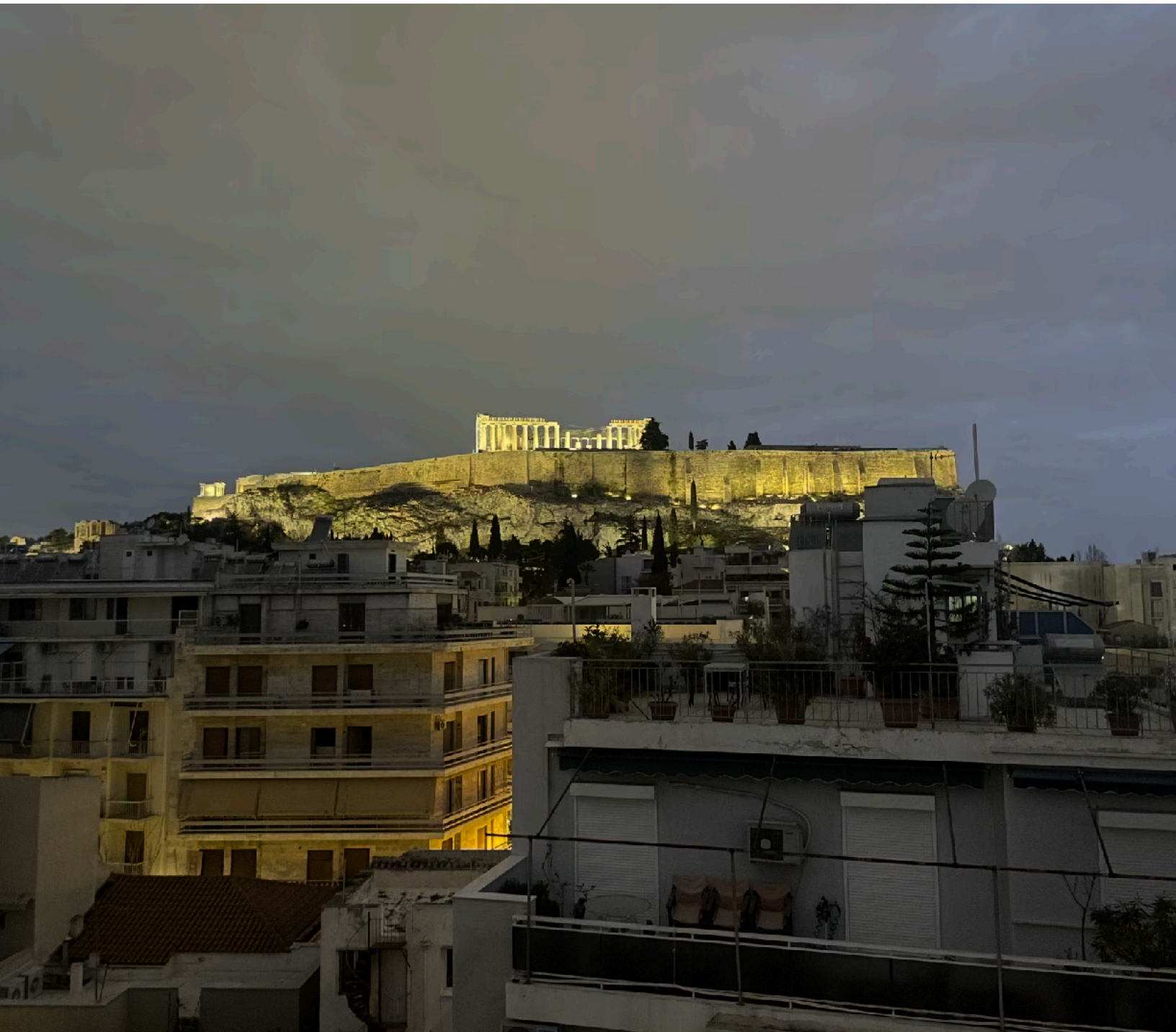
April 2026

VOLUME XVII, ISSUE IV

PEGASUS

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



Pegasus

Introduction

April *Pegasus* delivers three essays on differing topics, but with an overarching theme. We have moral responsibilities beyond ourselves to our families, our communities and our nations. In a world where the self, loneliness and an idea of doing your own thing have become more prevalent, these essays remind us of duty and responsibility – vital, core blocks to what makes a society and culture work and, ultimately, flourish. We neglect these ideas at our peril.

Patrick Rhone, director of technical and internet support for the Caux Round Table, recounts a recent family trip to Greece. He finds a souvenir shop that sits on ruins of the Parthenon. The proprietor informs him that there has been such a shop on that site for more than 2,000 years. In the land of Plato and Aristotle, the continuity of things underscore a care for the patrimony of the culture.

Closer to home, Patrick tells us of his family and the nature of true inheritance. "Six months before the emancipation proclamation was signed, my great-great-grandmother, Florence Geneva, was born. She was the daughter of a Copiah County, Mississippi, judge, Ephraim Peyton Jr. and an enslaved woman named Isabella. Florence's grandfather, Mississippi Supreme Court Justice Ephraim Peyton Sr., was her mother's enslaver. Upon emancipation, the Peytons freed Isabella, but decided to raise Florence in their home, acknowledging her as an offspring."

At 19, Florence became engaged and her family helped her buy 40 acres of land. That land remains in Patrick's family today, now known as Handy Heights and containing more than 100 acres. It illustrates the power of stewardship over ownership. It also outlines the power of moral capitalism over greed.

In a similar vein, Eric Mahler, the founder of Aretos Advisory, a leadership and governance advisory firm, writes an essay, "Fiduciary Duty is Not Enough: What Boards Owe That the Law Does Not Require."

The article outlines how corporate boards need to move beyond the limited concept of fiduciary responsibility. In a time of challenge and rapid change, fiduciary responsibility is a floor and not what boards should aspire to do.

Boards face many choices today. "AI systems influencing hiring, promotion and compensation. Pricing and access decisions that affect vulnerable customer groups. Capital allocation choices that prioritize short-term performance over long-term institutional health. In each case, a board can satisfy its fiduciary duty. The decision can be financially justified, legally defensible, properly documented. And still leave a different question unanswered: was it the right decision? Not in a legal sense. In a human one."

The regulatory framework that governs boards, Eric argues, isn't sufficient for the current

moment. Boards need to take a strong role in understanding the human impact of their decisions and not hide behind the letter of the law. For moral capitalism to flourish, boards must do more to ensure that workers, companies and leaders behave in a manner that benefits a broad constituency, not a narrow one.

In his essay, "The Constructed Identity: Self in Culture," Michael Hartoonian asks a vital question for each of us. As Hamlet says, "To be, or not to be?"

That question, so commonly known, bears fresh examination and Michael turns it toward identity. "...for without identity, there is no rationale for living, regardless of one's intellect or motor skills."

He observes that, "Culture, much like any social system, is constantly breaking apart and coming together – at the same time... As we move toward the third decade of the 21st century, we see significant signs of a world coming apart. Society's glue (relationships and meaning) has been fallaciously placed on and in technology, while moral sentiment continues to atrophy."

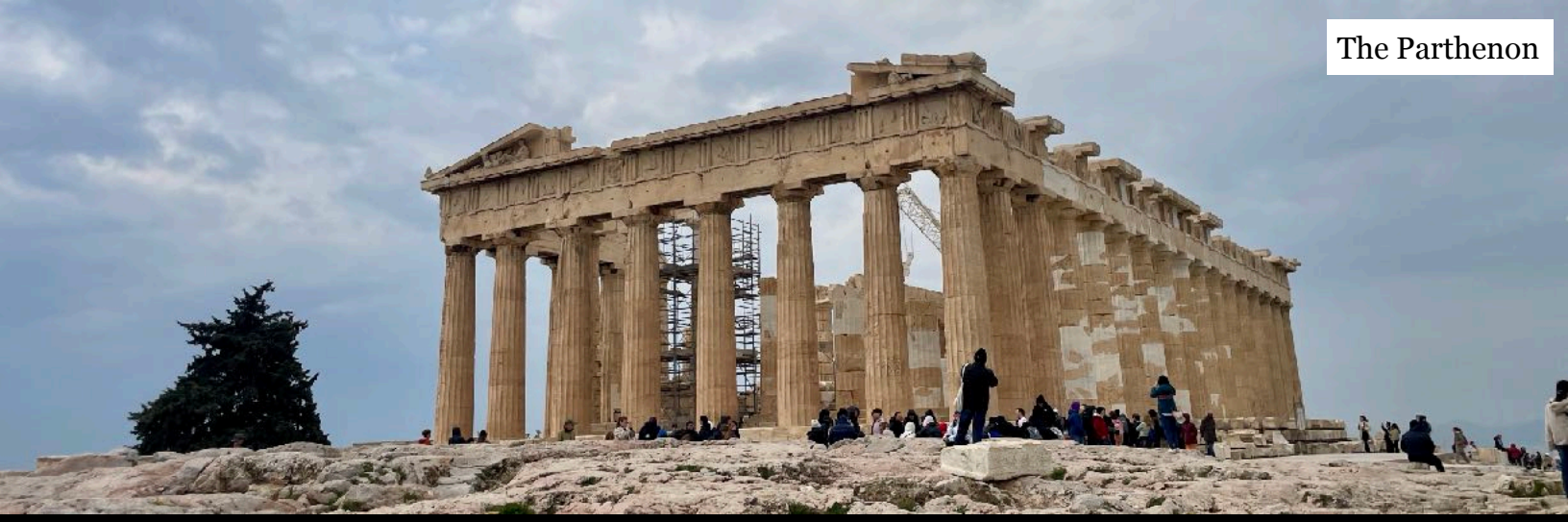
Michael makes the case that identity – who am I? – is elemental to responsibility. Without knowing who we are, we struggle to play the vital role of friend, family member and citizen. The world is spinning faster and we need to know who we are so we can have a positive impact on the world around us.

This grasping for identity has undercut the importance of love vs. fear. "There are two concepts that cannot occupy the same emotional space – love and fear. The opposite of love is not hate. It's fear."

Love brings connection. Fear brings isolation. "There is the silly belief that any individual can live outside of the ethical, relational context or fail to take responsibility for a flourishing culture that gives personal purpose and meaning to living and to life."

As ever, we welcome your feedback.

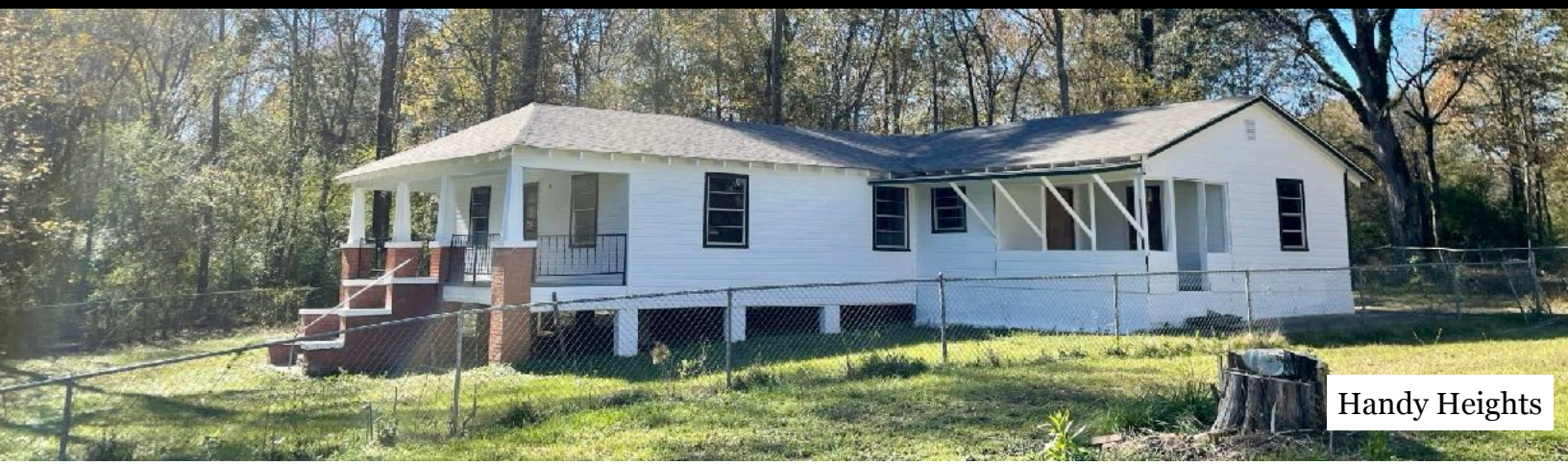
Dave Kansas
Editor-at-Large
Pegasus



The Parthenon

True Inheritance: The Generational Wealth of Ideas

PATRICK RHONE



Handy Heights

On a recent vacation trip to Athens, Greece, my family and I were in a souvenir shop in the Plaka browsing the offerings. Our daughter was sorting through a basket of stickers to bring home as small gifts for friends. My wife and I browsed the other offerings.

Just below the rack where the t-shirts were, was a small glass window built into the baseboard through which, lighted for view, one could see some ruins underneath.

I asked the shopkeeper, “What are the ruins of below that I see through the small glass window over there?”

“There used to be a shop that sold offerings for the temples at The Parthenon where this one is very long ago,” she explained.

“So, you’re telling me that there’s basically been a souvenir shop, right here, for over 2,000 years?”

“Yep!”

This was the most impactful history lesson of the trip. The one we took our daughter to see, experience and understand.

Don't get me wrong. To walk in the footsteps of the major figures of philosophy like Aristotle and Plato in the Roman Agora and learn what shaped them was important. To see and understand the genesis of many of the humanities and sciences she studied in school was certainly enlightening. To feel a sense of place, where ideas we still embody and debate today were hatched, is a lesson one can only gain through presence.

Yet, to understand that the simple mechanics of everyday life we all lead still today – the commerce, faith and community – those that have been happening for thousands of years in the very spot one is standing is transformative. Just a simple corner trinket shop. Layers of humanity and all that we build and rebuild.

When we talk about inheritance and generational wealth, we often only focus on money, property, and land. We rarely discuss how and why these things are sustained and stewarded through those generations. It is because the true inheritance, the most important of what we pass down, is ideas. The idea around stewardship versus ownership. The idea of moral capitalism over excess greed.

Six months before the emancipation proclamation was signed, my great-great-grandmother, Florence Geneva, was born. She was the daughter of a Copiah County, Mississippi, judge, Ephraim Peyton Jr. and an enslaved woman named Isabella. Florence's grandfather, Mississippi Supreme Court Justice Ephraim Peyton Sr., was her mother's enslaver.

Upon emancipation, the Peytons freed Isabella, but decided to raise Florence in their home, acknowledging her as an offspring. At the age of nineteen, Florence became engaged to a man named Emanuel Handy Jr. Florence and Emanuel desired to have a cotton farm, so she asked her father if he would assist them with the purchase of some land. He agreed and purchased 40 acres of land for them. Florence and Emanuel had eleven children and over time, they grew their cotton farm to 116 acres, commonly known as Handy Heights.

The sons of Florence and Emanuel Handy

That land remains in our family today. My sister is its caretaker. She continues a legacy of stewardship, personal responsibility and sense of place. To be on that land is a reminder that all our family was able to achieve was because one person decided to do the morally right thing and see to it that his formerly enslaved, out-of-wedlock

daughter and her husband got the 40 acres and a mule to make a fresh start in life. This set in motion six generations of college education and professional achievement that still continues today and lives on with my daughter, who will attend Sarah Lawrence College in the fall. She has pledged to take over the stewardship of Handy Heights for the family many years from now when my sister is ready to pass it along.

Getting back to Aristotle and Plato, what is their contribution and what did civilization inherit from them if not ideas? Ideas of citizenship and propriety. Ideas of reason and morality. Ideas universal to the human condition, wherever it may be found. We all have the capacity to leave true generational wealth with how we live, commune with others and in durable choices. Ideas and ideals that survive through the moral compass of our offspring.

Whatever we each leave to the next generation, let us hope that we similarly leave something as durable and universal as the best of that which has been left for us.

Patrick Rhone is Director of Technical and Internet Support for the Caux Round Table for Moral Capitalism.

Fiduciary Duty is Not Enough

What Boards Owe That the Law Does Not Require

Eric Mahler

There is a quiet assumption that shapes most boardrooms.

It is rarely stated directly, but it shows up in how decisions are framed, how risks are evaluated and how accountability is understood. The assumption is this: if we meet our fiduciary duty, we have done our job.

Legally, that is correct.

Practically, it is increasingly insufficient and the gap between those two statements is where some of the most consequential decisions in business are being made right now.

The Narrow Frame of Fiduciary Duty

Fiduciary duty establishes a clear standard. Directors are expected to act in the best interests of the organization and its shareholders, exercising care, loyalty and informed judgment. It is a necessary foundation.

But it is also a narrow one.

As commonly practiced, fiduciary duty is primarily concerned with financial outcomes, legal defensibility and process adherence. It asks whether a decision was informed, rational and aligned with shareholder interest. Those are important questions. They are not complete ones.

Legal frameworks are designed to establish minimum standards of conduct. They are not designed to define what responsible leadership looks like in complex, evolving conditions. That work has always depended on judgment and on leaders willing to exercise it, even when the legal minimum would suffice.

Where the Gap Shows Up

In stable conditions, the gap between fiduciary duty and broader responsibility is easy to ignore. Under pressure, it becomes visible and consequential.

Consider decisions that many boards are now facing. Workforce reductions driven by automation. AI systems influencing hiring, promotion and compensation. Pricing and access decisions that affect vulnerable customer groups. Capital allocation choices that prioritize short-term performance over long-term institutional health. In each case, a board can satisfy its fiduciary duty. The decision can be financially justified, legally defensible, properly documented. And still leave a different question unanswered: was it the right decision? Not in a legal sense. In a human one.

This is where fiduciary framing falls short, not because it is wrong, but because it was never designed to carry the full weight of moral accountability. It defines the floor. It does not define the standard.

Fiduciary duty defines the floor. Moral responsibility defines the standard. The organizations that understand the difference make decisions that hold up not only under scrutiny, but over time.

The Caux Argument – and Why It Matters Now

The Caux Round Table has long argued that business leaders are stewards of a broader system, one that includes employees, customers, communities and the long-term health of the market itself. That argument does not replace fiduciary duty. It expands it.

It asks boards to consider not only what they are permitted to do, but what they ought to do. And those two are not always the same.

For years, organizations could operate within the gap between permission and obligation without being forced to confront it directly. Several forces are now making that gap unavoidable.

The first is stakeholder visibility. Decisions that were once made behind closed doors are now legible to employees, customers, journalists and regulators in ways they were not a decade ago. The standards by which organizations are being judged have expanded, whether or not the legal standards have changed.

The second is AI. Because AI requires decisions to be specified in advance – what outcomes should be optimized, what trade-offs are acceptable, what constraints are non-negotiable – it forces organizations to make their values explicit. A single unresolved tension becomes a thousand automated outcomes. A single ambiguous principle becomes a pattern. What was once a judgment call becomes an operating model. Boards can no longer rely on general language about values. They are now responsible for defining, with precision, how those values show up in decisions that affect real people.

The Expansion of Duty That this Moment Requires

What this moment requires is not the abandonment of fiduciary duty. It requires its expansion, from duty to shareholders, to duty to the integrity of the systems the organization operates within.

That includes the fairness of decisions affecting employees. The transparency of decisions affecting customers. The long-term consequences of decisions affecting communities. And increasingly, the honesty required to acknowledge when the organization is choosing compliance over responsibility.

This is not a theoretical shift. It is already happening. The most trusted organizations, the ones whose people believe them, whose stakeholders rely on them, are the ones that have consistently made values-based decisions when those decisions were costly. That is what genuine stewardship produces. And it begins with boards willing to hold themselves to a standard higher than the legal minimum.

Three Questions Boards Should Be Asking

If fiduciary duty is no longer sufficient on its own, boards need a way to operationalize a broader standard. Three questions are a useful starting point.

First: what decisions are we making that are legally sound, but morally unresolved? Most boards do not ask this directly. The absence of legal risk does not mean the absence of moral obligation. Naming the gap is the first act of real governance.

Second: where are we relying on process as a substitute for judgment? Governance frameworks are necessary. They are not a replacement for responsibility. A board that follows every procedure and avoids every hard conversation has met its compliance requirements and failed its actual obligation.

Third: what would this decision look like if we had to explain it, plainly, directly to the people most affected by it? Not in a report. Not through a communications strategy. In a room, to the people whose lives it changes. If the answer is uncomfortable, that discomfort is information. It is not a reason to stop. It is a reason to reckon.

These questions do not produce easy answers. They are not supposed to. They are designed to surface the gap that legal framing alone cannot close.

The Responsibility That Remains

There is no regulatory framework that can fully define what responsible leadership requires. There is no governance model that removes the need for judgment. And there is no system, however sophisticated, that can resolve the tension between competing obligations without human direction.

That responsibility remains with the people in the room.

The Caux Round Table has spent four decades arguing that business must be a force for human dignity and social good, that the case for moral capitalism is not idealistic, but structural. The evidence of recent years supports that argument. The organizations that internalized it, that chose transparency when it was inconvenient, that protected stakeholders when protecting shareholders was easier, that built trust through behavior rather than branding, are in a different position today.

Fiduciary duty defines the floor.

Moral responsibility defines the standard.

The boards that understand the difference and govern accordingly will make decisions that hold up not only under legal scrutiny, but over time, in the judgment of the people they serve.

The ones that do not will find that compliance was never the real test.

Eric Mahler is the Founder of Aretos Advisory, a leadership and governance advisory firm and a board director with experience across public, private, PE-backed and nonprofit organizations. His book, The Center of the Compass: A Guide to the Power of Steady Leadership in an Age of Disruption, will be published by Amplify Publishing in November 2026. He has advised boards and executive teams across industries for three decades.

The Constructed Identity

Self in Culture

Michael Hartoonian

To be
Or not to be?
-William Shakespeare's Hamlet

Introduction

Hamlet's inquiry may represent one of the most significant questions posed by an individual. To be, to know, to do – of these verbs, to be is paramount, for without identity, there is no rationale for living, regardless of one's intellect or motor skills.

It is altogether true that identity is constructed. It is built by the individual within the context of culture, writ small and writ large. From this idea of culture, we can explore the vicissitudes of human life in all its majestic simplicity, as well as its simple-mindedness. We all understand that culture is a set of relationships with God, the earth, others and conceptions of time and place. But it's even more.

To start, I'd like to share a definition of culture created by a group of sixth graders (ages 10 and 11) to whom I was teaching formal logic at the time. We started with the idea that we all live inside a cocoon of culture. To symbolize this cocoon, I placed a sheet over one of the students – Tim – and we all set about pinning pictures of cultural objects, like cars and houses, on the sheet until the sheet was almost completely covered with images of human artifacts. We also explored several ancient civilizations for ideas of culture through time. After about a half-hour, I asked Tim how he felt under the sheet. What he said was simple and profound: "I feel cozy, but I can't see so good." Ah, the blessing and curse of culture. Then, the students worked together to identify the following points or attributes of culture:

- Culture is something that blurs your vision.
- Culture is what the doctor takes out of your mouth when you are sick.
- It's what you get when you go to a concert.
- It's something you can build.
- It's something you can destroy.
- It's something that protects you.
- It's something that can hurt (victimizes) you.
- It's always changing.

Not too bad for children.

Culture: Centrifugal and Centripetal Forces

Culture, much like any social system, is constantly breaking apart and coming together – at the same time. In a wonderfully peculiar dance, we are all entwined in cycles of order and chaos, engagement and apathy, purpose and futility. These smaller patterns unfold within broader cycles caused by climate shifts, economic changes, tools and technologies, migration patterns, social unrest, wars and literacy rates.

Shared norms, healthy institutions, economic interdependence and social inclusion unite people. In contrast, differences in values, vast differences in wealth and ideology cause division. But again, these forces are acting on us at the same time. And this ongoing movement offers insight to all who are willing to learn. Yet, it can blind those who are intellectually lazy and arrogant. The belief that once a society is functioning, it will remain so forever, is something that never was and never will be.

Some understand that cultural norms evolve and what's considered normal today may not be so in the future. This awareness helps them avoid ignorance and arrogance. Without such perspective, individuals – especially leaders – can adopt harmful attitudes. Philosophical eras and important questions about reality and identity end, but history and time move forward without pause, demanding new questions and new or rediscovered content. When society comes together, life can thrive, but when it falls apart, existence becomes harsh, meaningless and overwhelmed by fear and death. The wise understand that the forces keeping a society together and the forces pulling it apart are all operating at the same time. How do we "feed" the right forces?

As we move toward the third decade of the 21st century, we see significant signs of a world coming apart. Society's glue (relationships and meaning) has been fallaciously placed on and in technology, while moral sentiment continues to atrophy. In such times, we may think that we have political and technological problems. We may indeed, but our first problem is our culture. If we pay little or no attention to understanding culture as a set of "relationships of trust," we develop the condition of moral anemia, which is aways the precursor to break-up. And the reason is ontological, not technical. That is, individuals and societies cannot be moral alone, as morality is and means living in rightful relationships. This is true of people, as well as institutions. When institutions, states or people fall apart, one from the other, we are experiencing the collapse of moral agency and we will soon be living in the age of the idiot – individuals amusing themselves and living alone or lonely, without any reference to the common good.

The Seeds of Identity

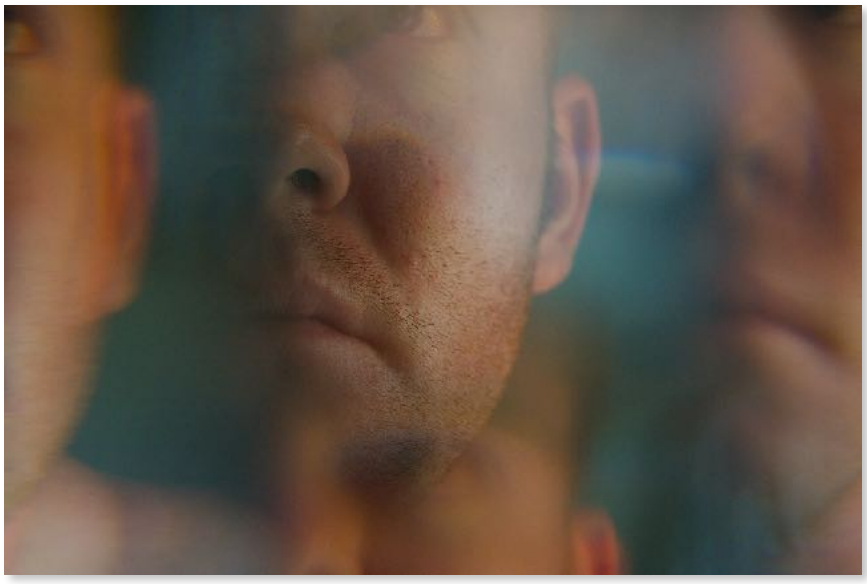
The question, "Who am I?", is fundamental to responsibility. "Know thyself" is asking for a sense of identity. The notion is that if you don't know who you are, you will never be responsible. It is the first filter of understanding anything. Identity, however, is a difficult thing to learn. It keeps changing and takes a lifetime to become clear. Perhaps, the main understanding is that we are all human, belonging to the same small planet and in relationship with one another. This is both a terrible truth and a source of faith. If we were to simply list the attributes of any human identity, they would seem recognizable and would include, but not be limited to, the following:

- A unique biology that differs from other animals.
- A particular location on earth. Each individual understands, if only dimly, that they occupy a unique space and place.
- Membership in a particular family and culture.
- A degree of cultural literacy that allows social navigation.
- A degree of tolerance for making choices.
- A set of primary and secondary relationships.
- A search for purpose through work (artisanship), play and love.

Leading with Advantage: The Construction of Multiple Identities

What is the most important comment that can be said about a person? "He is a good man." "She is a good woman." That's a wonderful identity. But how does it come about?

Identity comes from a sacred contact and tension between the individual and culture. That is, a set of dynamic relationships. The relationships in tensions may start with parents, the environment and the norms of those with whom the individual is in daily contact. These norms may be different from the larger society's value system, but there is enough interaction with law and language to belong, in part, to a larger community. As an aside, it is important to recognize that if the individual remains isolated within the smaller group, he or she will develop identities largely foreign to the larger culture. In this case, both the individual and culture will be losers.



This dynamic of particular and general presents an ongoing opportunity to renew culture and if morally aware, individuals will work to throw out destructive cultural elements like racism or unjust laws, keep elements that work for all, like good education and healthcare and build anew those elements missing from the culture, like moral infrastructures and more aesthetic constructed cityscapes. It this context, a flourishing can occur, unavailable to the isolated and non-inclusive, ethnic enclaves and gated communities notwithstanding.

The clear advantage in this flow of relationships is the individual's ability to hold and prioritize identity claims, being able to act in special ways in the smaller context and in more universal/cosmopolitan ways within the larger context and speak one language at home and a second language at work, all the while understanding that relationships should be civil and civic in all situations. A society that acts on this simple truth will flourish, as will its citizens. This is learning and acting with advantages; individual advantage, as well as cultural advantage.

There is a set of value understandings that are necessary in order to move toward advantage. That is, to behave ethically and help build the moral society. This understanding is to intentionally be aware of the balance between general and specific orientations, self and other orientations and between goals and modes of conduct:

Goal (terminal value) ----------X----------Mode of conduct

Situational ethics----------X---General ethical claim

Self-orientation----------X----------Others orientation

What would the moral profile of a "citizen (self) in a flourishing culture" look like? As a starting point of discussion, think about where the X is placed (above) on each continuum. Consider the person who aligns moral goals with rightful behavior, where the individual leans toward general values, as opposed to situational or relative values and where the person moves toward an orientation toward others. This is the value profile of the individual who knows how to create human, institutional and social capital. He or she understands the dynamics of self in a self-governing culture and the work it takes to "keep a republic."

The Decay of Culture

To the degree that people build a closed society, to that same degree, it rots. You cannot hold a culture by closing it off. It will lose its aesthetic edge, its desire for excellence and will even begin to give off odors of decay, from sick individuals to dying cities. Of course, the worst odors will be odors of fear. Any and all closed systems clearly manifest the second law of thermodynamics. Two things happen when you seal off a system. Entropy happens and it moves toward its statistical, inevitable configuration. That is, without new energy, chaos, then death. Cultures cannot escape the second law. They survive through creating a

"charmed" open system – charmed meaning the ability to combine reason and ethics, creating positive energy.

If we push the metaphor of the open system of culture into say, a human cell within the body, what becomes clear is the notion that the flourishing cell and chaotic cell growth are different and have different impacts on the health of the body. The latter is inflammation or worse, a cancer. Applied to a culture or nation state, flourishing and chaotic expansion are different, with trade-offs and opportunity costs. Flourishing means taking care of citizens and culture, developing excellence in material and moral infrastructures – including universal education, healthcare, youth (community or military) service, providing both internal and external security and never extending imperial power over another culture or nation. Flourishing means building cooperation with other people and keeping exchange channels open. This is historically and empirically verifiable. Military expansion and trying to "go-it-alone" always ends in disaster. This has been true from the Roman Empire to Napolean, from the British Empire to Russia's invasion of Ukraine. And now, the U.S. is falling into a similar trap.

Escaping Fear and Freedom

There are two concepts that cannot occupy the same emotional space – love and fear. The opposite of love is not hate. It's fear. Most cultures (individuals) tend to deal with fear by purchasing protection from a "strong man" or by amusing themselves. Billions of dollars are spent on fear – containment camps for immigrants, unchecked sale of guns, security guards and cameras, irrational military spending and the beat goes on without considering opportunity costs?

We all know about conmen who sell protection, so let's talk a bit about amusing ourselves as an antidote to fear. Fear can help us explain the cultural dominance of amusement, which is compulsive, ubiquitous, expensive, existential and seldom enjoyable. But it is a defense mechanism against boredom, our own intellectual laziness, the ignorance of others, silence, confronting life's ethical decisions and especially death.

We worry about our physical mortality, but often ignore the health of our culture, community

or nation which provide life's material, spiritual and ethical safeguards. This indifference to our contextual situation signals society's decline. Our culture is like water to a fish. Both are crucial, yet fragile, for sustaining life.

Conclusion

Over the course of many decades, substantial insights have been gained into the processes by which nations ascend and decline. It is always about the health or lack thereof, of institutions, relationships, environment and material and moral infrastructures. In the world today, there appears to be significant reluctance to acknowledge the realities of economic collapse, institutional failure and cultural deterioration. Additionally, it has become evident that individuals are often inclined toward seeking personal entertainment and navigating daily life challenges alone. But this go-it-alone tendency exposes a deeper issue. That is, there is the silly belief that any individual can live outside of the ethical relational context or fail to take responsibility for a flourishing culture that gives personal purpose and meaning to living and to life. Most hideous, however, is the lack of concern we have for our children. Of the world's people, our children are the poorest, most abused, have the worst healthcare and are physically, emotionally and intellectually starving. United Nation's studies note that this is true in first, as well as in third world countries. Children are at the bottom, all slogans about "children first" notwithstanding. A society that does not lift-up its children is already dead.

Resolution may be possible if citizens develop an identity and abilities that will enable them to harness current forces – those negatively affecting culture – and turn them to build trust, wealth, excellence and social capital across institutions and society. But this will be a challenge in today's world.

About fifteen years ago, I asked several graduate students to interview about 200 high school seniors in a large American city. The graduate researchers were to ask variations of this question: "I would like you to tell me who you are?" The working inquiry was: "If you could tell a complete stranger about your identity, what attributes would you think of listing?" We would stop at 12 personal facts or attributes.

These seventeen- and eighteen-year-old high school students listed things like their name, girl or boyfriend, whether they were an athlete, what they were studying and what college or work they were interested in. Not one of the 200 students interviewed said that they were citizens of the U.S. Within a democratic republic, if one never learns to hold the office of citizen, that republic is in intensive care. Once citizens and leaders of government, business, academia, law, medicine and even the church put themselves before the common good, it's over. This has happened in all previous republics, perhaps the best example being the Roman Republic.

"Self in culture" means that you continually nurture the best of the culture, discard the worst and rebuild with an eye to moral principles. We are not so much steeped in culture as we are grounded in culture. And that ground must be common ground or there will be few shared values and civility will disappear. By the classical Greek definition, we will all be in danger of becoming idiots – individuals without a claim to the polis, living brutish lives without purpose or meaning.

Michael Hartoonian is Associate Editor of Pegasus.

CAUX ROUND TABLE FOR MORAL CAPITALISM

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