



Moral Capitalism at Work

**Business and Public Policy Round Table
February 5, 2014
University Club of St. Paul**

“The Late, Great American WASP” by Joseph Epstein

Chair and moderator: Steve Young, Global Executive Director, Caux Round Table

Participants: Barb Bergseth; Rich Broderick; John Buettner; Roger Conant; Nicholas Conant; John Diracles; Devin Foley; Sean Kershaw; David Lebedoff; Mike Maxim; Nancy Maxim; Deb Montgomery; Julianne Ortman; John Palmer; Tom Prichard; Jerry Reedy; Mark Ritchie; Peter Sammond; Rob Scarlett; Paul Stone; Doug Tice

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This Caux Round Table discussion was focused on the transition of the American elite from a WASP-derived leadership to a meritocracy, as outlined in Joseph Epstein’s article “The Late, Great American WASP,” and the related impact of the culture of the elite on broader beliefs, practices and societal trajectories. If the quality of the elite, its nature, and its values guide a country and its future, what are the implications of the shift from a WASP culture to a meritocracy?

Perceptions and Questions Shared by Participants

Over the course of this round table, participants shared diverse life experiences and interpretations regarding cultural transformations in the United States resulting from the shift away from WASP leadership and values starting in the mid-twentieth century. Beginning from the standpoint that perspectives of these changes in part vary with positionality and across the nation, one participant spoke of growing up in Iowa and being raised with values focused on making the best contribution one can to society. This central question of how to be of greatest value drives decisions and perspectives, based in the long-term desire to organize one’s life to make the greatest contribution.

Another participant commented that while you cannot choose to be born a WASP or not, you can choose or plan your life to be part of the meritocracy. Having worked at major universities, it was noted that these institutions have developed into prestigious machines to churn out an elite. If there is nothing more important to us as Americans than how we shape our elites, than the norms, cultures and values of these institutions are of import to the nation, not solely to their elite graduates.

Taking a different perspective, one participant noted that what is at stake in any culture is not who is in charge or what their background may be, but rather, the normative values of a society. What has changed in the United States is not merely the demise of a class of people, but a fundamental change in normative values.

What characterized the WASP culture was that it was made up of people who didn't have to get ahead. The core of the relationships between people in that class who worked in powerful institutions was that their exchanges weren't just functional. These were friendships based in long-term knowledge, not just mutual use. The meritocracy has stripped away these relationships and established functional relationships in their place. We do need functional relationships, but we need something more than that, as well.

The relationships that fueled the WASP ascendancy came from a situation of abundance. This idea of an economy of abundance has been gradually replaced by an economy of shortage. This notion of limitation has created a scenario of competition where an individual needs to not only get a bigger piece of the pie, but also to ensure that others get a smaller piece. We still have normative institutions that continue to teach traditional values (churches, etc.), but what is happening today is that this country's most powerful normative institution is the mainstream media, which is driven solely by profit motive. If we really want to talk about turning things around, we need to talk about that institution and how to build the perception of seeing oneself within an interdependent culture, not a culture of cut-throat competition.

Turning the focus to social media, one participant spoke from a position within an organization that engages millions via Facebook, particularly moms and millennials. Looking back to the Protestant reformation and the birth of the Enlightenment, one sees the emergence of the twin ideals of equality and freedom, which both serve as a base of WASP values and contain their own destruction. When freedom and equality are central, the question arises as to how to gauge my freedom versus your freedom, my hierarchy or my values versus another's.

The natural end of equality and freedom is meritocracy. If we're all equal and free, we have to have a system that allows people to live that out. Getting back to ethics, you can't have ethics if we're all equal and free. Who is to say your ethics are better than my ethics? In the meritocracy, your authority in society comes from your ability to move through the meritocracy. There is no connection to the actual foundation of your ethical principles. One's authority doesn't come from that, it comes from the ability to move through the system. Both equality and freedom are values held by Left and Right.

What we're seeing in young people today is that there is no truth; there is no right and wrong. If there is no truth, how long can we maintain a civil society; how long can we maintain a just society? Simply coming through the meritocracy is not enough to ensure a just society.

Two important variables are: what are the values and principles and where do those play out? What is the structure? Coming from a sociology background, one participant emphasized that these don't just exist in time; they exist in a structure with rewards, motivations, etc.

One thing we struggle with in policy is that a lot of people approach policy by coming up with an idea and pushing it through the legislature. But, that's not where most of this plays out; it plays out in families and schools, etc. From this perspective, it is not just the elites. In policy, it is almost as if the Enlightenment hasn't happened; one sees a lot of faith-based responses. Many things have changed dramatically in the last half-century; how do we take values and make them real in this different context, with different structures, incentives and rewards?

The central problem today may be perceived as being that people don't distinguish between right and wrong. The new meritocracy is a new kind of elite that is different from any kind of elite in history. All throughout human history, there have been elites and they came to be justified in succeeding generations by their conduct. They had a code of conduct. No matter where that came from, they had a code of conduct and they were known for their code of conduct.

The critical point of the meritocracy is that it is based on test scores, rather than anything else. There have been meritocrats before, but they achieved their status by the things they built (Rockefeller). In the past, the person whose handshake wasn't better than a contract didn't last long.

This issue is neither liberal nor conservative and it is not what is right or wrong, it is what is legal or illegal. After the subprime crash, Alan Greenspan commented that he didn't understand the behavior that led to the crash, stating that it was not rational. He was wrong. It wasn't rational if you care about your community as much as yourself. It was rational if all you care about is your own personal gain.

There is perhaps a connection here to a diminishing lack of belief in religion. Today, a huge number of people in the elite don't think that there is an afterlife, eliminating a key basis for moral behavior.

For some, the issue is larger than the demise of WASP values specifically and is more an issue of the demise of broad social values. When the WASP leadership lost power, there was not a strong ethical structure to fill the breach.

In contrast, some see young people as engaged and a source of great potential. They may be disillusioned by the institutions that exist and they may feel failed by previous generations, but younger Americans are perhaps due for an awakening.

One huge institution that has failed us all is the church. The fact that the Catholic Church has been hiding its own instances of criminal conduct as long as it has leaves people disillusioned. These were our faith leaders and they have failed us. On the corporate side, we now have major corporations and CEOs that only care about quarterly reports and profits. They may not even care about creating value and some of them have made money by stripping the assets of companies. Looking at these failures, many average Americans do get it. They see value, they see what is valuable and they are searching for values.

These are the best of times, these are the worst of times. It could be Dickens. Sharing a perspective drawn from prison ministry, one participant emphasized that the only difference between the men in prison and the ones outside are that the men in prison got caught.

In terms of leadership, a person can bring together very different constituencies if their word has value and they can provide a regulated environment that moves people and goods from point A to point B safely and efficiently. If we don't invest our time in speaking the truth and demanding of others that they speak the truth, what will fill the void?

Politics is a function of culture. At the heart of culture is morality and for many, at the heart of morality is religion. This is a foundation that we're losing. Virtue, faith and freedom are interwoven and related. If current elites are driven by a postmodern utilitarian radical individualist worldview, how do you restore a moral base? The goal of higher education now is to get a better job, but that's not the foundation of education.

But, such cynicism is not present in all instances. Some employers are providing their employees with training and avenues for instilling values in the work that they do. And they are finding that employees like being about something bigger than a job and are now taking those values back into their communities.

Drawing from the book *The Closing of the American Mind* by Allan Bloom (1987), one participant underlined that values have replaced virtues. Values are a matter of taste. The WASPs were educated in the Greeks, in logic, rhetoric, the Liberal Arts and the Humanities. Their education involved critical thinking, communication skills and reading great works of literature. Morality consisted of virtues developed through rewards and punishments. Values are irrational, but virtues can be developed. The virtues of the WASPS – patriotism, industry, gravitas, civic-mindedness – were in many ways the virtues of the Greeks – prudence, justice, moderation, courage and compassion. This traditional liberal arts education has been dealt a deathblow. There is a shift toward diversity, global citizenship and environmentalism. Within such a large-scale cultural shift, how do you maintain a diversity of opinion that includes the old guard?

Placing the entire enterprise of Epstein's article and this Caux Round Table discussion into a contextual framework, one participant commented that this piece is itself a historical document. History is shaped by real people and it is written about from within distinct contexts, perspectives and trends.

The triumph of moral relativism is a big part of this story, but another important aspect brought forward is a shift in the awareness of the reality of leadership. We still have an elite that exercises leadership, but it doesn't take any awareness of its role. The WASPs knew they were enacting leadership. They were careful about the messages they sent.

The media has also changed in many ways. The media used to conceal the peccadillos of important people; they knew many things that they didn't publish. This restraint was not due to a lack of interest in selling newspapers. They refrained because it would be bad for society to bring down the moral tone. Today, we don't seem to have that consciousness and yet, the leadership still exists.

In Charles Murray's book *Coming Apart*, he goes back to the 1960s to look at the elite and defines it as college educated versus non-college-educated white Americans. The elite today leads their lives very similarly to elites of the past. But, the non-college-educated is unrecognizable in many ways – marriage, religiosity, social engagement, etc. In this view, we have an elite that has very avant-garde attitudes in terms of their thinking, that actually lives their lives in a very traditional manner. The rest of society, however, is watching prime time TV. It is members of today's elite that decide what those television programs ought to convey, but they seem to have no consciousness of the impact that it has.

In Plato's Republic – Book 8 – he describes various types of individuals and when he gets to democratic man, he describes the inability to govern the self. Equality and freedom – they won't let things into their minds that challenge that. If we are in a society that is dependent on self-government, if you can't govern yourself, how can you be expected to govern the nation? Plato is very clear that where this goes is despotism. If the society can't govern itself, someone steps in. It is human nature at our core that we want to be part of something greater than ourselves. The radical individualism of today goes against that.

Taking a step back, one participant asked what we might see if we were to look at our culture as if it was not ours and ask ourselves if this has happened before elsewhere, what were the circumstances that led to the decline? Were there opportunities to lead away from it? Post-WWII, there is an increasing concentration of unaccountable power. If there is despair among younger people, it has to do with a concern about having an actual impact on outcomes. At the time of the WASP crash, they had moved into a position of concentrated power and were conducting business behind the backs of the people. The people rebelled against lies and concentrations of unaccountable power.

For some, the rebellion occurring today is of concern in part because it lacks a religious and moral base. For others, though, it becomes an issue of a lack of moral fiber in positions of leadership. Moral fiber, in this regard, is not about being Christian or Jew or Democrat or Republican. Poor leadership trickles down and if we don't have fiber at the top, we don't have fiber below the top. In this context, fiber is moral courage. A leader today can't say, "This might be good for the party, but it is not good for the country and I won't do it." That person would be booted out. The system now is about rising to the next rank. Integrity sounds really good when someone wants votes, but in reality, it is bad for an individual, their party party, etc. We have leaders who won't criticize anything. Kids want fiber. They aren't wild about Democrats, Republicans or the church, but they are wild about fiber. If the route to the top requires a lack of moral courage, we will never have moral courage at the top.

Looking to the next generation, some see young people with high ideals who want to make a better world, but who are at a loss as to how to do that and at a loss in terms of empowerment. The critiques of this generation are in this regard descriptive, rather than prescriptive. What we have is not a failure of our young people, but a failure of elites.

In terms of the distinction between values and virtues, how does one begin to relate virtue and the capacity for virtue with the new meritocracy? There are some good things about meritocracy compared to how elites were developed in the past, but this meritocracy has many deficits. A conversation that begins here should not end here. If we believe that something is moving within us, then we ought to meet again. Discussion is fine, but it is action, in the long run, that makes a difference.