MORE THAN MONEY

Timeless themes & personal stories | Exploring the impact of money in our lives

Archive Edition

The Everyday Ethics of Wealth


Fall / Winter 2002 Issue Number 31

MoreThanMoney

exploring the impact of wealth in our lives

"In the quiet hours when we are alone
and there is nobody to tell us what fine fellows
we are, we come sometimes upon a moment
in which we wonder, not how much money we
are earning, nor how famous we have become,
but what good we are doing."

A.A. Milne

The Everyday Ethics of Wealth

Issue 31 • Fall / Winter 2002

A Complimentary Giving Resource

Provided By

BOLDER GIVING

Give more. Risk more. Inspire more.

Welcome

Welcome to **More than Money** Journal

More Than Money Journal, published quarterly from 1993-2006, was one of the first public forums where people shared personal stories about the impact of wealth on their lives. Groundbreaking for its time, each issue is filled with examples of ordinary people struggling to align their money and values in their spending, investing, giving, legacy, and relationships. The themes and stories in these journals are timeless and ring as true today as when they were first published.

More than Money Journal was a project of More Than Money Institute, a nonprofit peer educational network that touched thousands of people through its publications, presentations, gatherings, journal discussion groups and individual coaching. When More than Money Institute closed in 2006, its founders Anne and Christopher Ellinger (whom you'll see in More Than Money as Anne Slepian and Christopher Mogil) went on to launch another initiative called Bolder Giving. Individual articles from the journal were archived online with the Project on Civic Reflection.

Today, Bolder Giving is thrilled to be able to offer full back issues of More than Money Journal as a resource for families with wealth, philanthropic advisors, and all those exploring the impact of money in their lives. On the Bolder Giving website you can download issues individually.

Online, you can also order beautiful bound copies where 6-10 issues of the journal are compiled by theme:

- Giving
- Lifestyle, Spending & Investing
- Money and Values
- Children and Inheritance
- Money and Identity

(See full listing on back page of this journal)

We hope that More than Money Journal brings you fresh ideas for aligning your money and values and that you use the stories to start conversations with your own clients, family members, and friends. (Note: We have removed many last names from the personal stories in the journals, to protect the privacy of those who gave us permission before the days of internet).

About

BOLDER GIVING
Give more. Risk more. Inspire more.

More Than Money Journal roams the full territory of money and values. Bolder Giving has a more pointed mission: to inspire and support people to give at their full lifetime potential. A national, non-profit educational initiative, Bolder Giving invites you to help create a culture of greater generosity and to take your next step in becoming a bold giver.

At www.boldergiving.org you will find interactive tools and resources to help you explore three ways of being bold:

Give More: explore your lifetime giving capacity.
Risk More: step beyond your giving habits.
Inspire More: spark conversations about bold giving.

Bolder Giving's resources include:

Stories of Inspiration- The Bolder Giving website features stories of over 100 remarkable givers who have given at least 20% of their income, assets, or business profits. We host monthly teleconferences and web chats for informal conversations with these bold givers. Bolder Giving's stories have been featured widely in the press - on CBS and ABC evening news, in People and Inc. Magazines, The Chronicle of Philanthropy and elsewhere - and speakers are available for presentations and media interviews.

Support for Donors- Bolding Giving provides giving tools such as personal coaching, referrals to donor networks, workshops, the Bolder Giving Workbook and other publications, and a content-rich website. Please see the list of publications in the back of this magazine.

Resources for Advisors- Bolder Giving offers presentations, workshops, and publications for fundraisers, financial professionals and philanthropic advisors.

We invite your participation and support.

Thanks to the financial support of a few foundations and many individuals, Bolder Giving is able to offer free downloads of More Than Money Journal on our site. If you receive value from this publication, we invite you to donate online or contact us to explore ways of being involved as a donor, partner, or volunteer. Bolder Giving is a 501(c)3 tax-exempt organization, so all contribution are fully tax-deductible.

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exploring the impact of wealth in our lives

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FRANK MONKIEWICZ

When I was 18, I heard a speech given by Coretta Scott King, wife of slain civil rights leader Martin Luther King, Jr. Afterward, a member of our young audience asked her how it was that, after the many personal tragedies she had suffered, she was not bitter. "I have always wanted to *be good*...," she answered slowly. As she said this, her presence conveyed such a profound sense of what it means to yearn for the good that I remember it still today.

This journal issue is about goodness. It's about people wanting to be good, to do good, and to choose good. It's about people who are actually doing it, and about how they're doing it. In an era of corporate scandals and public outcry over lapses of ethics at the highest levels, this issue focuses instead on the everyday ethical decisions all of us face; in particular, on the ethical choices that people with wealth face by virtue of the fact that they have more choice available to them than others. What are some of those choices? How can we make them? How do we choose when the choosing gets tough?

> "If so many people want to do good and be good, then why is goodness so hard to talk about?"

The Reverend Peter Gomes, Plummer Professor of Christian Morals and Pusey Minister in The Memorial Church at Harvard University, tells us that what impresses him most about the current generation of Harvard students is "their desire to know, to be, and to do good." (See his book, *The Good Life,* and his interview, p. 12.) Robert Covalt, CEO of Sovereign Specialty, Inc. tells us that people want to work for an ethical company (p. 10). And Seth Goldman, founder and CEO of Honest Tea, tells us how supportive his investors are of his socially responsible approach (p. 22).

If so many people want to do good and be good, then why is goodness so hard to talk about? Why is it something we just don't bring up in polite company? Professor Gomes addresses that question, too. And in this issue, we break the taboo.

Inside these pages, people tell us how they approach the daily ethical questions that come to those who have more than they personally need—from giving and investing, to earning and spending, to cultivating ethical awareness. Some discuss where they have "failed;" others, where they have "succeeded;" some, how they discern whether or not their choices are good. Some even describe the great unresolved (and unresolvable?) ethical dilemma of wealth (p. 19).

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Chuck Collins of Responsible Wealth and Bill Gates, Sr. remind us how much anyone with wealth has received from others along the way, and the implications that holds for our ethical choices.

Dr. Rushworth Kidder, founder of the Institute for Global Ethics, says that we don't become "ethically fit" overnight. Like exercise, it takes practice and constant challenge (p. 5). We need to know how to make ethical choices, and make them regularly. So this issue shows us people in the act of practicing—people learning to be more ethically fit. As we hear how others are making challenging ethical choices, we acquire new tools and insights for our own day-to-day decision-making.

> "We don't become 'ethically fit' overnight."

For me, one of the more intriguing aspects of this topic is the question of how we can create a culture in which it becomes easier and more natural to be ethical, to be "good." Mr. Covalt tells us how he creates an ethical culture within his company (p. 10); and, in our Culture section (p. 26), we profile two books that look into both the past and the future to discern how the very structures of our society can help or hurt the creation of a more fair and equitable, indeed ethical, society.

As I was preparing this issue I realized, with some relief, that "ethical fitness" can be not merely rewarding but fun. We can approach ethical dilemmas not with dread, but with the eager yearning of the Harvard students who want to know the good and choose it; with the lightness of More Than Money co-founder Christopher Mogil, who devised ways to make ethical decisions more fun for himself (p. 18), and with the athlete's sheer enjoyment of becoming ever more physically fit.

I hope this issue will inspire you, as it has me, to strive to be, in the words of Peter Gomes, "both great and good," as you approach your own everyday ethical choices of wealth.

Pamela Gerloff

Pamela Gerloff
Editor

The greater danger for most of us
is not that our aim is too high
and we miss it,
but that it is too low
and we reach it. —*Michelangelo*

More Than Money is a nonprofit, peer education network for people exploring the personal, political, and spiritual impact of wealth in their lives. Membership benefits include a quarterly journal, an extensive resource guide, and access to personal and group coaching, member events, an e-mail discussion group, and a resource clearinghouse. Through these programs, members help each other further their dreams for creating a more joyful, just, and sustainable world.

Please Help Us Spread the Word!
More Than Money grows through word of mouth. Please share a copy of *More Than Money Journal* with a friend, family member, colleague, or client.

Ethical Fitness

Choosing between Right vs. Right

An Interview with Rushworth Kidder

Interviewed by Pamela Gerloff

Rushworth M. Kidder, Ph.D., is the founder and president of the Institute for Global Ethics. Formerly a columnist for the Christian Science Monitor, *he is the author of* How Good People Make Tough Choices: Resolving the Dilemmas of Ethical Living *(Simon & Schuster, 1995). Dr. Kidder works with individuals, groups, and corporations to help them tackle some of the most challenging ethical issues of our time.*

MTM: What do you mean by the word ethics?

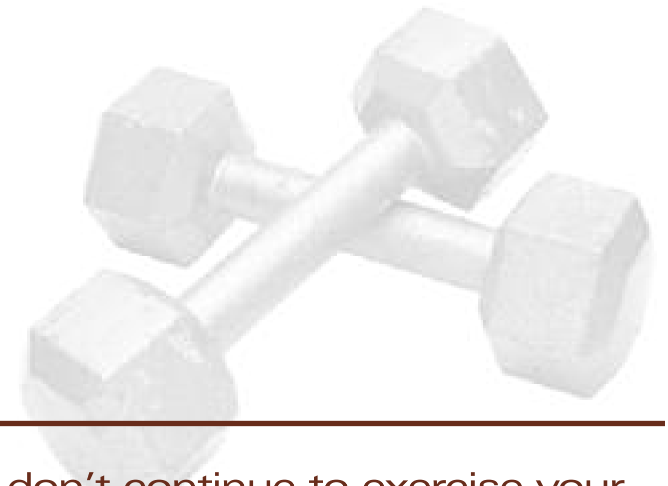
RK: One of the most useful ways for people to think about ethics is as the application of values to decision-making. Of course, the question then arises: What type of values are we talking about? At the Institute for Global Ethics, we have done a lot of work on the nature of shared core values. Wherever we go in the world, we ask people, "What are the most important shared values?" Regardless of differences in religion or social strata, people all over the world talk about the same five values: honesty, responsibility, respect, fairness, and compassion. That gives an interesting metric for thinking about what we mean by ethics: That which is ethical is honest, fair, responsible, respectful, and compassionate. That which is unethical is dishonest, unfair, irresponsible, disrespectful, or lacking in compassion. Note that the operative word here is *or*, not *and*. To be unethical you don't have to fail in all five categories. You only need to fail in one. Even if you're fair, responsible, and deeply compassionate, if you're not honest, most people will consider you to be unethical.

The other definition I find helpful is an idea created by Lord Moulton, a nineteenth-century British parliamentarian, who spoke of ethics as "obedience to the unenforceable." That's an interesting concept, because it separates ethics from law. Law is obedience to the enforceable; ethics has to do with matters upon which the law is silent, but upon which there is a broad social consensus.

You [Pamela] and I are talking today, whether we realize it or not, because of an ethical constraint. If either of us had failed to keep our appointment, probably neither would have taken the other to court. Yet each of us would have looked at the other as unethical. You might have said to yourself, "He promised to do something and didn't show up." Most of what we do in every- continued on p. 6

Rushworth Kidder *continued from p. 5*

day life hinges on just such an ethical understanding, rather than on a legal understanding. When it comes to family foundations and wealth, that's important. A lot of people think that if their advisers suggest something, if it isn't illegal, it must be ethical—but that's not the case. There are huge realms of ethical behavior about which the law has nothing to say.



MTM: You have written about the concept of ethical fitness. Could you say what you mean by that and how we can become more ethically fit—especially with regard to wealth?

> "If you don't continue to exercise your ethical skill, you begin to lose it."

RK: Ethics is not an inoculation, it's a process. Most of us would scoff at a physical fitness program that says you can take a magic potion once in your life and be physically fit forever. Similarly, being ethically fit involves constant practice and challenging yourself. You don't "get" ethics by reading one article, talking to one guru, or going to one seminar. You may learn a lot of fundamental ideas and get a conceptual platform to work with. But you need to do something to develop your skill, just as runners or musicians develop theirs. And, in my experience, if you don't continue to exercise your ethical skill, you begin to lose it.

As for ethics and wealth, the first decision you encounter, as you consider the nature of ethical life, is "Am I going to be selfish or am I going to be ethical?" It's pretty obvious to most of us that complete immersion in self almost rules out any prospect for ethical behavior. That has nothing to do with income in and of itself; all kinds of people can be completely absorbed in themselves and be unethical in that way. But once you've made some claim to an ethical life, and you've said that moral and ethical concepts matter to you, it seems to me that you have an obligation not simply to let your claim sit there, but to put your values into practice, wherever and however you can. And that comes back to those five values. How do you challenge yourself to become increasingly honest, fair, respectful, and all that? Typically, there are a couple of great touch points that people come across in life where they naturally do that: one is having children. Suddenly, when you have children, you realize that you have a responsibility for a life beyond your own. So ethics come into shape. You establish precepts, norms, and standards that you can pass on to your children.

SHARED CORE VALUES

According to the Institute for Global Ethics, people throughout the world consistently name the following five values as being among the most important:

Honesty

Responsibility

Respect

Fairness

Compassion

MTM: Do you find in your work that there are particular ethical questions that people with wealth typically face?

RK: Yes, I think I do. F. Scott Fitzgerald said that wealthy people aren't like other people. The difference has to do with their financial capacity, with their ability to have broad impact on the world through their finances. With wealth, you can influence things in a bad way or a good way. The problems that people with wealth have are not so much about everyday necessities; those are taken care of with very little trouble. The bigger questions are, "What am I going to do with this money? If I've earned it, why on earth did I earn it and what do I want to have happen with it?" And, "If it was given to me, what do I do with it?"

In my experience, people who have earned wealth seem to have a bit clearer sense about this than people who were handed wealth, because those who have earned it have gradually accommodated to the prominence that comes with wealth and have learned how to handle the fame and notoriety. Often, that's the most difficult thing for people of wealth to deal with—the prominence and notoriety that comes with it. As people deal with that challenge, they are forced to address profoundly metaphysical questions: "Who am I? What am I here for? Do I deserve it?" Inheritors often haven't had the chance to address those questions when they first receive their money. Those who have earned wealth know why they've worked so hard, and they know that the money has been a compensation for an awful lot of hard work. I think really thoughtful people on either side have got to come to terms with these questions and I sometimes think it's easier for thoughtful people who have earned it than for those who haven't.

I suspect that one of the most difficult social interactions imaginable occurs when people who have earned wealth come together in a social setting with people of wealth who haven't earned it. I think the two perspectives are totally different mindsets, and it's difficult for either side to grasp the other's point of view. If that's the case, one ought to be able to predict that in families of wealth some of the most difficult and challenging discussions and arguments would occur when the wealth has been earned by the older generation and passed on to the younger. Some of the greatest tensions I've encountered come from people in the same families sitting on different sides of the table because they're in different generations.

MTM: Does your ethical framework help in those kinds of situations and discussions?

RK: Yes, because we're not talking about questions of right vs. wrong, but of what I call "right vs. right." The really tough issues are not about what's right and what's wrong and not knowing what to do. We do know what to do in those situations, although we may be tempted not to do the right thing. Where it gets difficult is when you have questions that involve "right vs. right"—where two important values are in conflict with each other and you can make a powerful case for both sides. (See sidebar.)

The challenge in a family dynamic of wealth is that the people involved often slip down to the next lower standard and assume that ethics is about right vs. wrong, not that there may be two "right" choices. From there, it's a quick step to assume that "I"m doing it right and they're doing it wrong," and the situation quickly goes to blame and shame. If we can begin to recalibrate the moral compass, and think about ethics as right vs. right, that has a powerful impact on the way people relate to one another. When we're not starting out on the search for right vs. wrong, the interaction is much more fruitful.

This is not an easy recalibration for any of us in our culture because we've been brought up with a decision-making model that first finds out which is the bad side, and then by default chooses the other. That's basically how political campaigns are conducted, for example. We try to find out who is the awful, terrible villain and then vote for the other one. In theater and movies, that's the way our melodramas are constructed. The legal profession operates this way as well. Your lawyer defends you and presents the other as the epitome of evil. The scientific model, however, is the antithesis of that. A good scientist goes into a situation with a hypothesis. If a piece of evidence comes along that contradicts it, the hypothesis is changed. The scientist says, "Oh good. This is interesting. Let's rethink this." In contrast, a lawyer facing a piece of contradictory evidence will do everything conceivable to discredit it and prove that it's not valid. They are two distinctly different mindsets. I would like to shift the ethics metaphor from the legalistic to the scientific methodology. I much prefer people say, "There's lots of right out there and my task is to find the higher right," rather than try to figure out what the wrong side is.

Ethical Decision-making Factors

From the Institute for Global Ethics' CD-ROM ethics training programs. (See review, p. 9.)

"Right vs. Wrong" Decision

- Is it LEGAL?
- Does it violate our CODE OF ETHICS?
- What does your GUT FEELING tell you?
- How would you feel if this were on the front page of the NEWSPAPER?
- What would MOM (or some other ROLE MODEL) do?

"Right vs. Right" Dilemma

When two equally important values are involved, do you choose the one that favors:

- TRUTH or LOYALTY?
- SELF or COMMUNITY?
- SHORT TERM or LONG TERM?
- JUSTICE or MERCY?

"If we can begin to think about ethics as right vs. right, that has a powerful impact on the way people relate to one another."

MTM: Would you say more about the framework you use to help decide between two valid ethical choices?

RK: There are not an infinite number of "right vs. right" dilemmas. In fact, at the Institute for Global Ethics, we think there are only four types of dilemmas. We think people get into ethical dilemmas because they run into situations where they are pulled in two competing directions:

Truth vs. Loyalty

Truth, to most people, is conformity with facts or reality. Loyalty involves allegiance to a person, group, organization, government, or set of ideas. This one occurs a lot in families. For instance, Junior may think the future lies in funding a new children's television program, while Grandpa has always provided core funding, out of money he earned, continued on p. 8

Rushworth Kidder *continued from p. 7*

to a long-established children's literacy group. The truth, to Junior, is that the literacy group is in terminal decline—while the loyalty is to Grandpa and what Grandpa loves. What should Junior do when, as here, both sides are right?

Short-term vs. Long-term

A short-term versus long-term—or "now versus then"—dilemma reflects the difficulties that arise when immediate needs or desires run counter to future goals or prospects. One example would be questions of short-term consumption versus long-term investing. If we put all our money in investments and never eat again, then we're going to die. If we put all our money in consumption and never invest anything, we could be in trouble in the event of an unexpected crisis. Very heated conversations in boardrooms often originate around questions having to do with whether we should spend or save, and how much to spend or save.

Individual vs. Community

This paradigm can also be thought of as us vs. them, self vs. others, or the smaller vs. the larger group. It comes up a lot in grant making and foundation or personal charity work. Some say we must create structures in the community that, over time, will lift the greatest number of people out of poverty. Others say, "Look at these folks starving now. We can't give our money to anti-poverty think tanks because we need to make sure that people have enough to eat today." There is right on both sides.

Justice vs. Mercy

Justice always deals with expectations; mercy deals with the exception to those rules. Fairness, equity, and even-handed application of the law often conflict with compassion, empathy and love. (Anyone who has ever raised a teenager understands this dilemma.) Suppose your giving guidelines have changed. You no longer fund the arts. Then an arts organization that is a former grantee comes to you fighting for its life—because its annual fundraiser, held a month after 9/11, was an utter bust. There are powerful cases here for funding and for not funding.

I have yet to run into a really tough right vs. right dilemma that doesn't fit one of those paradigms. So the four paradigms can be a useful tool to help us understand what we're dealing with when we run into an ethical dilemma. We can weigh the dilemma carefully and say, "Let's think of these arguments along the truth vs. loyalty axis," or the short-term vs. long-term axis, or whichever one the dilemma would fall into. That tends to make the question easier to grapple with.

That, however, is analysis and not resolution of the dilemmas. So at the Institute, we talk about resolution principles that can help you resolve the dilemmas and take ethical action. Three traditions of moral philosophy give us some

"Well, if it doesn't matter who's right and who's wrong, why don't I be right and you be wrong?"

principles that are widely used to resolve ethical dilemmas:

- You can use an **ends-based principle**, which says you should choose the greatest good for the greatest number.
- You can use a **rules-based principle**, which says that what you're about to do, you would like to see made into universal law. You ask, "What would happen if everyone did what I'm doing?"
- The third is a **care-based principle**, which is the idea of the golden rule: *Do unto others as you would have them do unto you.* You put yourself in someone else's shoes and try to imagine their hardship.

By applying those principles to different kinds of situations, you can move to resolution. However, the principles themselves will not give you the answer. You just have some tools to work with. It's as though I were to give you a whole set of carpenter's tools—it's not the same as giving you a house. But you've got the tools and you can build something.

MTM: But how do you choose between those principles? It seems that you might end up with a different result, depending on which principle you choose.

RK: Well, that gets back to one of the most difficult things humanity has to do, which is think. The principles provide a structure for thinking, but they don't think for us. You have to come to a decision that both "thinks right" and "feels right"—it makes sense rationally and logically, and it also feels right intuitionally. You reason it through and say to yourself, "This strikes me as a little closer to the right." I'm not saying that the other side is wrong; it's just that this one seems like the higher right in this set of circumstances. The application of ethics doesn't lend itself to formulaic determination. If it did, Aristotle would have told us the answer centuries ago. Ethical decisions are complex, nuanced, and require real thought.

MTM: Is it harder for people with wealth to be ethical than it is for others?

RK: No, I don't think wealth is a determinant, once you get past the first hurdle—once you've adopted the idea that you're not going to be selfish but that you're going to be ethical. It's challenging in an ancillary way, though, because of the fringe effects of wealth, notoriety, and fame. You can become famous in a way that has nothing to do with wealth. When I was a columnist for the *Christian Science Monitor,* I used to joke that I was poor but famous. That's the nature of journalism. One can become well-known by accumulating power or celebrity status. The more difficult challenge has to do with how you handle fame, because it can drive you into excessive selfishness. You come to believe that you can do no wrong. You believe what people are saying about you. When I joined the board of the Charles Stewart Mott Foundation, I remember people saying, in jest, "You'll never again have an honest compliment or a bad meal." Thoughtful individuals of wealth have devised clever and careful ways to avoid falling into those traps. For example, they might keep themselves at a distance from people who are going to flatter them or cozy up to them for all kinds of wrong reasons. It can look from the outside like selfishness, but it may be necessary to keep from becoming selfish. You have to watch for signs of selfishness in yourself. You may even be led by your peers and advisers to believe that selfishness is okay because you deserve it, but that can lead to being far less ethical.

MTM: Is it more important for people with wealth to be ethical than it is for others?

RK: Absolutely. I would say that's true for people with wealth, power, or fame. Those are the three challenges humanity deals with. It's because of leverage. When you're wealthy, you are able to make things happen that other people aren't. If I think a nefarious means should be used to derail a political movement or change the politics in my town, as an ordinary citizen with $25 to donate, I can't do much to derail it. But with a half million dollars to give and an organization behind me, I can do a lot. Wealth leverages ethics. Like it or not, there really is a sense of *noblesse oblige.* There is an obligation that comes with wealth and power to use it in the right way for the benefit of humanity and not for personal whims. ■

Developing Your Ethical Fitness

The Institute for Global Ethics produces three ethical training programs on CD-ROM, each with a companion booklet of readings:

- **Leading With Values**
- **Ethical Choices for Family Foundations**
- **Cornerstones for Ethical Foundations**

($75.00 each, **available from The Institute for Global Ethics, www.foundationethics.org, 207-236-6658**)

You can use these programs for yourself or for staff and boards of family and nonprofit foundations. The Institute suggested we preview all three CDs before choosing which to order; we suggest you do the same. Each contains enough provocative material to stimulate your thinking for years to come. If you've ever been sure you're right, or if you deal with people who are sure they're right, you'll love these exercises. Point-and-click scenarios followed by possible solutions help you examine your personal values and grapple with real-life ethical challenges in the non-profit world. Should you honor the wishes of the foundation's late founder, even though circumstances have changed? Should you forgive a tiny misrepresentation on a resume? Should you continue to work with a celebrity who has entered the realm of controversy?

A word of caution: The CDs open with an ethical dilemma scenario involving a rescue worker and a tragic accident. One member of our review team found the scene gruesome and inappropriate for its audience. The others found it a fascinating and illustrative example of the concepts presented on the CDs. Other possible drawbacks: The slowness of the CD format may be frustrating for those accustomed to DVD navigation, the look of the production may be too institutional for some, and the computer novice will not find the CDs to be very intuitive. Nonetheless, all three CD programs present a useful framework for ethical decision-making and provide lots of practice to help you develop your skills.

—Reviewed by Ruth Ann Harnisch, Pamela Gerloff, and Mara Peluso

Creating an Ethical Culture

An Interview with Robert Covalt

Interviewed by Pamela Gerloff

MTM: What kinds of ethical choices and dilemmas have you run into as a corporate executive?

RC: From the beginning at Sovereign, I've tried to establish ethical standards that I believe are important. A lot of what I decided to do with Sovereign was because, over the years, I had seen ethical standards in business diminish. I had witnessed actions that were unfair to employees, at all levels of organizations. I saw so many things in the industry that bothered me—like politics, which I have tried to eliminate. It's wasteful and it creates problems.

MTM: What do you mean by politics?

RC: Favoritism, deals, unfair advantage. In my career, I was able to progress within a company, but so many companies bring in acquaintances and friends and they don't reward their established, capable employees. Some companies today have such a partnership of friends that it becomes a problem. It doesn't mean that you don't bring in people from the outside who can do the job, but you must eliminate politics.

MTM: How do you get rid of it?

RC: You face it head on. You let everyone know that you won't tolerate behaviors that would not be of the highest ethical standards and in the best interests of the company.

MTM: What do you mean by ethical? What is ethics, to you?

RC: For me, honesty is the most important aspect of ethics. I would say that if you're honest, you're probably ethical. You do the right thing because it's honest. It's more than just being legally correct. Honesty puts a higher condition on it.

Ethics also has a lot to do with how you treat your employees. Once I had a boss tell me, "No one ever said life is fair." I don't agree with that. I think fairness is part of ethics. So, to me, a big part of setting ethical standards in business is having a policy that says that people will be treated fairly, honestly, and will have the opportunity to enjoy their work and to progress if opportunities arise.

Robert Covalt is chairman of Sovereign Specialty Chemicals, Inc. (**www.sovereignsc.com**), *a $400 million specialty chemical company, which he started in 1994 at the age of 62. In 1999, he was named Person of the Year for the adhesive sealants and coatings industry, because of "his successful business growth strategy and remarkable ability to handle the extreme fluctuations of the industry." From 1970 to 1990, Mr. Covalt served as president of the specialty chemicals division of Morton International, Inc. During that time, the company went from $175 million to $1.4 billion in revenue. Before launching his own company, he spent three years as Morton's corporate executive vice president. Mr. Covalt holds an honorary doctorate from Purdue University and an MBA from the University of Chicago.*

MTM: How do you make that happen?

RC: You set the standards. You develop vision, mission, and operating statements establishing your principles and goals. Once the standard is set, the day-to-day takes care of itself. As you follow the standard, it gets embedded in the culture—so you don't have so many ethical questions arising. People just do the right thing.

On the other hand, should you condone shady practices, some people may take advantage of that. What happened at Enron and some other companies is an embarrassment to all ethical CEOs. At those companies, the standard wasn't set at the top.

MTM: You make it sound easy. Is it hard to set that kind of standard?

RC: What's tough is that when companies merge with you, you get the viruses that they have—you get their culture. I've been part of 11 acquisitions with Morton, and ten with Sovereign. One of the most difficult things to do is to revise a culture, to get another company to belong to yours. The majority of employees are good, honest people and want to be part of an ethical company, but there are people who will never adjust, so you make changes in order to do that. For example, we acquired a company where one manager from the new company looked very good from a business standpoint, but from an ethical standpoint, he was not a good employee. Though he was a good business operative, he had lost respect within the company for his unethical behavior. I terminated him. When I went to talk to the employees about it, I got a standing round of applause.

MTM: So they *wanted* that.

RC: People like to work for a company that's ethical and morally straight. They like it that they have an equal chance to succeed based on their abilities—not on friendships, not on politics, but on what they can do. They like it that we're honest and fair. People knew right from the start what kind of company we were going to be. Our vice president of technology was asked in an interview what distinguishes Sovereign from other companies, he said, "We do the right thing." I felt really good about that.

MTM: Can you give an example of an ethical dilemma you've faced in your work?

RC: In business, what is considered standard ethical practice varies throughout the world. Certain practices have been condoned outside the U.S. that would not necessarily be acceptable here. For example, early in my career, I was in charge of an enterprise that had a lot of business abroad. Although it's not true anymore, at that time it was not unusual for some companies in various parts of the world to discuss how they would participate in the market. By American standards, that was considered not only unethical but quite possibly illegal, so we never considered entering those markets or participating in those businesses in those locations. Wherever I have worked, I have followed the same ethical standards, regardless of where we're operating in the world.

MTM: Has it been hard for you to make those choices?

RC: It's not hard when I'm the boss, because the buck stops here. No one will even come to me with questions like that because they know we're not going to do it. I think a CEO or a manager has an obligation to create a positive ethical climate for the employees.

> "Once the standard is set, the day-to-day takes care of itself."

MTM: What if you're not the boss? Have you ever encountered difficult ethical issues when you were the underling?

RC: Sure, but rarely. In any career, you're sometimes put in that position.

MTM: What did you do then?

RC: I told my boss we just couldn't do it. I would argue the facts, and point out that doing the wrong thing can only be profitable short-term. It is never profitable long-term.

MTM: You seem very clear about your ethics, as if it doesn't really present a dilemma for you.

RC: In business, the objective is to develop a successful company, which then can provide benefits and an improved standard of living for *all* the employees—not just senior management. It's not just about money, but about all the things affected by employing good ethics—working conditions, relationships, dependability, et cetera. You want people to enjoy their work and have respect for and pride in their company.

In the long run, you have to live with yourself. I wouldn't want to work for a company where "doing what's right" wasn't the standard. I want to work with people who think, not, "How much more money can I make for me?" but, "How can I make this company greater?" The questions that need to be asked are, "Are we a team? Is there good collaboration? What am I able to contribute to the company? Am I enjoying it? Are we creating jobs where people can enjoy doing what they're good at and contributing to the company's success?"

I believe that you can be both successful and ethical and that they are truly entwined, in the final analysis. It is certainly a much better feeling to know that what you have, you have earned honestly. ■

The *Good* Life

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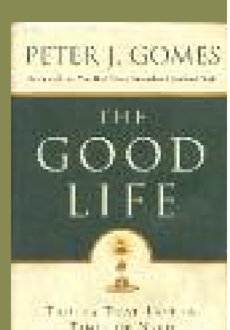
The Reverend Peter J. Gomes is Plummer Professor of Christian Morals and Pusey Minister in The Memorial Church, Harvard University. In his book, The Good Life: Truths that Last in Times of Need *(HarperSanFrancisco, 2002), Professor Gomes examines what it means to make a good life, not just a good living. Distinguishing between what our culture tells us about the good life and what truly brings abiding happiness, he addresses the questions, "What do I need to be good?" and "How can I truly be happy?" Dr. Bob Kenny, executive director of More Than Money, and Dr. Pamela Gerloff, editor of* More Than Money Journal, *met with Professor Gomes to discuss the concept of goodness as it relates to wealth.*



An Interview with Peter J. Gomes

Interviewed by Bob Kenny and Pamela Gerloff

Kenny: You use a wonderful line in your book about participating in something that is "truly good and truly great." I'd like to think that's why people give money philanthropically. When I talk with More Than Money members one-on-one, they seem excited to be doing good in the world with their money. But I've also noticed that people who enjoy doing good are not always comfortable talking about that with others. Why do you think it's so hard for us to talk about wanting to be both good and great?

Gomes: I think our culture has a pathological fear of exceptionalism. Nobody wants to be exceptional, although everyone wants to be *perceived* as being exceptional. Talking about moral greatness or goodness is intimidating because it implies that some are more morally acceptable than others. Yet we don't really have a way of measuring that. There is also the question of who made those decisions—by what right does anyone make those judgments?—and that's against our democratic and elitist nostrums. The whole notion of goodness is a discriminatory notion and is one imposed from the top, rather than from the bottom. Hence, to talk about goodness as an achievable and desirable station to aspire to is very frustrating. It's not in our lexicon. We don't really have the language to talk about it. One of the reasons I wrote that book is that it is essentially using practical formulas to discuss the concept of goodness.

Gerloff: What do you think the value is of talking about goodness?

Gomes: The value is in helping us define what goodness is. If you define what goodness is, it gives us something to aspire to—something that is, in my view, the ultimate object and definition of what it means to be human. We have the pursuit of happiness as the constitutional goal, but we've failed to understand—to our peril, I think—that happiness is not a goal. Happiness is a consequence. I think what the founding fathers really meant was life, liberty, and the pursuit of goodness.

The classics have taught us that goodness is the goal and that happiness comes from that, quite distinct from what one has, or even what one does. But in a culture that is defined by the pursuit of happiness because it is economically a viable pursuit to attain, the notion of happiness as a by-product of something else is hard to imagine. In my book, the way I've schematized it, goodness is the objective, happiness is the by-product. The means are the virtues and the content of the virtuous life, and the cardinal virtues are faith, hope and charity. I outlined it that way because otherwise people wouldn't be able to visualize that there is a structure to all of that.

Kenny: In your book, you talk about the difference between making a good living and making a good life. But the good life part can be tough when you have so much money that you don't have to make a living.

Gomes: When you have nothing to aspire to and the challenges that you've defined, you have already met—like, "I'll make my first million by the time I'm 30"—you end up like young Alexander the Great. How many more kingdoms are there to be conquered? "Been there, done that" is so much the feeling of many of these achievers. So they live lives of quiet desperation, in my opinion. But the fact that one doesn't pursue the good life doesn't mean that it's not there to be pursued. We've defined the good life in terms of having as much of this world's goods as we want—not as much as we need, but as we want. When it's actually impossible to achieve what you want, and you want the wrong things, or you want inadequate things, that is all the more frustrating.

Kenny: When you have enough money to get everything that you would want, then what?

Gomes: That's a question I've asked another way: When is too much not enough? One way of framing the answer is: when it does not satisfy, when it does not give that sense of achievement or accomplishment or stability that allows you to employ and enjoy what you have. When I was a boy, we used to talk about the wealthy as the "well-to-do." Now the phrase is banished from our lexicon. The moral implication of the phrase was that you have all you need in order to *do* something. Now, people are just rich. Wealthy. "Well-to-do" no longer works.

Kenny: I've noticed that when people have a certain understanding about their role as the well-to-do in this society, then doing good does bring them happiness. There is a sense of "Holy cow! This is more fun than buying a new house in the Hamptons."

Gomes: That's right. My money is not being taken away from me, and I'm not throwing it away. It's *transforming* me.

Kenny: Sociologist Paul Schervish, at Boston College, studies people of wealth and he says that money is as much fun to give away as it is to get. Actually even more fun.

Gomes: That's right. There was a wonderful instance many years ago: I was at a dinner at which we were honoring one of Harvard's greatest benefactors, Thomas Dudley Cabot. Mr. Cabot had given many millions to Harvard in the late '70s and was lauded for it. He stood up at the dinner and said that he and his wife had wondered what was the most fun. Was it making the money? Getting the money? Or giving it away? He concluded that giving it away was even more fun than making it.

People experienced in the management of money, over a very long period of time, almost universally testify to the great joy of giving. But for those who are new to money, the thrill of getting it hasn't yet been supplanted by the thrill of giving it.

Sometimes I talk quite frankly with some of the young and newly wealthy, and their anxiety is that the money is easy come, easy go. They know it could be gone as easily as it came. And so these multi, multi-millionaires at age 35 become extremely cautious—far more so than their parents, who have next to nothing and are much more generously inclined. There is the terrible specter of their contemporaries—these dot-commers who made all that money but who never had the joy of giving it away. They made it all. They lost it all. No middle passageway.

> "Our culture has a pathological fear of exceptionalism."

Kenny: People are talking now about the decline of the stock market and the decline of their sense of wealth. We were talking about this recently with some More Than Money members and someone said, "I need to tighten my belts. I need to tighten my philanthropy belt because I don't have as much money as before…" But someone else suggested that, in fact, it is one belt; if giving your money away is as much or more fun than making it, then it isn't two belts. If you are going to cut back, you figure out how you're going to cut everything equally. You won't be able to give as much away, but you won't take as big a vacation either. To be a philanthropist becomes an integral part of your life.

Gomes: Yes. I know that experience.

Kenny: It seems to me that that experience comes from giving money away and realizing how much fun it is, along with some serious reflection.

Gomes: Well, interestingly enough, it's the poor who have a better experience of that than the rich, because the poor give away a higher percentage of what they have than the rich do. They have discovered that having nothing, continued on p. 14

Peter Gomes *continued from p. 13*

if you give a portion of that away, you have a good deal more than before. Where people tithe to the church, it's primarily the poor who do the tithing. It's the people of vast income who are very cautious about giving, and who wonder if they dare give ten percent to anything, let alone to the church.

That's an ancient lesson, a biblical lesson—the notion that giving is its own excuse for being. You get extraordinary dividends from it: You aid whatever is being assisted; and you get the pleasure of having done it, which builds up a kind of moral "credit" for you. But you have to be able to talk the language in the first place to have that conversation. That is what is so lacking.

Gerloff: You said that people of lesser means tend to give a higher percentage of their money away. Why do you think that having more money so often gets in the way of a good life?

Gomes: I would say that the effort to acquire money means, in some respect, that you feel you have an incredible obligation or responsibility to keep it, to maintain it. So it doesn't give you freedom, it gives you anxiety. And so you become obsessed by it as an end in itself and not a means to anything, and thus you become sort of like Scrooge McDuck, a slave to your gold coins. You get cold comfort by being able to slide up and down in them, because you're constantly worried about erosion, thievery, pilferage, loss of value, manipulation, and all those things. Living an obsessed life like that means you don't have time to live any other kind of life. It's the gated community syndrome. To those outside the gated community, the gate looks like it provides security for the insiders, but many of those inside are prisoners of their own anxiety. One does not imagine a sense of freedom or liberation on the inside of the gates. There is, rather, a sense of siege. Hence, you don't say, "What good can I do with this?" You say either, "What good is this?" or "How can I manage it or keep it, or how can I prevent somebody else from taking it?"

Gerloff: What is a solution to that?

Gomes: I think a solution is to understand from the start that money is the means to a much larger moral end. There is a self-benefit, but also another benefit. Money is meant to facilitate everything, and you have a part in helping to discern what that facilitation will be—so that instead of being rich, you want to have a sense of being well-to-do. "I have this money; therefore, there are things that I will want, even ought, to do." That should be part of the basic syllabus of wealth, but it isn't.

The history of philanthropy is instructive in that, in the past, people found objects that would give them satisfaction in return for doing good—like hospitals or almshouses—but there is no equivalent kind of moral ambition nowadays. The idea in ancient times was that you spent your money to do good works because that would take time off your years in purgatory or hell. But, if you make your own hell (or heaven) as is the philosophy now, and you aspire only to heaven on earth, the big motivating factor has been removed.

Gerloff: What do you think a motivating factor is now? Is it happiness?

Gomes: Personal pleasure. But it's also a sense of doing social good. I think people do have a kind of social value gene somewhere. If they can afford to do good, and they know what to do, they want to do the right thing. I think everybody feels that way, but they are inhibited—primarily by their fears. I'm no Calvinist, but I've always preached that the fundamental problem is not people's natural wickedness, but their temerity about being good. They want to be good. They desire it. But they don't necessarily know what goodness is, and if they do know what it is, they don't know if they dare afford it. I don't believe it's as simple as Calvin says. I don't believe in the total depravity of man. I think we're not totally depraved; we're all created in the image of God, but we're fundamental cowards. Thus, we're totally gutless, as opposed to totally depraved. So it is not the lack of a sense of goodness that keeps people from doing good; it is the lack of the will to act upon the inherent sense of goodness.

> "The fundamental problem is not people's natural wickedness, but their temerity about being good."

Kenny: Would you agree that given the proper support, when people have the resources, they really do want to do the good?

Gomes: I think that, if they are relieved of their fears that the good isn't really good—or their anxiety that they will get caught having to pay a price higher than they're willing to pay—and if they have the resources to do it (motive, means and opportunity), they will do the right thing. One of the lines I say here in church, when I ask for money, is, "I know that each of you knows the right thing to do, and I know you want to act upon that knowledge. I give you permission. Do the right thing." I want to appeal to the moral intelligence. And moral intelligence, properly exercised, leads to generosity, because we want to be good and we want to be seen as doing good things. ■

DAD, Can I Have a Pair of Those Shoes?

By Bob Kenny

Sometimes, ethical dilemmas come in small packages, no bigger than the size of a shoebox. As a parent I sometimes wonder: How do I engage my son in discussions on ethical issues without imposing my values, yet prepare him to recognize and make ethical decisions on his own? Let me give you an uncomfortable example.

Earlier this year my then-thirteen-year old son, David, led me around the mall on a quest for a pair of athletic shoes that he wanted. When I saw the brand name and the excitement on his face (not to mention the $110 price tag), my heart sank. I had been reading about the labor practices of that particular shoe manufacturer and told David that I was not keen on buying shoes made by a company that reportedly exploits children for cheap labor. I knew from research I had done that there are shoe manufacturing companies that do not exploit children—but David did not want any of those companies' shoes. So he took me into all the stores, comparing shoe prices, even though I had told him that my main concern wasn't about the cost. He *really* wanted those shoes and, like so many parents, I wanted to give my son what he wanted. As we walked around the mall, I became increasingly upset by the possibility that someone else's son, on the other side of the world, might be working in horrible conditions to produce those shoes for my son. By the time we arrived at the last store, I began to express my frustrations to the clerk. I asked him if other parents were voicing similar concerns. The clerk said no. At that point, David stormed out of the store in full adolescent anger. He had had enough of me embarrassing him. In the car, he angrily claimed that I was being cheap and simply did not want to buy him shoes. That was not true. I wanted him to have the shoes he wanted—but I also wanted to do the right thing. I was not sure that buying shoes from a company that was exploiting children was the right thing to do. For me, it was an everyday ethical dilemma of how to use my money.

> "I wanted my son to have the shoes he wanted—but I also wanted to do the right thing."

David and I resolved the dilemma the best way we knew how. We bought the shoes, did some research on the Internet, and then made a donation to an international organization that addresses the root causes of child labor exploitation. It was not perfect. Life rarely is.

Bob Kenny, Ed.D., is the executive director of More Than Money. For more than 20 years, he has worked with individuals, communities, and organizations to identify and address the gaps between their stated values and the reality of their lives.

This shoe-shopping experience posed an ethical dilemma for me because of some competing concerns. First, I wanted my son to have personal choices, and not feel as if his father was dictating what he could wear. Second, I struggled with whether or not I had the right to impose my worries and concerns about the ethical problems of the world on my son. Third, I did not want to support people who were being unethical.

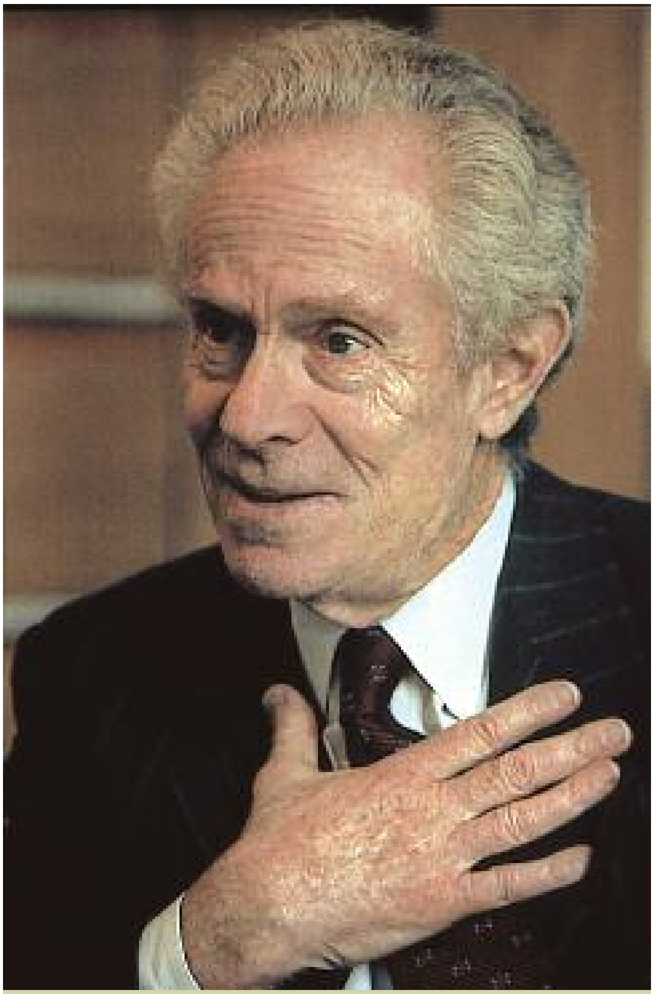
During a recent conversation about ethics with the Reverend Professor Peter Gomes of Harvard University (see his interview, p. 12), I found myself thinking about the way I had handled this situation and the way I might address ethical dilemmas in the future. Professor Gomes said that people want to be good, but sometimes lack the courage to act on their convictions. I think he's onto something. Sometimes we are just lacking the conviction; and sometimes we are not sure if something is "good" or not.

The parent's familiar remorse is, "What could I have done differently?" As I have talked with other parents about this issue and reflected on my actions, I have become increasingly convinced that I could have handled the situation better. Maybe I should have just said: "This is what I believe in, but if you really want the shoes, then I will get them for you." Maybe it would have been better to inform David of my thoughts and concerns, but then buy him the shoes if he still really wanted them.

I also realized—too late—that I never asked David the reasons for his opinion. Perhaps he knew the issues I was complaining about and didn't care. Maybe he heard my arguments but sincerely disagreed. The question remains: Is it my role to make decisions for another human being (even if it is my son), or is it simply to provide him with the information he needs to make his own decisions? This is not an easy question. It is, in fact, a dilemma that has been debated for centuries by parents who want to raise their children to be ethical.

The everyday ethics of wealth do not apply just to decision-makers at Enron. They exist for each of us individually. The everyday ethics of wealth force us to take the time to ask ourselves, and those we live and work with, basic questions. We need to talk about everyday ethics in ways that are thoughtful, but not judgmental; informative, but not prescriptive. It isn't easy. ■

After the Fire



Aaron Feuerstein is president and owner of the Massachusetts-based company, Malden Mills (**www.maldenmills.com**)*, internationally renowned for its Polartec fabrics. When a fire devasted Malden Mills in 1995, Mr. Feuerstein's leadership became legendary as he continued to pay his 3,000 idled employees during the rebuilding process. (See sidebar.) He is also known for having resisted strong financial pressures to move the company out of the country, choosing instead to keep it in its present location to benefit the economy of the local community.*

An Interview with Aaron Feuerstein

Interviewed by Pamela Gerloff

MTM: What do you think your responsibility is, as company president, to workers and to your community?

AF: Both our company and I have established a mission statement that expresses a strong responsibility, not only to the shareholders—and that's a very important responsibility—but also to the employees who make our products. Whatever success we have is because of the quality of the products we make. So we have a responsibility to the workers, to the community where we are located, and to the environment.

We believe that when you make a business decision, it should not be based exclusively on how to make the bottom line look better so that shareholders can have an immediate benefit. It should be balanced. It should take into consideration what's right and wrong, as well as profit. We don't say that when you're in business it's dog-eat-dog and you can do whatever you want and get rid of all the values that you have—and all you have to do is go to church or the synagogue once a year and give some charity. Every decision in business has to be both a good business decision and a good ethical decision. We don't accept that there's a dichotomy. We think that over the long run, if you do what's right in business you'll have the most profitable long-term situation. If you treat the worker right, the company will be a better company. The same goes for the environment and the community.

MTM: How did you come to that belief?

AF: I grew up with it. Perhaps it was incubated when I was just a little kid. I remember that at home the family used to eat dinner together. We discussed everything: business, religion, school, politics. It was just a free-for-all and it was wonderful. I recall how my father reported that when he was 14 years old, he went to work for his father, who had founded our company at the turn of the century. My father noticed that, at the end of each workday, my grandfather was going around with envelopes of money and paying each of his workers for the day's wages. My father told my grandfather, "That's a cumbersome way to do things; it's not the way to do it. You should keep the records of the taxes, benefits, hours, and wages, and at the end of the week, pay the worker in arrears."

My grandfather said, "Oh no, that's against the Torah." I was seven years old when I heard this, and every day after public school, I had Hebrew religious instruction, where I was taught by my maternal grandfather. The next day I said to him, "Is it possible that the Torah says you can't pay at the end of the week? You've got to pay during the week?" He said, "Oh yes, your paternal grandfather is correct." Then he opened the book of Leviticus and showed me where it said, "You are not permitted to oppress the working man. He's poor and needy, and you have to pay him his wages each day. And you cannot let the sun set on those wages, because he's a poor man and those wages, psychologically, mean everything to him. And you don't want this poor man to cry out unto God and you will have sinned." Later on, when I was older, I committed that to memory. I thought it was really fabulous.

MTM: Do you pay workers every day?

AF: Oh no, we got over that! But the spirit is there—we try and treat the worker fairly and as an equal, not as a pair of hands.

MTM: Before, a lot of people lauded you for the decisions you made after the fire, but now that your company is having financial difficulties, some are questioning the wisdom of your approach.

AF: Yes, that's right. I'm not questioning it, though. If I had to do it tomorrow, I'd do it again. I'm sure that in the long run, it's going to pay off for this company. The problems we're in today are *not* a direct result of having acted fairly with workers and having treated them with respect. It's because we did not have adequate insurance to rebuild with the state-of-the-art equipment that would enable us to produce the best quality in the marketplace—which is what we're famous for. So we spent more money than we had and got into heavy debt. With the debt, the minute you hiccup and something doesn't go right for one year, you're in trouble. We had a tough year in 2001 and were in default on some of the interest, so our creditors put us under.

MTM: What will happen now?

AF: Our plan for reorganization, which we have presented to the court, states that we would like to pay back our creditors 100 cents on the dollar. The family equity holders will get paid only after the creditors. We've shown in our business plans that there's enough enterprise value in Malden Mills to handle the debt and to pay off what we owe over time. We're very optimistic that the court will find in our favor and we'll be emerging successfully from the bankruptcy before the end of the year.

MTM: If you were a publicly-owned company, which typically has a lot of pressure on it to—

AF: to look terrific!

MTM: yes—would you do everything the same way you're doing now?

AF: Yes, but probably they would get rid of me. They wouldn't tolerate it. Maybe that will change in America, but at the moment, that's the thinking. Recently, the country was shocked to learn that there are CEOs who are ready to sacrifice their ethical values to benefit themselves, as well as to make the next quarter look better for the shareholders. I think that was a natural evolution that arose from accepting the idea that ethical values should not be considered in a business.

MTM: What's the remedy for that?

AF: I think there have to be tough laws, so the parameters within which the CEO can operate do not allow such unethical behavior.

MTM: You have high ethical standards in your work life. How do your ethics around money and wealth manifest in your own personal life?

AF: I try to live a simple life, take interest in the community, and be charitable. I'm always being offered all kinds of money to just give up and let some of the creditors take this company and move it to Asia. But what is all that money going to do for me? The money itself isn't going to give me any happiness. I'm very disciplined about how much I eat every day—if I have all the money in the world, I'm not going to eat more or sleep better. So I'm not going to sell my soul for a pittance. I'm going to stick by the mission of this company and trust that we will succeed by doing it.

Ethical Choice Makes a Legendary Leader

"On December 11, 1995, a fire burned most of [Polartec maker] Malden Mills to the ground and put 3,000 people out of work. Most of the 3,000 thought they were out of work permanently. A few employees were with the CEO in the parking lot during the fire and heard him say, 'This is not the end....'

"Aaron Feuerstein spent millions keeping all 3,000 employees on the payroll with full benefits for three months. Why? What did he get for his money? Is he a fool? Did he have some dark motive? Here is Aaron Feuerstein's answer: 'The fundamental difference [between me and other CEOs] is that I consider our workers an asset, not an expense.' Indeed, he believes his job goes beyond just making money for shareholders, even though the only shareholders of Malden Mills are Feuerstein and his family. 'I have a responsibility to the worker, both blue-collar and white-collar,' Feuerstein added, his voice taking an edge of steely conviction. 'I have an equal responsibility to the community. It would have been unconscionable to put 3,000 people on the streets and deliver a death blow to the cities of Lawrence and Methuen [where the factories are located]. Maybe on paper our company is worth less [now] to Wall Street, but I can tell you it's worth more. We're doing fine.'"

—Excerpted from Parade *magazine, September 8, 1996, pp. 4-5*

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"Before the fire, that plant [at Malden Mills] produced 130,000 yards a week. A few weeks after the fire, it was up to 230,000 yards. Our people became very creative. They were willing to work 25 hours a day."

—Aaron Feuerstein, president of Malden Mills, as quoted in Parade *magazine, September 8, 1996*

Finding Fun in Unexpected Places

By Christopher Mogil

I've come to enjoy thinking about everyday ethical money questions. But it hasn't always been that way.

For years I felt I was practically breathing the questions—they came so fast and furious: Do I buy this cup of fair-trade coffee (even though I don't like the taste so much)? When buying property with friends, how do we share the ownership in a way that feels "fair," given our very different means? How much do I gift (and bequeath) to my child vs. how much do I give to others in greater need? Do I ask for a bigger salary, even if I don't personally need so much? Do I make sure my stock proxies are voted? Do I commit some of my giving to community-based foundations that are democratizing philanthropy by putting diverse community representatives on their boards and also give to projects run by my friends? Whether I'm thinking about spending, investing, earning, giving, or leaving a legacy, there are lots of complex questions. And of course, each question, whether small or large, leads to a host of others.

> "My stance shifted to, 'How do you think about these things?' instead of, 'Do you agree with me?'"

The decision-making process started to get more fun for me after:

(1) I stopped focusing on what a bother it all was and started appreciating how lucky I am to have so many meaningful choices.

(2) I started tackling lots of questions by deciding what I wanted to do for now in these areas, knowing I could always change my mind later. I lifted some of the ethical burden by recognizing that most of my decisions were a work-in-progress and I could make them more intelligently over time, with input from other thoughtful people. (Having a community like MTM has come in handy here!)

(3) Plus (ah, true confessions!), I worked to drop my judgment of other people. Although I could sometimes entertain myself with self-righteous scorn of others, my pleasure was so much greater when I actually connected with people and sought to understand how they made their choices. Then, comparing notes with others became much more free and interesting. My stance shifted to, "How do you think about these things?" instead of, "Do you agree with me?"

(4) I decided that instead of sweating all the small stuff or worrying about not being ethically pure, I would concentrate on some area I could really get excited about putting energy into over time. My notion was that if my choice came from some honest-to-goodness personal enthusiasm (as opposed to grudging dutifulness), I would be more likely to stick with that choice a lot longer—and maybe even inspire some of my friends to want to try it, too (which, in turn, would make it even more fun for me!). My personal guideposts have been building community and sharing resources. (I have chosen to put energy into these areas in both my personal and work lives). Other areas of concern I have let recede or ripen gently in the background.

Now I'm curious about how any of you approach having more fun with ethical questions involving money. Feel free to drop me a line about your experience (e-mail: christopher@morethanmoney.org). ■

Christopher Mogil is co-founder of More Than Money. He is an award-winning writer, workshop leader, and organizer on issues of wealth and philanthropy.

The Unresolved Dilemma

The largest part of my brain is devoted to some of the dilemmas I face in working with people who are desperately poor. I spent a lot of time teaching in a village school in Africa, living among subsistence farmers, in a mud house with a grass roof, and I return there regularly to visit. Wherever I am in the world, I have to decide whether and how much to give to someone in need. Sometimes I say yes, sometimes no. Sometimes I make the right decision, sometimes a wrong one, and sometimes I have no way of knowing. One evening, I told my husband, "So-and-So asked me for money. I said no, and I feel guilty." He replied, "Then don't go to Africa. If you continue to engage with the poor and destitute, the result will be a predictable sense of lifelong confusion—because you'll make some calls right, some wrong, and you will feel bad about the wrong ones for the rest of your life. If you are a person of conscience, it will stay with you as long as you live."

Those words have remained with me. Not that I shouldn't go to Africa or spend time with the poor, but it helps to be aware that the dilemma of having so much when others have so little won't ever go away.

—Helena Halperin

The one fundamental question I live with daily is: How can I possess and enjoy so much wealth in the face of so many unmet needs in others' lives? By what virtue should any human being have so much more and live so much more comfortably than the rest of the population? If anybody deserves wealth, everybody deserves it.

So how do I resolve that? I don't. I used to think I was ducking the issue by hiding behind my marriage. Because my husband is the generator of our wealth, I used to say that I deferred to him in matters of spending it, essentially letting him choose my lifestyle. I'm enjoying a far more luxurious life than I could have afforded before we married, more expensive than I'd choose if I were on my own. Yet, in truth, I do indeed choose this rich lifestyle right now. The philosopher Stephen Gaskin says, "You can always tell what somebody really wants to do, because that's what they're doing."

I cannot deny that I enjoy using the power of the privilege that comes from having money. Money lets you buy unique access, favored treatment, better seats. The whole society moves over to give you all sorts of goodies and perks and prizes, just for having a high net worth. It's like if you're white. You can say, "I didn't participate in slavery," but if you were born white, in this country that is a legacy with 200 years of advantage. The advantages of wealth are so many they are inescapable. Talking about whether it's "right" or "ethical" for the rich to be so favored doesn't make the privilege go away. The only way to get rid of the privilege is to give all your money away, but then you lose the potential impact you can have by using your wealth strategically.

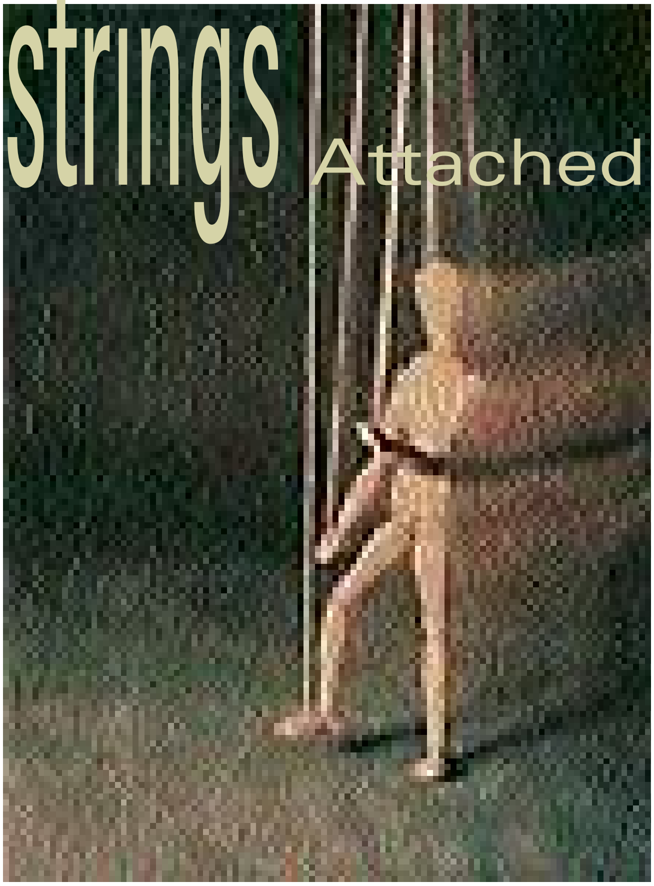
It doesn't justify having wealth, but using a good proportion of my money to create social change allows me to enjoy using some of my cash for more self-indulgent purposes.

—Ruth Ann Harnisch

"It's so hard to know what to do when one wishes earnestly to do right."
— George Bernard Shaw

Giving with strings Attached

A Conversation with Mark McDonough



Mark McDonough is founder and president of Astrodatabank.com and is a member of More Than Money.

For me, the ethical questions involved in giving money have to do with power, control, and integrity. Is it ethical to have power over someone else's life through money? Is it ethical to use purse strings to make people (or organizations or communities) do something that they might not otherwise do, even if I perceive it to be "for their own good"? What gives me the right to control another person's (or organization's or community's) destiny just because I have money? Money is power, and power is difficult to handle.

When my parents gave me a large sum of money with no strings attached, I was given no guidance about how to use it. "Could I go to Tahiti?" I asked my father. He replied, "Yep, whatever you want to do." I interpreted that as a lack of caring. Yet, on a different occasion, when he gave me money with strings attached—he would pay for the East coast business school I got into, not the West coast one I wanted to try—it made me angry. And when I gave money to my friend, with strings attached, he interpreted that as a lack of caring.

Having had many experiences of giving and receiving, both with and without strings, I now operate somewhere in the middle. Whether I'm giving to an individual or to an organization, I don't keep my hands completely out of what the recipients are doing with the money, nor do I totally run the show and tell them what to do with it. The key, for me, is full disclosure: I try to lay out the terms of the gift up front so they can take it or leave it, or they can negotiate for different terms.

> "I think it's an unnatural ideal to ask people to give without strings attached."

I once gave money to a friend so she could attend a four-year program to train for a career in the healing arts. Halfway through the program, she decided to use the scholarship money to attend massage school instead. She needed more money, so I gave her a loan, which she agreed to repay. As time went on, she felt she couldn't keep her agreement, so we renegotiated the terms. When we rewrote the deal, I told her, "The fate of other people after you is on your shoulders. If I have a bad experience with you, I won't want to do this for others later."

She agreed to provide free healing treatments to others until she had given away services equal in value to the amount of money I had loaned her. She also agreed to give me regular updates. Well, she wasn't very good about giving me regular updates, but she did tell me recently that her debt has been fully "repaid" through a great deal of service to others post September 11th. I was able to come away from the experience feeling good because we maintained the integrity of our agreement through renegotiation, and because I was willing to be flexible enough not to worry about every condition being met.

I believe that we all bring expectations to giving. I think it's an unnatural ideal to ask people to give without strings. The ethical thing is to make the conditions explicit. I feel better when I spell out terms that will make me feel comfortable as a funder. People are free to say yes or no. By being clear about the strings I attach to my giving and lending, and being willing to renegotiate when things don't go as planned, I'm able to give money in a way that feels ethical to me while producing a positive outcome for the recipient.

—Based on an interview with Pamela Gerloff

Doing Well to Do Good

Leaving a Lasting Legacy

A Conversation with Elizabeth Rhodes

I believe you have to make up your own rules for how to live and how to manage your wealth in relation to your life's goals. My husband is a banker and he knows a lot about personal and corporate finance. When I met him, I truly knew next to nothing about finances, but I was making a lot of money, and so was he. Over time, this led to conversations about having more money than we need and what we should do with the rest. When he asked me, "How are you managing your money? How are you thinking about the future?" I said, "It would be great to put my kids through college, live in a nice house, and live comfortably." When he asked about giving money away, I said, "I want to give away what I don't need as I go along." That was more comfortable to my way of thinking than building up money to leave at the end of my life. When he made me aware of what was possible to accumulate through sound investing, it was hard for me to believe the numbers could be that substantial. (See sidebar.) It took me months to finally believe it.

Elizabeth Rhodes is a corporate trainer for True North Performance Improvement, LLC, which she co-founded.

After that, I consciously set about to create money so that I could give it away. We came up with a set of ideas, rules, and aspirations. We got a financial planner. We set up trusts so our children would be provided for. (We didn't want to give them all of the money, because that's usually a recipe for disaster.) And we created a life plan, with wealth-planning and giving goals included. Because of the power of compound interest, which makes the early years of working so important, we decided that I would work for profit at least until around age 40, so that we would have a stronger legacy to leave. After that, I could use my education and skill set, which have served me well in the corporate world, to benefit the non-profit sector (thereby giving in ways other than financial). Now we meet with our planner once or twice a year to be sure we're on track.

Go Figure

If a person or a couple inherited $1,000,000 at age 21 and invested the money at a ten percent rate of return, at age 84 the value of their investment would be roughly $512,000,000. If, instead, they gave away 50% of the original $1,000,000 and invested the remaining 50% for the same period of time, they would have $256,000,000 (roughly half of the other amount).

Last year, I saw former U.S. president Jimmy Carter interviewed on television. He said Americans tend to give away a much smaller percentage of their income than Scandinavians do. The interviewer asked, "What is your greatest fear for the long-term security of America?" Carter's answer focused on the disparity that exists between the global haves and have-nots. He said that narrowing that gap will ensure peace in a way that's not on our radar screen right now. I thought that was so profound. And then I thought about the Scandinavians giving away so much of their income and I thought, "How much am I giving?" This has become a guiding principle for me.

So the basic ethical commitment I've made is to doing well to do good. That raises many other ethical questions regarding wealth, like, How much is enough? Where should we live? And how much do we give now to causes we support when we're trying to save and invest to create a more substantial legacy later? Whenever we have to make such decisions, my husband and I ask ourselves three questions:

1) Are our intentions in the right place?

continued on p. 31

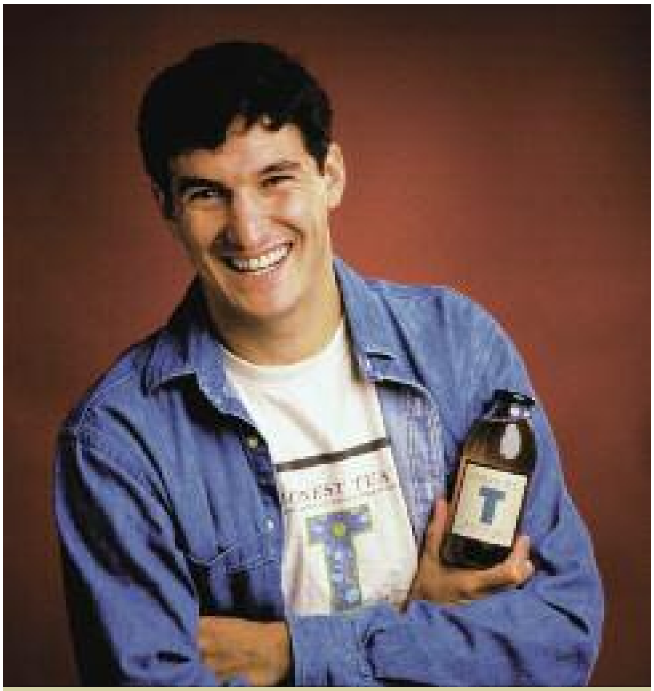
Can Good Ethics Make Good Business?

A Conversation with Seth Goldman

My co-founder, Barry Nalebuff, a professor at Yale School of Management, thought of our company name: Honest Tea. I love it because it embeds a social consciousness in the company. The name itself holds us to a high ethical standard.

One of the primary messages I was taught as a child was that money should never be an end. You need to have more substance in your life than just money. Recently I took my kids to see my grandfather's gravestone, on which are inscribed the words *Wisdom is more precious than rubies.* I grew up with that idea. I also grew up in the Jewish religious tradition, where charity and obligation were taught. When I went to Torah school, even as a five-year-old I was expected to give some charity (called *tzedakah*). It was just ingrained in me.

Beyond that, a specific experience has influenced my interest in ethical action at Honest Tea. I had gone to a privileged, private school, but the summer before I went to college I worked at a camp for inner city kids. That experience highlighted for me the impact that differing economic circumstances have on growing up. It has inspired me to create wealth in communities where there isn't as much, which we are able to do at Honest Tea through partnerships with our suppliers around the world. We create partnerships with the communities that are supplying our ingredients (and we use organic ingredients whenever possible). We now have community partnerships with the Crow Indians, City Year, The Village of Haarlem in South Africa, and a small community in Guatemala.



Seth Goldman is co-founder and CEO of Honest Tea (**www.honesttea.com**), *an all-natural beverage company dedicated to socially responsible business practices.*

One of the distinguishing features of our company is our commitment to social and environmental responsibility. On our very first bottles, we put a logo down in the corner that said, "Plant a tree." It was meant to signal that we were committing to being responsible to the environment and the Earth. Before anyone invested in our company, our commitment was understood; our statement of social responsibility (see sidebar) was in our first business plan. When we started, I didn't know exactly what form our "social responsibility" would take, but I was committed to being proactive about it.

People wonder if it's possible to run a socially responsible business and still be profitable. In fact, it is financially beneficial to us. Partnering with us helps our supplier communities become economically self-sustaining—eventually lowering the costs of our raw materials—and if the community partnership is strong, we're able to develop a relationship that will help us grow our brand and make our business stronger.

In South Africa, for example, we found a community that was cultivating a product called Honeybush, but we had no way to bring it to market. The farmers' plots of land were so small—most of the Honeybush was harvested wild in the mountains—which made that community an unreliable source of supply for us. Now we're giving a small portion of our profits to a cooperative of community growers there. This will allow them to add more hectares to their plots and to continued on p. 31

Honest Tea's Statement and Aspirations for Social Responsibility

Social responsibility is central to Honest Tea's identity and purpose. Not only is the value of our brand based on authenticity, integrity and purity, but our management team is committed to these values as well.

We will never claim to be a perfect company, but we will address difficult issues and strive to be honest about our ability or inability to resolve them. We will strive to work with our suppliers to promote higher standards. We value diversity in the workplace and intend to become a visible presence in the communities where our products are sold. When presented with a purchasing decision between two financially comparable alternatives, we will attempt to choose the option that better addresses the needs of economically disadvantaged communities.

—From www.honesttea.com

Outwit, Outplay, Outlast?

By Amber Brkich
With Valentine Brkich

Amber Brkich was a contestant on the CBS hit show, Survivor. *Currently, she is appearing at charity events, auditioning for television work, and seeking employment in the public relations field.*

I still remember the very moment I was chosen to be on CBS's *Survivor—The Australian Outback.* It was just too unbelievable to comprehend. My life was about to drastically change and I was terrified! Was I up for the challenge? How would this affect my family? My mind was racing. But I never once thought that appearing on the show would be an ethical struggle for me. As it turned out, there were more ethical choices to make than I thought.

Everyone knows that *Survivor* is all about strategy. The show's motto is "Outwit, Outplay, Outlast," and that's exactly what it takes. To win the $1,000,000 prize you have to think and play smart, or else you're "off the island," as they say. As America has seen with every installment of this reality show, there is always a certain amount of lying, deception, and back-stabbing among the 16 contestants. Some see it as an ethical struggle—should I play fair and be honest, or should I do whatever it takes to win the big bucks? (Some see the show itself as unethical because they believe it exploits the baser instincts of both contestants and viewers, but I think people take the show too seriously. They forget that there are hundreds of hours of footage that are not shown in the final cut, so what really happens out there can get distorted. Besides, I tried out for the show for myself alone. I didn't care what people thought; I did it for the adventure.)

Some contestants take the high road, saying they don't want to compromise their integrity and go against their word. In real life, that is a great way to live. On *Survivor,* however, it's a great way to get an early exit from the show! This is a game. The people on the show are the contestants. The idea of the game is to win the money.

At first, I got a little caught up in all the excitement; I even planned to be mean and conniving because I wanted to win a million bucks. I thought, "I'll never have to work again. I can retire at 22!" But I found out I'm not that kind of person. Even though it's a game, these were real people playing the game—which I realized when I met the other contestants. I thought, "Wait—I can't lie to her. I can't be mean to him. I can't betray her." I didn't want to hurt anyone's feelings. That was the moment my strategy changed. That was when I decided just to try my best to get along with everyone.

Since I had gone on the show to have an adventure, I wanted to make it last as long as I could (which turned out to be 33 days). Because I didn't cause a lot of problems or controversy, I wasn't given as much air time as some of the other contestants. But I didn't care. I had told myself that I would be me, no matter what.

The day after I was booted off the show I was in New York for my media appearances, including CBS's *The Early Show.* While I was there, *Playboy* magazine contacted me through a CBS employee and said that they were interested in setting up a meeting. "Wow, I thought… *Playboy*! Who would ever think that I would be approached by *Playboy*?" I told them I'd have to think about it, which I did for about a week.

I admit that I did consider what it would be like to have all the quick money I would make if I accepted the offer. In the end, though, I knew that doing it wouldn't be the right decision for me. I didn't want to, and I think that's reason enough. I just wasn't comfortable with the whole world seeing me in my birthday suit.

I heard that *Playboy* was kind of surprised when I declined to meet with them even before they had made me an offer. But, to be honest, I was a little afraid that I might be tempted to say yes and I didn't want to know what the offer would be. So I guess part of my "decision-making strategy" was to remove too much of the temptation before it happened, by not getting more information about what I would be giving up if I didn't accept the offer. I've never regretted my decision.

Since then, I've turned down several movie scripts, photo opportunities, appearance requests, and more than a dozen offers from talent and modeling agencies because they didn't "feel right" to me. But I've also said yes to a lot of other offers that turned out to be great experiences, like posing for *Stuff* magazine, helping dozens of charities raise money, and throwing out the first pitch at a Pittsburgh Pirate's game.

What is my secret method for making the right decision for me?—ME! I only go with something if I have a good gut feeling about it. I know who I am and that's all I need to make the decision that's right for me.

Wealth: We Didn't Get Here On Our Own

By Chuck Collins

Respectful dialogue among people of diverse viewpoints is a hallmark of More Than Money. Because our members vary widely in age, family history, politics, religion, net worth, source of income, geography, and other factors, lively conversation happens whenever members get together—in person or in print. We welcome and encourage thoughtful commentary on topics of interest to our readers. The opinions expressed by the writers of Viewpoint are not necessarily those of More Than Money. To tell us what *you* think, email: editor@morethanmoney.org or write: Editor, *More Than Money Journal,* 226 Massachusetts Avenue, Suite 4, Arlington, MA 02474.

At the heart of ethical considerations about wealth are our beliefs about how wealth is created. How much of my wealth is linked to my own initiative, intelligence, and effort? How much has been the result of good fortune, God's grace, choosing the right womb, other people's labors, and/or society's investment?

As the great grandson of the meatpacker Oscar Mayer, I can look back over my family and personal history and see many examples of both individual initiative and ways in which my family and I got help along the way. When I co-founded Responsible Wealth, I began to work on the emotionally laden issue of taxation—and grew to understand that people's widely divergent attitudes and feelings about paying taxes are rooted in different beliefs about wealth creation. In conversations I have had with wealth holders, I have noticed two distinct perspectives on wealth creation, which I believe have implications for the fundamental ethical question, What does a wealth holder owe society?

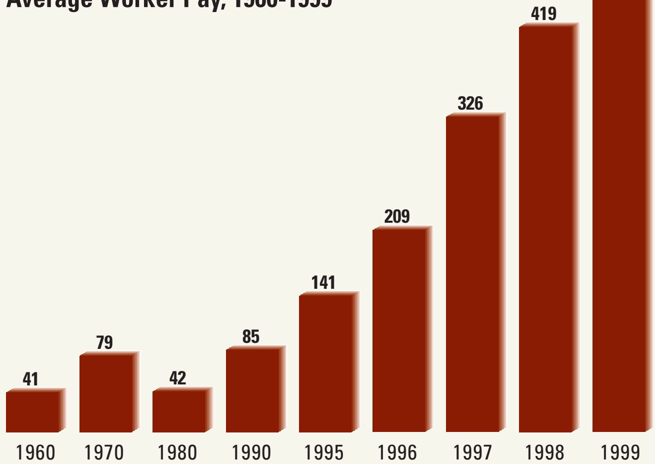
Chuck Collins is the co-founder and program director of United for a Fair Economy (www.faireconomy.org) *and Responsible Wealth* (www.responsiblewealth.org). *He is co-author, with William H. Gates, Sr., of the forthcoming book,* Wealth and Our Commonwealth: Why America Should Tax Accumulated Fortunes *(Beacon Press, 2003).*

The first perspective I call "the great man" theory of wealth creation. It may be characterized by the phrase, "I did it all on my own." The second perspective I call "I got some help along the way." It says, "Yes, I made substantial effort, but I didn't get here on my own." Each worldview leads to a very different set of actions and perceived obligations.

In American culture, the "I did it alone" creed of individual success is dominant. It shows up on talk radio shows and editorial pages. It sounds like: "I built this fortune myself," or "I didn't get any help along the way," or "I'm a self-made man." (There is a characteristically male cast to these claims.)

Lately, American society has witnessed some dramatic exam-

CEO Pay as a Multiple of Average Worker Pay, 1960-1999



SOURCE: *BUSINESS WEEK,* ANNUAL CEO PAY ISSUES, AS CITED ON WWW.UFENET.ORG.

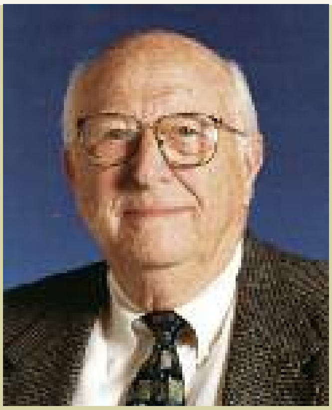
ples of the "I did it all myself" view of wealth creation. The financial world has been rocked by scandals that are rooted in the "It's all mine" view of the world. In a 2000 interview in *Business Week,* a chief executive officer of a global company who recently had been led away in handcuffs was asked to justify his enormous compensation package. He responded, "I created over $37 billion in shareholder value … so I deserve to be greatly rewarded." (*Business Week,* "Executive Pay: Special Report," April 17, 2000) The operative word here is "I." There was no mention of the share of wealth created by the company's other 180,000 employees. This "great man" theory of wealth creation has fueled an increasing pay disparity at U.S. corporations. In 1980, the ratio between top corporate managers and average workers was 42 to one; it now exceeds 400 to one (*Business Week,* "Executive Pay: Special Report," April 20, 2002).

I have also noticed two more subtle repercussions of the "I did it all myself" individualism. Although perhaps not true in all cases, people who believe they "did it all alone" seem more likely to view others who have less money than they as less capable of earning it, and therefore, not worthy of outside assistance. The reasoning goes: If my success is all of my own doing, then others who haven't attained continued on p. 27

To Whom Much Is Given

An Interview with William H. Gates, Sr.

Interviewed by Chuck Collins



William H. Gates, Sr. is chairman of the Bill and Melinda Gates Foundation in Seattle (**www.gatesfoundation.org**). *He is co-author, with Chuck Collins, of the forthcoming book,* Wealth and Our Commonwealth: Why America Should Tax Accumulated Fortunes *(Beacon Press, 2003). Below, Collins asks the famous father of Microsoft founder Bill Gates, Jr. about his views of wealth creation.*

Collins: Can individuals legitimately claim that they created their own wealth?

Gates, Sr.: It is important to affirm and celebrate the role of the individual in the creation of wealth. One significant reason that some people accumulate great wealth is through their extra effort, creativity, faithfulness and sacrifice. Individuals do make a difference—sometimes the difference between success and failure.

Yet it is equally important to acknowledge the role of a wide variety of influential factors, such as luck, privilege, other people's efforts, and society's investment in the creation of individual wealth. Despite our individual gifts, few things we do are ours alone. Ideas or products do not emerge in an historical vacuum—and other people's input, labors, feedback, and suggestions are always involved. Unfortunately, the contribution of the team, the helper, the editor, and the laborer are often undervalued in measuring individual wealth and achievement. How we think about this question is important because it goes to the heart of how we think about ourselves, as individuals and as a society.

Collins: You have written in *Wealth and Our Commonwealth* about how society contributes to wealth creation. What do you mean by that?

Gates, Sr.: Societal investment refers to all that society does to create and maintain the fertile soil in which some individuals accumulate great wealth. In the United States this investment is substantial and often invisible, but it includes a regulated marketplace, stable property laws, consumer protection laws, government-sponsored research, subsidized education, transportation, and other public systems, such as utilities and communications infrastructures.

There are also many other components of the social framework that enable great wealth to be built in the United States, such as a patent system, enforceable contracts, open courts, property ownership records, protection against crime, and external threats. Even the stock market is a form of society-created wealth, providing liquidity to enterprises. When faith in the system is shaken, as in the last year, it is clear what happens to individual wealth.

Collins: What are the implications of this for our actions in the world?

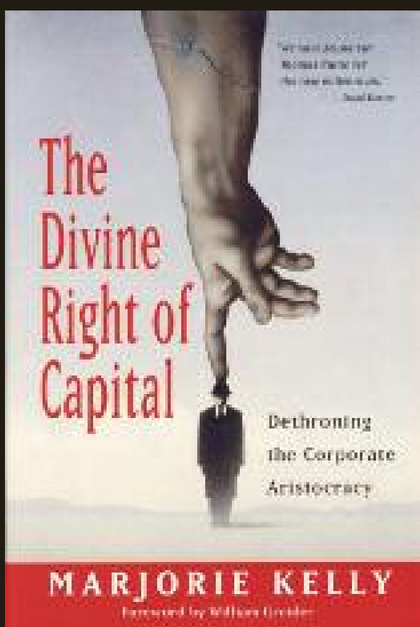
Gates, Sr.: In my opinion, the main implication is that we must recognize that society has a legitimate claim upon the wealth of the wealthy. This is not simply a matter of charitable giving, of "giving back" to institutions that have made a difference to us, such as schools, arts institutions, et cetera. It is also an obligation to pay taxes—to pay for the public institutions that foster equality of opportunity and to give others the opportunities that we've had. I think it means we should have a progressive inheritance tax or estate tax.

The Divine Right of Capital

Dethroning the Corporate Aristocracy

By Marjorie Kelly
(Berrett-Koehler, 2001)
Reviewed by Bob Kenny

Marjorie Kelly, co-founder and publisher of *Business Ethics* magazine, has written a provocative

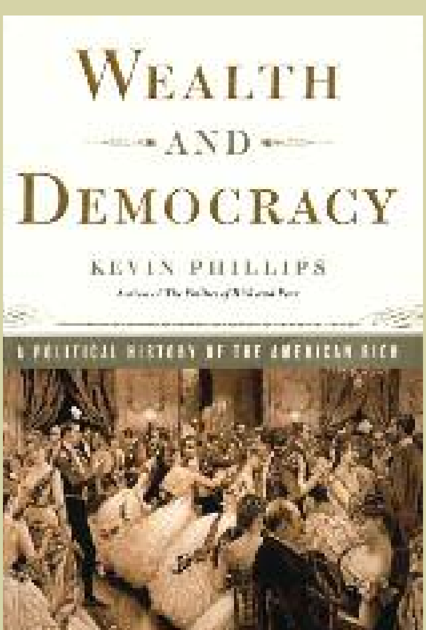


book. It is direct, simple, and possibly brilliant. In this clearly written work, Kelly articulates an argument for economic democracy alongside political democracy. Hoping to ground important corporation reform in the "larger project of democracy," Kelly suggests that major public corporations have evolved into something more massive and more powerful than our democratic forebears dreamed possible. (As Kelly points out, the word *corporation* itself appears nowhere in the Constitution.)

The Divine Right of Capital artfully examines some of the possible ills underlying current economic and business woes. The main culprit, Kelly says, is shareholder primacy, the corporate drive to make profits for shareholders, no matter the cost. This, she argues, is an irrational remnant from earlier times, when aristocracies reigned. Although America has created a political democracy, we have not yet created economic democracy. Our forbears rejected the divine right of kings as the natural order; in much the same way, we need to reject the divine right of capital as the natural order.

The author proposes that we change the basis of capitalism, not abolish it. Until the American Revolution, government largely served the interests of monarchs. The Revolution did not abolish government, but it did significantly alter the basis of sovereignty on which government rested. The powerful idea in this book is that we consider doing the same with the corporation and create "a new democratic vision of capitalism, not as a system *for* capital, but a system *of* capital," where all people are allowed to accumulate capital according to their productivity, and capital is not the only thing that is served by the capitalistic system. Kelly argues for completing the democracy that our country's founders began—by building democratic principles into not only our political institutions, but our economic institutions as well.

The author envisions a rethinking of our economic system, based on democratic principles, not on the principle of maximum returns to shareholders. The intriguing aspect of her approach is that it would give shareholders, employees, management, and society a new and different moral lens through which to view decisions and dividends.



Wealth and Democracy

A Political History of the American Rich

By Kevin Phillips
(Broadway Books, 2002)
Reviewed by Bob Kenny

In *Wealth and Democracy*, author Kevin Phillips chronicles the impact of great wealth on politics and government in the United States, from the country's inception to the present day. Billed as "the first political history of the American rich," the book examines America's great fortunes—who built them, how, why, and to what effect. Phillips' basic premise is that wealth itself is not a problem in a democracy; but it becomes a problem when it is translated into political power. Since, historically in America, personal wealth has provided undue political privilege, wealthy Americans have had inordinate influence over the democratic political process. Phillips argues that this is unfair because that same leverage is inaccessible to those with less money. Aristotle said, "In a democracy the poor will have more power than the rich, because there are more of them, and the will of the majority is supreme." In theory, yes, but Phillips shows us that, in practice, that is not the case. The author uses international comparisons to demonstrate the consequences of allowing wealth to control politics, while he asserts that, ultimately, allowing those with wealth undue access to power endangers or destroys a democratic system that permits the wealth to grow in the first place. *Wealth and Democracy* is an important analysis of U.S. history and economics that raises significant ethical questions about politics and money in a democratic and capitalistic system.

Chuck Collins *continued from p. 25*

success must be less striving, intelligent, or motivated than I.

The second implication is: If I got here on my own, I don't have obligations or debt to others, such as to my community, co-workers, institutions, or society. From this creed of individual achievement, it is a short distance to "It's all mine" and "government has no business taking any part of it." If one really believes that "I did it all myself," then *ipso facto* any form of taxation would be a form of larceny.

In contrast, some people offer a different accounting of their success, noting that they "got significant help along the way." Warren Buffett, the founder of Berkshire Hathaway and the second wealthiest man in America, spoke of the benefit of living in this society when he imagined trying to create wealth in another country. In a 1995 public television interview, Buffett observed that the American system "provides me with enormous rewards for what I bring to this society … I personally think that society is responsible for a very significant percentage of what I've earned. If you stick me down in the middle of Bangladesh or Peru or someplace, you'll find out how much this talent is going to produce in the wrong kind of soil. I will be struggling 30 years later. I work in a market system that happens to reward what I do very well—disproportionately well." ("Warren Buffett Talks Business," Center for Public Television, University of North Carolina, Chapel Hill, 1995, as cited in *Warren Buffett Speaks: Wit and Wisdom from the World's Greatest Investor* by Janet Lowe, John Wiley and Sons, 1997.)

"In American culture, the 'I did it alone' creed of individual success is dominant."

A similar view was expressed by Martin Rothenberg, a wealthy software designer, in remarks he made at a White House ceremony at which he defended the federal estate tax:

"My wealth is not only a product of my own hard work. It also resulted from a strong economy and lots of public investment in me and in others. I received a good public school education and used free libraries and museums paid for by others. I went to college under the GI Bill. I went to graduate school to study computers and language on a complete government scholarship, paid for by others. While teaching at Syracuse University for 25 years, my research was supported by numerous government grants—again, paid for by others.

"My university research provided the basis for Syracuse Language Systems, a company I formed in 1991 with some graduate students and my son. I sold the company in 1998 and then started a new one, Glottal Enterprises. These companies have benefited from the technology-driven economic expansion—a boom fueled by continual public and private investment." (*Roll Call,* March 14, 2001)

For Rothenberg, his experience instilled an obligation to society: "I was able to provide well for my family, and, upon my death, I hope taxes on my estate will help fund the kind of programs that benefited me and others from humble backgrounds—a good education, money for research, and targeted investments in poor communities—to help bring opportunity to all Americans."

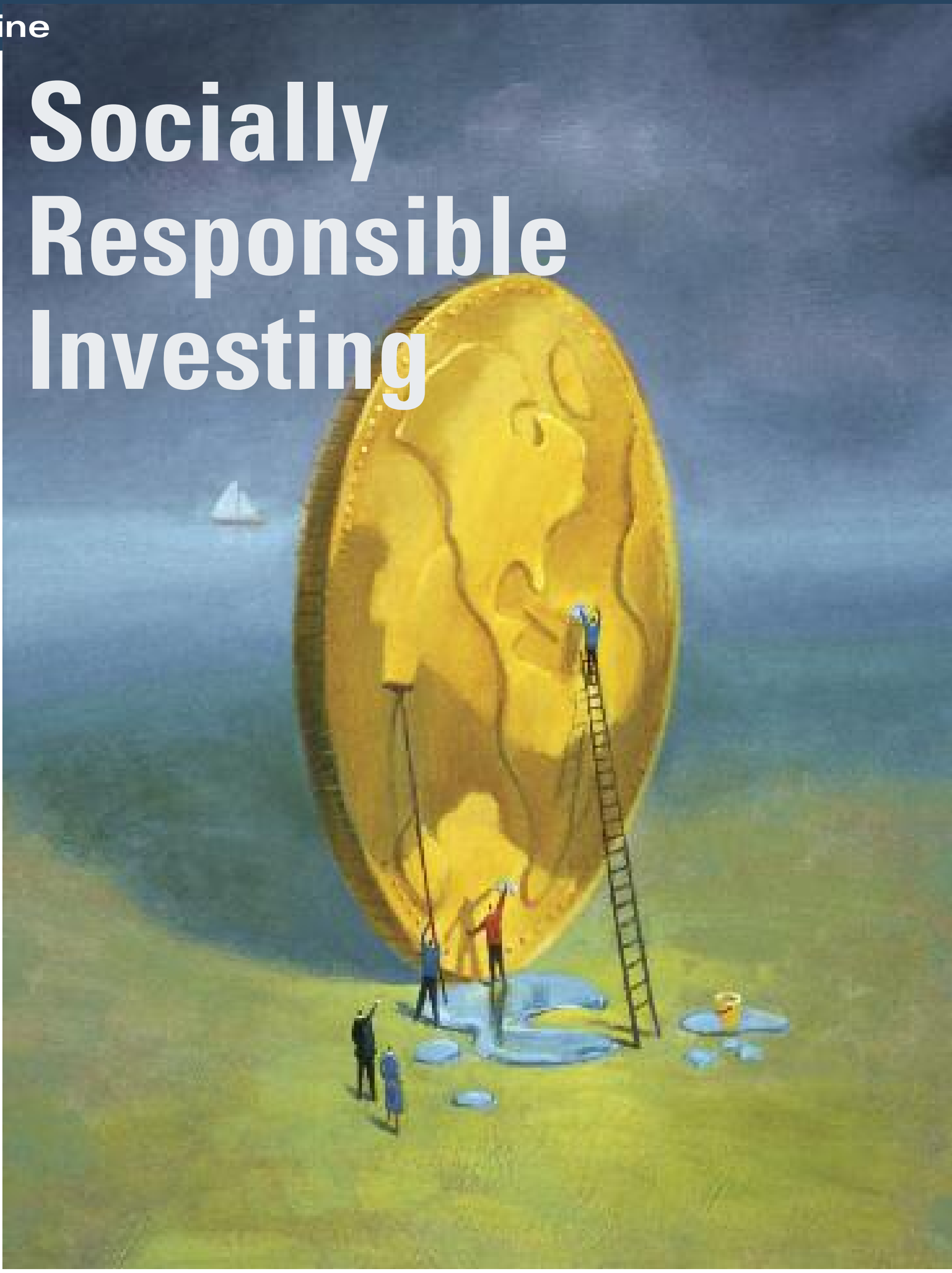
Many in the post-World War II generation benefited from low-cost college education and low-interest housing and business loans as tickets onto the wealth-building train. Yet, even for people who have not gained from such explicit or direct investments, our society makes many investments that are largely invisible and that we take for granted. I believe we would all benefit from a more accurate accounting of the public's investment.

For people who have amassed wealth in private enterprise or the stock market, it is important to measure society's contribution to these institutions. Our society has created a framework of property law that enables individuals to own and sell property. We give preferential tax treatment to investment income, just one of a number of important tax breaks given only to asset owners. We have a regulated marketplace. The value of these socially created systems is greatly undervalued in our history as well as in our individual assessments of how people accumulate wealth. As Americans, we benefit enormously from 200 years of property definition and law.

Did I grow up in a community with good schools? Did public investment create a framework for my business start-up? How much of my fortune is dumb luck or winning the lottery at birth? What other people's work contributed directly and indirectly to my good fortune? As I have asked myself these questions, I have found many instances of assistance in my own life. And as I have posed these question to others, I have seen that the more we each identify the role of other people, institutions, and public investment in creating the fertile soil for wealth creation and success, the more we realize that our debt is enormous and our obligations numerous. ■

Responsible Wealth, an organization of business leaders and high net worth individuals concerned about economic inequality, is conducting interviews with people reflecting on society's role in helping them become wealthy. If you are willing to be interviewed, please contact Chuck Collins at asccollins@responsiblewealth.org.

Socially Responsible Investing



ANDREW JUDD / MASTERFILE

Sure, you want to be "socially responsible." But what does that mean? Members of MTM's online discussion group tackled that question.

I'm trying to get a discussion going on social investing. The term sounds good for sure. Who would want to invest unsociably? However, I find, when I press for detail, that one person's socially redeeming interest may not be so socially redeeming to another. Does anybody have a good definition of what is acceptable to everyone, or is it, as I suspect, a very personal decision?

—*Bill*

My definition would be: Social investing is investing where performance is measured by total impact, including social impact. As you have implicitly noted, that begs the questions: What kind of impact? How do you measure impact? How much are you willing to sacrifice before your "investment" is more appropriately described as a donation? What kind of social change is desirable? How can that be accomplished? In fact, some groups that invest using social considerations work directly against each other (e.g. on the issue of abortion).

Note that if the economic system worked as it should, there wouldn't even be a concept of social investing. Investing would simply be how we maximize the use of resources to achieve the best world possible. The social benefit would be built in. For example, in a well-structured system where reducing AIDS in Africa is seen as "productive," a company that helped to reduce AIDS in Africa would be productive and profitable. In a system like that, investors would not have to be concerned about social impact, because the social impact would be factored in to the prices of stocks. All investors would have to do is anticipate where they can make the most money. Similarly, all consumers would have to do is look for the best price, not research and evaluate the hundreds or thousands of implications of buying each product. Investors and consumers,

> "One person's socially redeeming interest may not be so socially redeeming to another."

consciously or not, would be working to make a better world through their seemingly selfish behavior.

I'm suggesting that the concept of social investing reveals a fundamental problem with the way the system is now structured. Our social needs are left out of the equation in the current incarnation of the market. Currently, the public subsidizes many businesses through paying social costs that should be paid by the consumer. For example, the public, instead of the consumer, pays for much of pollution—through reduced quality of life, if nothing else. This unfair public subsidy distorts the decisions of both investors and consumers.

Given this fundamental flaw in the current rules of the market, I think most of what is called "social investing" creates primarily a warm and fuzzy feeling for the investor. The impact we can have on the world through social investing, as opposed to through changing the laws that govern everyone's behavior, is small. (Social investing would be appropriate if the laws were adequate, and we just had to discipline a few bad apples.) In my opinion, most social investing, unfortunately, is akin to giving two aspirin for a bullet wound that requires far more serious medical attention. Would we call a doctor who merely gives two aspirin for a bullet wound "medically responsible"?

—Randy

"Most social investing is akin to giving two aspirin for a bullet wound."

I partially agree that "socially responsible investing" isn't much more than two aspirin for a bullet wound. And I agree with the fundamental point, that our economy is seriously, perhaps fatally, wounded (although I think it's an inherent flaw rather than an external wound). I strongly agree that we need to fix the way it works through far-reaching legislation. I think socially responsible investing is an important step toward creating the kind of climate in which the government could be more responsible. The supposed interests of shareholders, and the real, if short-term, monetary interests of large corporations, drive the economy now. That's where the muscle is, and it's what interferes with our weak and corrupt government imposing some cures. Socially responsible investing, along with shareholder actions, popular protest, reasoned analysis, and all the other tools we have in a democracy, may succeed in creating the fundamental changes. But members of Congress won't become courageous and responsible just by themselves in their present beholden states. The particular piece of all this that socially responsible investing accomplishes is to give lie to the widely believed myth that what's good for business, if not good for America, at least is widely demanded by the shareholder citizens.

—Helena

I do think that people should be "socially responsible" in their investing. To me it's like a vote, in that the majority should prevail. However, within an organization like MTM, is it fair to impose a specific, socially responsible "brand" on everyone, as opposed to respecting individual opinions? I have examined the issue in detail and have found some surprising things. For example, I know of one major religious group that doesn't invest in U.S. Government securities because it believes we are war mongers. Another religious group invests in war machinery, but not in banks and music. I don't personally agree with either, but I respect both groups' opinions. Randy's environmental example is a good case in point. I agree that we should avoid investing in and thereby supporting any company that pollutes. But where do we draw the line? How much pollution is too much? What if the same company employs the elderly? Are there any other mitigating factors? I think we should decide for ourselves in the marketplace and in the stock market.

—Bill

I think you're right that people have a wide range of conceptions about socially responsible investing. It may not be very difficult to agree on a few investments being irresponsible, but beyond that, it's hard.

I read into your message the implication that because there are no easy answers and not many clear-cut issues, an investor should not take social criteria into account. If that's what you mean, I don't agree with you there. We wield tremendous economic power, collectively, and could do a great deal to mitigate some of the harmful aspects of the way our economy currently works. Creating shareholder pressure on companies to weigh the environmental impact of every business decision is one example.

—Stef

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To join More Than Money's online discussion group, where members of the MTM community explore the impact of wealth in their own lives, please contact our office at 781-648-0776 or visit our website at **www.morethanmoney.org**. Participation is open to More Than Money members only. (See p. 4 for membership information.)

BANG for the BUCK

Shareholder Clout

Did you know that owning just $2,000 of stock in any company gives you the right to file a shareholder resolution? More Than Money member Marnie Thompson used her shareholder power to raise the minimum wage of one of her community's largest employers. Here's what she told us:

"My husband and I deliberately bought stock in a national corporation headquartered in my hometown of Greensboro, North Carolina, because it is an important player in our local economy. As a shareholder, I submitted a "ratio resolution," which asks the corporation to provide a justification for the ratio of highest paid to lowest paid employees.

Initially, I intended for the resolution to be a public education campaign. I assumed that the company would challenge the resolution, but that we would probably win the fight and the resolution would go into the proxy statement. Then, by presenting the resolution, we would promote a public conversation about economic fairness and sustainable living wages. But that's not what happened.

Instead, in the best of Southern civility, executives in the company asked me to lunch. Two lunches and one month later, we had had a pretty successful run. It turned out that the company's low wages were embarrassing to the executives as well. I agreed to withdraw the resolution, but only if they agreed to raise the wages of their lowest paid workers to $10 per hour. Ultimately, they agreed to raise the wages of their lowest paid employees from $6-$7 dollars per hour to $8.20 per hour. About 75 people received a meaningful raise!"

To file shareholder resolutions and make changes in the companies and communities you care about, contact:

Responsible Wealth
www.responsiblewealth.org
Provides assistance to shareholders interested in filing resolutions to make the economy more equitable.

The Shareholder Action Network
www.shareholderaction.org
Provides information about shareholder resolutions being filed across the country.

School Choice: Beyond the Ethical Dilemma

"When my husband and I were deciding where to send our children to school," Ellie Friedman of Massachusetts told us, "an ethical dilemma arose: Do I do what is best for my child (which is my responsibility as a parent) or do I do what is better for a large number of people? I'm a true believer in public education, because it's a basic tenet of democracy."

We interviewed several people to find out how they chose schooling options for their children. In particular, what did they do when their ethical ideal of sending their own children to public schools clashed with their concern for educating them well?

Three opted for private school. Two chose to live in well-to-do communities with high-quality public schools. One chose homeschooling. Another enrolled his child in a parochial school with a mixed-income, mixed-race population, to provide the kind of diversity he was not finding in his public school. In all of these cases, the dilemma came down to a choice between one's responsibility to one's own individual child and one's responsibilities to the community (what Dr. Kidder of the Institute for Global Ethics, calls a "right vs. right" dilemma. See his interview, p. 5).

So, what are people doing to support public schools, even when they choose other options for their own family? Ms. Friedman started a private foundation to financially support her local public schools, another woman funds scholarships for low-income students, someone else volunteers in a local school, another is running for the local school board. Others are involved in the political system to improve public schooling.

To explore school choice options and ways to support quality education for all, contact:

Donors Choose
212-255-8570
www.donorschoose.org
This model of citizen philanthropy enables teachers to provide activities for students that school funds will not cover. At the Donors Choose website, teachers describe student projects they want to initiate and list the materials needed to make it possible. Individuals can browse teachers' submissions and make a tax-deductible contribution that fully or partially funds a chosen proposal. Begun in New York, the model is being replicated around the country.

Parents for Public Schools
800-880-1222
www.parents4publicschools.com
Parents for Public Schools is a national organization of community-based chapters working to improve public schools through broad-based enrollment. Based on the belief that quality public education is vital to a democracy, local chapters help public schools attract all families in a community by making sure the local schools effectively serve all children. Donation options include time, money, or expertise—locally or nationally.

Public Agenda Foundation
212-686-6610
www.publicagenda.org/issues/frontdoor.cfm?issue_type=education
Offers nonpartisan information on current debates and policies in education, including the pros and cons of voucher systems and other programs to enable educational choice for all.

Public Education Network (PEN)
www.publiceducation.org/about
PEN is a national association of Local Education Funds (LEFs) working for school reform in low-income communities. The website includes how to start your own nonprofit, community-based LEF.

Seth Goldman *continued from p. 22*

process the Honeybush themselves, so that it's in a form that we can use. Helping the community growers develop their own capacities helps our business become more profitable.

As an entrepreneur, one of the ethical challenges I face is that I just can't ignore the need for capital. I need money to get started and to expand. I feel the ethical thing to do is to make my aspirations clear to investors and employees. So, at the outset, I explain to potential investors and employees why we think it's important to do business in a socially responsible way. I explain that without our ethic of responsibility to the Earth and to community, we would not be as successful as we are. Our community partnerships are a key part of our whole brand proposition. These partnerships may not make us as much money in the first year, but over a period of five to ten years, they will allow us to be more successful than we otherwise would be.

We've been in business four years and this year turned a profit for the first time. We're now the best selling bottled tea in the natural foods industry. We do $5 million in sales, and are growing at a rate of about 75 percent a year. We would like to be a model for other businesses to follow. In some sense, that is what drives our goal to be a fast growing company. We want to be robustly successful, not just a strong niche company. Our aim is to demonstrate that you don't have to make ethics and success a trade-off. They can go hand in hand. We would like to get to the point where other businesses ask themselves, "What would Honest Tea do in this situation?"

—Based on an interview with Pamela Gerloff

Elizabeth Rhodes
continued from p. 21

2) Will this decision be in the best interests of the people we serve? (e.g., ourselves, each other, our communities?)

3) Is this a decision that we will be proud of?

We might also ask other questions, like, Have I evaluated all the information fairly and honestly? Am I using all the data I have in the best way possible?

Sometimes we make a mistake—as when we moved into a neighborhood that did not reflect our values favoring greater diversity of race, age, and economic class. (We subsequently moved.) But the mistakes have generally occurred when we did not follow this process ahead of time. If I can answer "yes" to those few simple questions, I can feel pretty confident I'm making a good decision.

—Based on an interview with Pamela Gerloff

"Values are like fingerprints.
Nobody's are the same,
but you leave 'em all over
everything you do."
—Elvis Presley

"Goodness is the only investment
that never fails."
—Henry David Thoreau

"An act of goodness is of itself
an act of happiness.
No reward coming after the event
can compare with the sweet reward
that went with it."
—Maurice Maeterlinck

"Do the right thing. It will gratify
some people and astonish the rest."
—Mark Twain

No flower's scent
goes against the wind—
not sandalwood,
jasmine,
tagara.
But the scent of the good
does go against the wind.
The person of integrity
wafts a scent
in every direction.
—Dhammapada, 4, translated by Thanissaro Bhikkhu

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According to George McCully, coordinator of the Catalogue for Philanthropy, which originated the Generosity Index™, the United States divides into three main giving groups: "at the top, the Bible Belt and Utah, whose giving is higher and whose income is lower than the rest of the nation; at the bottom is New England and a few other states whose income is high and whose giving is low." New trends, however, are emerging, including high rates of increased giving in New England states.

The Generosity Index™ uses data from IRS returns to determine the relation between average adjusted gross income and itemized charitable deductions for individual states.

—For more information, see www.givingnewengland.org/phil_GenerosityIndex2001_press.html *and* www.catalogueforphilanthropy.org

A 1999 study of 300 large corporations found that companies that made a public commitment to rely on their ethics codes outperformed companies that did not do so by two to three times, as measured by market value added.

—From *Business and Society Review,* as cited on www.empresa.org/english/csr/businessbenefits.cfm

If worker pay had grown as fast as CEO pay since 1990, production workers would have averaged $101,156 in 2001 instead of $25,467. If the minimum wage had grown as fast as CEO pay, it would have been $21.41 an hour in 2001 instead of $5.15.

—From the U.S. Department of Commerce, as cited on www.ufenet.org

"I told him it wouldn't kill him to try to be nice once in a while, but I was wrong."

Resources

BolderGiving Resources

Available at www.boldergiving.org

Story and Video Library

Over 100 brief vignettes of extraordinary givers from across the economic spectrum. These Bold Givers have committed at least 20% of their net worth, income, or business profits toward making a better world.

Bold Conversation Series

Monthly teleconferences and online chats offer an informal chance to interact and learn from Bold Givers.

Explore Your Giving Potential

An invitation to explore in the coming year ways to become more bold in your own giving, and to take the next step that's right for you.

Give Half Pledge

Bold Givers, be counted! This pledge is for people of all financial levels who commit to giving 50% -- of income for three years or more, of business profits, or of net worth.

Bolder Giving Workbook

Through articles, exercises, and stories from outstanding givers, this workbook offers step-by-step guidance for people exploring their lifetime giving potential.

We Gave Away a Fortune

This award-winning book features stories of sixteen people who gave 20% or more of their wealth and highlights common themes among them.

More Than Money Journals

Explorations of the impact of money in our lives. Each 16-32 page issue includes personal stories, articles, and resources. Available in three different formats: free pdfs of each issue, print-on-demand books that compile 5-7 issues by theme, or separate articles you can browse online. *(See list of 40 back issues in right column.)*

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