

Appendix 4B - Seminar Notes on Education
[Excerpted and Amended Notes on Education:
From Seminar Presentation January 2016ⁱ)

By Maury Seldin

Last week, in response to my asking you to identify the nature of problems that concerned you, all of the responses clustered into one area. Loosely termed, they were about the contemporary American condition. Good and evil was mentioned, which we may translate into morality. The increased skewing of income distribution was a particular case. And, economic conditions accounted for a couple more. In short, these were some outcomes of the societal structure that has emerged in recent decades, and concern for the future.

The Hook

Fortuitously, the front page of *The New York Times* business section, *Business Day*, on last Saturday (January 6, 2016), gave me *the hook* for today's discussion. *The hook*, what I learned from one of our colleagues last week, is what the journalists call "*using a current event as the lead to a story.*"

The lead story was titled "Concern Grows That Market Sell-Off is an Early Warning of a U.S. Slowdown. It opens with the sentence "**It may be time for everyone to take the markets seriously again.**"

There are several points:

- First, your concerns are well grounded. The societal structure, excessively impacted by highly sensitive leveraged financial structure generates excessive volatility. Your retirement income is probably half of what it would have been, but for the last debacle, the Great Recession.
- Second, the system is not well understood. The discussions of the sell-off are based on supposed cause/effect relationships as though the pundits could directly link the events and the expected outcomes. The markets are emergent properties of a complex adaptive system. Thus, the chain of events may include contingency, but certainly include emergent properties based on decisions in a constantly changing environment.
- And for the third point, it is an uncertain system and the way to deal with it is with a strategy. The time to take the markets seriously is before the events, not after. That requires having some understanding of the system.

Understanding the system calls for an education. But there are lots of ways to get an education.

Getting an Education

Literature ranks high on the list. The current economic condition and how it evolved is of substantial interest, in part because of the impact it has had on your retirement income. The first array of books to be mentioned is a series of narrative nonfiction books by Michael Lewis. You may have read some of them, or at least seen one or more of the movies based on them.

The first of his books (published in 2003) made into a movie (in 2011) was ***Moneyball: The Art of Winning an Unfair Game***. A quote from the book contained in an excerpt from Chapter 4, “Understanding the System,” of the main treatise, ***American Democracy: Declaration, Pursuit, and Endangerment***, is as follows:

A contemporary statement is in a book by Michael Lewis that made the *NY Times* Bestseller list, *Moneyball*. The quote referring broadly to psychology and economics (really behavioral science) but particularly in the case of the baseball draft decisions, as follows:

There was, for starters, the tendency of everyone who actually played the game to generalize widely from his own experience. People always thought that their own experience was typical when it wasn't. There was also the tendency to be overly influenced by a guy's most recent experience: what he did last was not necessarily what he would do next. Thirdly – but not lastly – there was the bias toward what people saw with their own eyes, or thought that they had seen.

That context was that the illusions of some provided an opportunity for others with a better understanding of reality to build a better baseball team for less money. The context for our dealing with the same fundamentals of behavioral science is to build a society closer to the ideals espoused in the Declaration of Independence. In order to do that, we turn to discussing a few aspects of injustice in the American political economy preceded by some comments on premises and perspectives.

However, an endnote provides an excerpt of a note that I sent to a couple of colleagues.ⁱⁱ

Michael Lewis' second book (2006) that was made into a movie (2009) was ***The Blind Side: Evolution of a Game***. If you reread the preceding discussion of the book, *Moneyball*, as excerpted from the treatise (and if you read the associated discussion of Kant's work in the same chapter), you will agree that there may be many interpretations of what the movie was about. In my view, in the context of this discussion, it is about both the morality and talent of a disadvantaged person who rose to great success because of his morality and natural talents empowered by the morality and support of the Touhy family, of which he becomes a part.

Michael Lewis' book, ***The Big Short: Inside the Doomsday Machine*** (2010)ⁱⁱⁱ was his third that was made into a movie. It was late last year (2015). The quote I have selected from it is as follows:

“Back in the 1980's, the original stated purpose of the mortgage-backed bonds had been to redistribute the risk associated with home mortgage lending...The goal of the innovation, in short, was to make financial markets more efficient. Now, somehow, the same innovative spirit was being put to the opposite purpose: to hide the risk by complicating it.” [pp. 73-74.]

A Shortfall in Reasoning

There is more to say about him and his books, but I needed to move onto the topic of the use of reasoning, which is what this discussion is about. John Ralston Saul, in his book ***Voltaire's Bastards: The***

Dictatorship of Reason in the West, makes the point about the misuse of reason. He has a chapter titled “The Rise of Reason” particularly worthy of attention.

Returning to Michael Lewis books, I note that an epigraph at the beginning of *The Big Short* is as follows:

The most difficult subjects can be explained to the most slow-witted man if he has not formed any idea of them already; but the simplest thing cannot be made clear to the most intelligent man if he is firmly persuaded that he knows already, without a shadow of a doubt, what is laid before him.

-Leo Tolstoy, 1897

So we are discussing education. Some of us have had our professional careers as educators. But all of us have observed the education process, at least participants, and some up to the doctoral level. But let us not be misled as were the baseball scouts of the Oakland A’s of the Lewis book, *Moneyball*. We had a twentieth century education, but are living in the twenty-first century.

We should not be making the same mistakes as General Motors did with its silo organizational structure. That silo structure is also discussed by John Ralston Saul, in his book *Voltaire’s Bastards*. The basic idea is that the specialization in disciplines may put blinders on so that the whole system is not understood well enough to make good strategic decisions. Evolution has altered the lens through which we can get a reasonable perspective of reality.

So now I have another book to mention that makes the point of evolution as applied to education. It is Matt Ridley’s new book *The Evolution of Everything: How New Ideas Emerge*. While reading the chapter titled “The Evolution of Education” I wrote the following in the margin of the first page of the chapter:

“Improve educational outcomes with better self-organization of structures. Self organization emerges from the rules used by the agents. From where do those rules come?”

Ridley’s opening sentence of the chapter is “Compulsory class-based education of young people by teachers in preparation for exams is one of the universal things nobody ever questions.” [Page 174.] He goes on to mention some ways. On the next page he traces the structure to the Prussian model of the nineteenth century that was designed to train soldiers to be interchangeable parts. He then ascribes our twentieth century model to educating children to fit in the mold for the purposes of the state as a whole rather than flourishing as individuals.

- My advice to my six grandchildren was to not let school interfere with their getting an education. Getting an education was their own responsibility.
- My advice to my colleagues, for decades, has been to deal with the issues with an interdisciplinary perspective, especially with change being ever-present.
- My advice to you was going to be in the form of relating the evolution of this seminar and suggesting that the way for you to get an education in the area of strategic decision making was to become a seminar participant as a presenter.

My colleagues were less than enthralled with the narrative notes I that shared with them. They were designed to foster continuation of the self-organization of this seminar. So when I saw Saturday's New York Times Business Day section page with two front page stories of interest, I shifted to writing this presentation as an appendix to my other work in progress.

An Important Case

An important case to me is triggered by the other front page story of Saturday' Business Day section of the *New York Times*; it is Bob Lieber's **Your Money** column. The column is titled "Concealing the Calculus of Higher Education."

His second paragraph, after noting the high cost of college education in the first paragraph, starts off as follows: "So since 2011, the federal government has required all schools to provide something called a net price calculator on their websites." The idea is that scholarship money based on need could make a significant difference in the net cost. Thus, some highly rated colleges could have a lower net cost than lesser rated options.

The private sector responded with a website that made available comparisons of net cost at three schools selected by the prospective student based on a single entry of data require for the net price calculator. The website, College Abacus, does not charge for the service nor sell the data. Yet, some colleges blocked its access to their net price calculator. Lieber likened the block to "Imagine if Expedia or Kayak could not search for tickets on some of the most desirable airlines, and you get the idea.

Responses to inquires on the denial of access brought various responses. I would classify them as using the same silo reasoning used by General Motors in its refusal to voluntarily replace the defective ignition switches. They did not understand the consequences of their narrow perspective. It was reasoning short of the morality one might expect of the mission of an educational constitution.

John Ralston Saul, considering his views expressed in his book **Voltaire's Bastards: The Dictatorship of Reason in the West**,, would be much harsher. He might use phrases from his chapter titled "The Theology of Power." A selection might be the following:

- "Our society contains no method of self-criticism for the simple reason that it is now a self-justifying system which generates its own logic. [Page 21.]
- The Harvard Business School case method is the most famous example of this general obsession with management solutions, a system in which logic will always provide support for the conclusions. [Page 21.]
- In reality we are today in the midst of a theology of pure power – power born of structure, not of dynasty of arms. The new holy trinity is organization, technology and information. The new priest is the technocrat – the man...who control access to the information. [Page 22.]
- They are addicts to pure power, quite simply divorced from the questions of morality which were the original justification for reason's strength. [Page 22.]

- The greatest good is the greatest logic or the greatest appearance of efficiency or responsibility for the greatest possible part of the structure. He is therefore unpremeditated when he does good or evil. [Page 23.]

In short, we need a better understanding of the changes in our evolving systems, and we need to go beyond reason with an appropriate integration of morality.

ⁱ The seminar is the Seminar on Strategic Decisions at ASPEC (Academy of Senior Professionals at Eckerd College). In recent years it has particularly focused on applications of nascent disciplines to complex adaptive systems. Complexity science has been the core, but it is highly interdisciplinary.

ⁱⁱ Moneyball, the movie, tells a story that is a great example of an application of complexity science. The following is an excerpt from Wikipedia: "The film is based on [Michael Lewis'](#) 2003 [book of the same name](#), itself based on the true story of [Billy Beane](#), the general manager of the [Oakland Athletics baseball](#) team. *Moneyball* focuses on Beane's attempts to assemble a competitive team for [Oakland's 2002 season](#), despite the franchise's unfavorable financial situation, by using sophisticated statistical analyses of players. Pitt plays the lead role of Beane, with Hill portraying his assistant GM Peter Brand. *Moneyball* was featured at the [2011 Toronto International Film Festival](#)^[4] and was released on September 23, 2011 to critical acclaim."

If you take a complexity science perspective, the players on the baseball team are nodes in a network at one layer of a complex adaptive system. The statistical analysis reveals the micro aspects of their playing performance (viewed as macro in evaluating their performance). It then analyzes the potential results with different combinations of nodes, a baseball team. The output from the analyses is runs scored.

The runs scored are then micro to the games to be played; the macro results are games won. The combinations produce the emergent properties of wins. The next level leads to championships.

There is more in the film, especially when the general manager is negotiating player trades. It is a great example of a complex adaptive system. The trade process shows the GM intervening in the availability of a player to a competing team in order to remove the competition to make the trade to get him. Decisions adjust as environment changes; but intervention can change the environment....

ⁱⁱⁱ It [the book] also received the [Robert F. Kennedy Center for Justice and Human Rights](#) 2011 Book award given annually to an author who "most faithfully and forcefully reflects Robert Kennedy's purposes – his concern for the poor and the powerless, his struggle for honest and even-handed justice, his conviction that a decent society must assure all young people a fair chance, and his faith that a free democracy can act to remedy disparities of power and opportunity." ^[5] [From Wikipedia.]