



## S3E5: Transcript

### The Politics of Social Cohesion

with Dr. Colin Mayer

**Tavia Gilbert**

Welcome to Stories of Impact. I'm producer Tavia Gilbert, and in every episode of this podcast, journalist Richard Sergay and I bring you conversation about the newest scientific research on human flourishing, and how those discoveries can be translated into practical tools.

This season of the Stories of Impact podcast explores the vital question of citizenship in a networked age: how digital forms of communication can support democracy, or undermine it; how privacy has been affected by the digital revolution; and the impact on civic engagement when citizens' data is bought and sold.

Today's episode features a conversation with Colin Mayer, Peter Moores Professor of Management Studies and the former Dean at the Saïd Business School at the University of Oxford. Prof. Mayer speaks to Richard about the role of business institutions in building resilient and cohesive communities, and the necessity of trust in whether civilization itself will be sustained.

Let's begin.

**Richard Sergay:**

Tell me what Citizenship in the Networked Age means to you.

**Colin Mayer:**

Citizenship in the Networked Age means, to my mind, how one can create communities of individuals in which those individuals feel really not only connected with each other, but part of a group that shares a common purpose, a sense of common identity as to what the people of that group are seeking to achieve.

And that technology can play a tremendous role in helping that to happen through connecting us as we are now being connected by electronic means as well as physically, but that in so doing, it can also create immense problems in terms of the way in which people might feel isolated if electronic communication is the only form of engagement. And they may feel that the way in which that technology is using their information is seriously undermining their liberties, freedom, and confidentiality.

**Richard Sergay:** You use the term community. We live in an increasingly tribalized society, whether it's in Europe, the UK, the United States. How do you define community? And how do you, in your estimation, figure out how to reduce the sense of polarization if we're building a good community?

**Colin Mayer:** We live in a selfish world, in a world that is appearing to become more selfish, in a world that is dominated by increasing polarization and populism, of isolationism and protectionism. This is happening because we're retreating into ourselves. And the pandemic is accelerating that process by making isolation not just a psychological phenomenon, but a medical one as well.

As this happens, then the politics of consensus that we thought was becoming universal, disintegrates, as reflected, for example, in the so-called Washington Consensus around liberalism, free trade, markets, and governments to correct market failures. In its place comes the politics of dissent, which feeds on individual senses of grievance and distrust that we're being exploited and disadvantaged, and that only those who recognize our individual self-interest and grievances can and should be trusted. Feelings of persecution then breed grievance and vengeance that are mirrored and reinforced in the politics of liberalism and extremism.

So that, to my mind, is the underlying problem that we face. And I think the immediate question that that raises is, well, why is this happening? And once one gets a sense as to why this is happening, then I believe that one can begin to understand what needs to happen to correct it.

**Richard Sergay:** You mention the pandemic, but pre-pandemic, and not to focus particularly on President Trump, but he came into office with a

notion called America First, which to me reflects a sense of provincialism, separation from rather than inclusion in or with. So this predates the pandemic, maybe the pandemic accelerated it. What can we do?

**Colin Mayer:**

Well, I don't think it only predates the pandemic. I think it goes back several hundred years, and really, to the period in which the notion of the individual grew in significance. In essence, what we observed happening was a decline in the influence of religion and the monarch in politics and their replacement by the significance of individuals.

And a lot of what we see happening now is a product of ideas that became particularly influential during the 18th and 19th century around concepts of social contracts between citizens and the monarch or the state, as described, for example, by Thomas Hobbes and John Locke, and then in the form of utilitarianism as developed by David Hume, Jeremy Bentham, and John Stewart Mill, in which the notion that government was really about social preferences, where those preferences were simply the sum of individual preferences.

And it's that notion, that we should regard the way in which government behaves as reflecting no more than just the interests of individuals aggregated together in some particular combination, with no real notion of there being a broader corporate or common purpose that underlies the activities that we as a nation, and we as citizens or members of particular societies should be trying to progress. It's that loss of a common purpose with the emphasis on the individual that I think is now coming to a head and what we see in terms of the populism and polarization as really exemplified so forcefully by what Trump is putting forward.

**Richard Sergay:**

So what's at stake for societies like the UK or the US or Western democracies? What are we possibly losing in this move over the last several centuries toward individualism and the loss of a common good?

**Colin Mayer:**

The answer to that is illustrated by what happened 10 years ago, or just over 10 years ago, when the financial crisis occurred. And what was revealed in the financial crisis was a degree of exploitation and

manipulation on the part of some members of society at the expense of others, which came as a genuine shock and horror to many other people. And what then emerged as an even stronger realization was not only what many people have perpetrated as essentially crimes against other members of society, but the inability of government and regulators to do anything about it, to really punish misdemeanors and correct the injustices that were revealed.

And the consequence of that has been a growing sense of distrust and mistrust, not just, in this case, in business and finance, but in all the surrounding architecture of privilege and entitlement. The notion of, for example, meritocracy and reward for ability and effort, which many saw as being the great leveler of opportunity for all, emerged as being just another form of privilege of inheritance, upbringing, and education.

So what has really been lost is a sense of commonality, of the notion that, well, we can all, if we work hard enough, if we're sufficiently ambitious and imaginative, we can all succeed. And in the process we can contribute to the creation of that greater common purpose. Well, that idea has firmly gone out of the window. We see ourselves as being increasingly exploited by different parties, and therefore this notion of retreating into oneself becomes the dominant theme.

**Richard Sergay:** One of the recommendations of the citizenship report, the first one, in fact, is, "Identify and protect human uniqueness for moral decision-making." How do we get to that place?

**Colin Mayer:** It's very much a reflection of what I was just describing in terms of the rise of utilitarianism and the notion that one should just think about the world in terms of the happiness and utility of individuals. One saw that occurring in ever greater significance, as economies began to develop and markets were seen as being a source of economic prosperity and a way of achieving that maximisation of individual preferences.

So what was beginning then to emerge towards the middle end of the 19th century was politics and economics as being primarily about the individual. But for the most part, this was initially

constrained by the limitation on the resources and the economic influence that individuals could exercise either in an agrarian context, or then increasingly in industrialization contexts. It was restricted to relatively small-scale, family activities.

But all of that changed, then, with the rise of manufacturing industry and service industries, particularly financial services, the emergence of multinational enterprises. And suddenly we observed the accumulation of huge amounts of wealth and economic power in the hands of those owning and running businesses. But this was taken to merely reflect what was deemed to be a desirable underlying philosophy, that by pursuing individual self-interest, in the process, the markets and economic processes developed society's interest as a whole. So the sole interest of owners and managers in making money was the source, it was argued, of general prosperity and wealth.

But two things were critical to actually making this happen. It wasn't just the operation of markets, first of all, it was the role of the state distributing wealth through taxes and subsidies, as reflected, for example, in the New Deal and then the welfare state. Secondly, a combination of compensation and regulation that constrained the worst abuses of business.

But both of these began to fall apart as the limits of the state to redistribute and of competition and regulation to restrain big business became all too evident. And then that came to a head in that period I've just described, in the financial crisis when everything was laid bare for everyone to see.

**Richard Sergay:** So this frame of social cohesion based on economic inequality, if I understand you correctly, how do we in the 21st century now to bring it full circle, what do Western democracies have to do to correct course?

**Colin Mayer:** Well, I think they have to recognize what was actually the underpinning of many of these ideas that emerged in the 18th, 19th and early part of the 20th century. I mean, for example, Adam Smith warned very clearly in *The Theory of Moral Sentiments* about the importance of strong senses of morality in the way in which people behave in their economic dealings with others. And underpinning

his idea was the notion of this common purpose, which in the case of business was very well described by its origin of the company in the term *cum panis*—in other words, the breaking of bread together in a company, and the notion of common unity in the community and society.

Now, that is exactly what is required to rebuild that sense of society and citizenship, the notion that we as individuals inherently want to work together in cooperating with others and assisting others, and that the role of our institutions and in particular, some of our most important institutions such as the business and the state are anything other than the way in which utilitarianism looks at them as just pass-through vehicles to reflect the ultimate interests of individuals. They are important entities in their own right for forging a sense of common purpose to which we all can subscribe and from which we can all benefit, and that, really, what underpinned the reason why we created those institutions in the first place was to perform exactly that function of binding us together.

So for example, if you look at the origin of the corporation in Roman law, its origins in the *Societas Publicanorum* were to perform very public functions of collecting taxes, minting coins, looking after public buildings, in other words, to help build society. And that is the way in which business and the corporation evolved over much of its 2000 year history, until when we come to this period where suddenly the idea of "Well, business is just there to help people to make money," emerged. And then that notion of it being a vehicle for creating the *cum panis* of sharing bread and breaking bread together was completely lost.

So what we need to do is to rediscover the notion of institutions, the notion of institutions as being there to help us form common purposes, where we can have a sense of common identity as to why we work in particular locations, why we are members of particular societies, and a sense of real meaning and fulfillment that we then get from contributing and helping to build those common purposes. Because ultimately we all want to do a good day's work, we all want to feel that we are contributing in every aspect of the way in which we behave to supporting others.

And the way in which I look at our role in terms of our own individual purposes and the role of institutions in general is that our purposes and their purposes is to help solve the problems of others. That is our fundamental reason for being, which underpins a purpose, to assist others, to address their problems, and in the case of business, to find ways of doing that in commercially viable and profitable fashions.

But what underpins it is not the commercial element, is not purely the finance, it's the idea of helping others to solve problems. And the reason why these institutions, not just business, but philanthropic institutions, societies, the state, the reason why those institutions are so important is, we can't on our own actually do a great deal in terms of solving problems of others. We don't have the resources, we don't have the capability, but together, we are fantastically powerful agents for helping to solve problems of others and the world going forward.

**Richard Sergay:** One of the issues of our era is the fraying of institutions, and I'm thinking about trust or mistrust, more accurately, in institutions like government, like finance, like business, even the media, by the public. There's been much written about this post-truth, post-fact society that we're now living through. So, bringing it full circle to the pandemic, where if we were all as a society working together, the scientists among us would say that we would have a common purpose in ending the pandemic more quickly if we all work together, but in that institutions have frayed—and you may disagree with me on this—led by leadership on both sides of the Atlantic that have questioned science and work in a post-truth arena, we are going our own way instead of working as a collective good to end the pandemic. Masks are a good example, here in the US, that have become so controversial, yet the science points to, if we use them, we could end this pandemic and save thousands upon thousands of lives. So help me understand, as institutions fray, and our trust in them frays, how we can get to a common good and a common purpose.

**Colin Mayer:** Okay.

**Richard Sergay:** Big question.

**Colin Mayer:**

And an excellent question. And let me just start off by saying that your observation about the importance of trust is absolutely correct. It is the glue that keeps societies together. It's the glue that keeps us civilized in the way in which we behave and respect each other. And when we lose trust in others, then we lose the basis on which we can interact and the basis on which we can create community.

It's also, and this is not sufficiently well understood, the fundamental basis of the economic success and prosperity of individuals, of companies, of institutions, and of economies around the world. So it is a fundamental importance. And let me just then illustrate it in relation to the pandemic. You know, the pandemic was initially seen as being the great revival of community, and people were going out of their way to help each other in particular, to help those who were the most vulnerable in society. And people really rejoiced in that rediscovery of community.

But it then became weakened and frayed by the realization that actually, that notion of the reemergence of a common purpose was not nearly as strong as it seemed to be at the start. And that, I think, is reflected in the way in which people have looked to the pandemic as a mechanism for essentially eliciting the best in not only individuals, but in our institutions. And in some respects, what happened did, at least initially, bring out some very positive elements, for example, in the way, in which businesses did pivot to produce ventilators or testing and tracing equipment.

But then what we've seen emerging is this conflict which is perceived between promoting common interest and what is needed in terms of economic survival. And so what you have commented on in terms of politicians on both sides of the Atlantic, essentially ignoring the science and scientific advice and evidence in terms of their decisions that they take, have been against the background of what are perceived to be significant conflicts between what we need in terms of economic revival and what the science is pointing to in terms of isolation, lockdowns and quarantining of individuals.

Now, that in fact is not the case, and where we see things working the best, and I'm referring here to some countries in Europe, in particular, in some of the Scandinavian countries, in, for example,

New Zealand, we observe that the science has been followed very carefully, but at the same time, there has been a social support structure, which is very firmly embedded. And that provided a means by which the economic requirements were not in conflict with the social ones, that the role of the businesses and institutions in many of those societies for promoting social well-being is much more firmly embedded than is the case in particular in the UK and the US, where the notion of business is that *cum panis uno*, of sharing bread, of the role of business to promote the interests of society more generally. So when a crisis comes, the institution's a much better place to deal with that, because that's the natural role that they've been performing.

**Richard Sergay:** And what do you attribute that to versus what is happening in the UK and the US? Is it social structure? Is it morality? What do you attribute that to?

**Colin Mayer:** A very different history, different set of ideas that underpinned the development of those institutions, and the basis on which they were formulated not being so simply utilitarian in nature, but also encompassing the idea of the importance of common purpose and community and the role of society as being part of the objective of organizations.

And that difference persists in the way in which policy is formulated, in the notion that, in the context of the UK and the US, the emphasis, at least until the pandemic struck, was on austerity and a need to cut taxes and trickle-down ideas, as against the way in which one should be encouraging and promoting the use of public policy and regulation to develop community, to encourage business and other organizations to contribute to the social good.

So the underlying philosophy, even within a European context, varies appreciably. Now, if you go to a country like Japan, which also has dealt with the pandemic much more effectively than either the UK or the US, you see that notion of the importance of society and of supporting individuals even more firmly embedded. So there is immense variation in terms of the history and the social context for these differences.

**Richard Sergay:** I'm wondering whether you could set up a paradigm of, on the one end, a transactional sense of policy, and the other end of the paradigm being a more moral-based values system that lets some of those European countries that you've spoken about attack the pandemic in a much more positive way than the transactional. I mean, could those two be either ends of a paradigm?

**Colin Mayer:** Absolutely. That is precisely the contrast that one observes, that the notion of markets, which underpin the way in which, in particular, the UK and the US operate, are very transactional in nature. And that was precisely the problem that lay behind what emerged in the financial crisis. And the reason why, contrary to what is sometimes thought, the global financial crisis of 2008 was not global at all, actually. It was predominantly North American, and not even North American, it was predominantly the US as against Canada. And it was predominantly a feature of the UK and a small number of other European countries. And then when you go beyond that, it was really quite limited in terms of its impact.

And the reason for that is that the way in which financial institutions behave was entirely transactional in nature, where it was perceived that that was the reason why those institutions existed, to facilitate people undertaking transactions. And it's still in many respects the way in which people regard the role of at least investment banking, to encourage greater levels of mergers and acquisitions and transactions like that. As against the way in which those organizations operate in other countries.

Now, Germany was a country that actually in some respects did suffer in particular Deutschebank suffered very badly, and a number of other of the large banks suffered very badly. But underpinning the German system is also a very strong relationship arrangement, by which there are long-term relations between different parts of societies, between banks and business, between states, lenders, and the institutions within those states, and that the success of the Germany economy and, in particular, building its Mittelstand, medium-size businesses that grow into becoming world champions, is on the basis of long-term, patient relationships between different parties.

It's not just about the idea of institutions helping to build more resilient societies and communities, it's also about what makes for economic success and what will make for economic success going forward, as, coming back to the theme of technology, technology will increasingly, potentially, undermine the role of individuals and humans and humanity and the way in which we interact with each other. And that's because as artificial intelligence in particular accelerates, then not only will it increasingly be a source of processing larger and larger data sets more effectively and quicker and help us in decision-taking and transactions, it will also increasingly come to replace us as humans in decisions being taken.

You know, for example, the notion of judgments being taken by machines is not just science fiction. It's potentially science fiction, insofar as AI is capable in particular in common law countries, such as the UK and the US, which rely very heavily on precedent, to work much more effectively through a large number of past cases, to determine the relevance of them for a particular case that is currently being heard.

And so we will see the notion of humanity increasingly coming under threat, unless we recognize the importance of determining the purpose of these technological advances and recognizing that the role of these technological advances must, first of all, and foremost, be under the control of humans at all times, and secondly, directed towards helping to solve our problems as individuals, societies, and the natural world.

**Richard Sergay:** Last question on the importance of leadership and moral decision-making. How important is it? And as you peek into the future, do you think it's going to get better or worse?

**Colin Mayer:** Leadership and morality in leadership is absolutely critical, because these notions of purpose and common purpose don't come from nowhere. They come from—and they should come from—individuals, individuals who start organizations, who create them, who then take over the leadership of those organizations and help to build them. Those people are critical in terms of establishing what are the right purposes of them and ensuring that

they are embedded firmly in those organizations so that they persist.

And that idea of leadership as being core to the way in which our systems and institutions emerge is something that has clearly deteriorated appreciably over the last few years, in particular, in politics, as we see it in many countries around the world. And that notion of a decline in the ethics and morality of underpinning leaders must be a source of immense concern, because ultimately what this will give rise to as this mistrust and distrust increases is an oscillation between ever more extreme forms of politics, populism, of nationalism, of socialism, leading to greater and greater conflicts.

And what is required to address that is to recognize that there is an alternative in which we can reestablish the commonality of interests that we have as a human race and promote the wellbeing of all of us, if we pursue the notion of there being things that unite us, that can unite us, and we want to unite us, that notion of common purpose. But at the moment we lack the underlying principles, theories, and ideas that in particular Adam Smith so forcefully put forward alongside his *Wealth of Nations* in *The Theory of Moral Sentiments*. And we've got to go back and rediscover those ideas in the 21st century.

**Richard Sergay:** Prof. Mayer, thank you very much. That was edifying in so many different ways. We have a lot of work to do.

**Colin Mayer:** Thank you very much, indeed. Thank you.

**Tavia Gilbert:** So much of this conversation with Professor Mayer is compelling, but the thing that stands out for me in this conversation is how broken our civic life has become as income inequality has grown exponentially. It has become clear that some people believe that even in a pandemic, the economy should be our primary focus; and if that always translated to stabilizing an economy that cared for every person, ensuring that there was food, shelter, education, healthcare, opportunity for all, then I would absolutely agree.

But I cannot agree that an economy that offers a fraction of our citizens vast wealth while disenfranchising the majority is a normal that I'm desperate to get back to. I hope that the economy we rebuild grows out of a common purpose and a collective spirit of care and commitment to each other. I believe this is the only way forward for citizens in a democratic society.

We'll be back with another episode in two weeks, continuing our focus on Citizenship in a Networked Age. Richard will speak with David O'Brien, assistant research director at the Berkman Klein Center for Internet and Society at Harvard University. Prof. O'Brien talks to Richard about the role privacy plays online in allowing democracy and democratic citizenship to flourish. Here's Prof. O'Brien:

**David O'Brien:** There's this baseline question about authenticity: What is authenticity? How do we know if we have it or not? Can we quantify it? Who has a right to have an audience and to influence? Those are huge questions right now. And so in a way, some of the questions around anonymity tie back to this, but for good reasons, we also want anonymity. There are political dissidents in autocratic regimes that rely on the ability of being anonymous or at least pseudo-anonymous in order to promote their own ideas of what democracy ought to be in the countries where they reside without having the governments so easily step in and take them away to put them in jail or in some cases kill them.

**Tavia Gilbert:** We look forward to bringing you the full interview with Professor O'Brien in that next episode. In the meantime, if you liked today's Story of Impact, we'd be grateful if you'd take a moment to subscribe to the podcast, rate and review it, and if you'd share or recommend this program to someone you know. Your support helps us reach new audiences.

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