

Houston Objectivism Society Newsletter

Vol. 10, No. 2

March 1997

Next HOS Meeting: "Brains of Steel II"

A few years ago Chris Land used the example of How Come? Puzzles to explore techniques for recognizing weaknesses in one's context of knowledge, and learning to ask the right questions needed to plug those holes.

On April 11 he returns with another exercise for exploring a different facet of context, namely, the effect context has on one's ability to make a decision.

The exercise will consist of 4 steps:

1) A fifteen-question test will be completed by each person. Finishing it is easy, finishing it correctly is very difficult. A built-in scoring mechanism will be used to evaluate answers.

2) Each participant will evaluate the context of knowledge used to answer each question.

3) The group's best answer will be developed. New evaluations of the context will be developed in light of the group's discussion. This will increase everyone's context of knowledge, and alter one's decisions accordingly.

4) The answers are revealed, including short descriptions of the major relevant facts necessary to answer each question correctly.

Principles for decision-making within an imperfect context of knowledge will then be developed.

The meeting will be held on April 11 at 6:30 p.m. at the Clubroom of The Meridian apartment complex, 6263 Westheimer (between Hillcroft and Fountainview), across from Payless Shoes. The Clubroom is located upstairs facing Westheimer.

NOTE: Attending members are asked to contribute \$2 to help pay for the expenses of renting this clubroom. We have not been recovering rental costs, and would like to encourage those who have not been contributing to do so. Those attending are asked to bring snack items.

The Patient and the Agent

by J. Brian Phillips

Two movies nominated for an Academy Award for Best Picture present diametrically opposite views of life. One presents values as possible and attainable, and honesty and integrity as the means to success. The other presents life as a futile pursuit of happiness, filled with suffering and destined to end in tragedy.

The English Patient is regarded as one of the best movies of 1996, winning a Golden Globe and an Oscar for Best Picture. As a work of art, *The English Patient* is a masterpiece. It powerfully dramatizes its theme, and both the style and plot are perfectly suited to that theme. Yet, its theme-- the futility of pursuing values-- makes it a philosophical nightmare.

Set in Italy at the end of World War II, Ralph Fiennes plays the title character, a dying, grossly disfigured man being cared for by an American Army nurse. Jumping between the past and the present, we slowly learn that the patient is Count Laszlo Almasy, an Hungarian who was on an international project to map Northern Africa just prior to the war.

During the expedition he met

Katharine Clifton, the wife of another member of the project. They fall in love, and Clifton's husband, who has discovered the affair, attempts to kill himself, his wife, and Almasy. He succeeds in killing himself, and mortally injuring his wife. While Katharine lies dying in a desert cave, Almasy seeks medical help. Lacking the proper papers, Almasy is arrested by the British. He escapes and trades his maps of the Sahara to the Nazis in exchange for an airplane to rescue Katharine. Upon returning to the cave, he finds Katharine dead. As he attempts to fly out of the desert with her body, his plane is shot down by the Nazis. The crash left him badly burned.

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Interwoven with the story of Almasy and Katharine is the story of Hana. In the opening scenes she learns that her father has been killed in battle, and she watches as her best friend is killed by a land mine. Distraught, she abandons the army caravan she is traveling with to seclude herself, and the dying Almasy, in an abandoned monastery.

They are soon joined by Carvaggio, a morphine-addicted spy who seeks to kill Almasy for collaborating with the Nazis, and Kip, a Sikh who dismantles bombs for the Allies. As Almasy's story unfolds, Carvaggio reveals his purpose. When he learns Almasy's story,

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"From the Archives of the Ayn Rand Institute"

On May 3 Lyceum International will present "From the Archives of the Ayn Rand Institute Archives" by Dina Garmong and Scott McConnell.

Mr. McConnell's presentation will include stories of Ayn Rand's life, "focusing on her relationships with her Chicago family, Frank O'Conner's family, and various Hollywood friends, including a feautiful actress living in Nazi Germany, an actor who fought in the Czar's army, a Moscow-visiting Marxist, and 'Peter Keating'" (from the course brochure).

Dina Garmong will present stories of Ayn Rand's life in Russia and her struggles in establishing her career. The presentation will include plays and short pieces written by Miss Rand as a teenager, as well as the evolution of her philosophic thought.

The course will be held at the Hyatt Regency Houston Airport. Early registration for \$65 is available until April 11. Pre-registration is available until May 1 for \$85. Registration at the door is \$105.

Contact Lyceum by phone at (360) 479-4765, or visit their Web site at www.olympus.net/lyceumintl/.

night to realize that he is dissatisfied with his job and his industry. He promptly writes a 25 page "mission statement", in which he calls for fewer clients, but more personalized service for those the company retains.

His colleagues applaud his "memo", as they call it, telling him that he has courageously spoken what they have thought. Yet, he is fired a week later. He is ostracized by his colleagues and his clients, and finds himself starting his career anew with only two clients and one assistant.

Dorothy, who loves the memo and sees Jerry as a man of integrity, quits her job with the agency to work for him. But Dorothy, who is a single mother, seeks more than a working relationship. She hopes that she can convince him to fall in love with her, not realizing that love is an intellectual/ emotional response.

On the eve of the NFL draft, McGuire loses one of his clients-- a college football star about to be the top selection in the draft. It is a heart-breaking setback, and Jerry is left with one client, Rod Tidwell-- a talented pro football player with a brash attitude.

Tidwell seeks a multi-year, multi-million dollar contract, and Jerry devotes himself to his client. He ultimately succeeds in getting the contract, and other players, who have witnessed the friendship which blossoms between Rod and Jerry, begin to demand similar service from their agents.

The story itself is not highly

unusual-- a man who is down on his luck struggles for success. But the manner in which it is presented is unusual.

The primary conflict in *Jerry McGuire* occurs in Jerry McGuire. The movie dramatizes the struggle to remain committed to one's values in the face of apparent failure. Jerry McGuire must fight to find the courage and wisdom to practice what he preaches.

Recognizing the superficiality of his relationships-- both personal and professional-- Jerry seeks something more meaningful. He is tired of the impersonal, high pressure tactics of his colleagues. Challenging the status quo, he finds himself in a lonely struggle to realize his dream of a better client/ agent relationship.

Both Dorothy and Rod face similar struggles. Dorothy desperately loves Jerry, but that love is not reciprocated. When she realizes this, she does not cling to her hope that "she can love him enough for both of them." Despite her disappointment, she has the honesty to accept the truth, and the integrity to act accordingly-- she tells him that they must separate.

Jerry, who is still struggling to clearly identify his values, concurs with Dorothy. He really "likes" her, but the process of re-evaluating his values has left him confused. He is torn between the values of his industry, and the values he has expressed in his mission statement. He admires

her courage, intelligence, and integrity, but does not yet realize that these characteristics are what he seeks in a romantic partner, as well as himself. By the end of the movie, he resolves this conflict, and returns to Dorothy.

Rod, played by Oscar winner Cuba Gooding Jr., seeks "the qua"-- respect and the money which goes with it. Yet, his abrasive personality and irrational belief that he is always right make him commercially unmarketable and generally disliked.

Jerry, whose career hinges on Rod's contract negotiations, insists that his client change his attitude. "Help me help you," he pleads. When Rod realizes that Jerry is right, he quickly gets the admiration and contract he desired.

The theme is the practicality of integrity and honesty. Each of the three main characters must identify the errors which have prevented him from achieving his values. Each must introspect, and honestly face the truths he discovers. And then, each must act to correct those errors. Each affirms the movies's theme.

In each character we witness a serious evaluation of his values and how he pursues them. This is the remarkable pleasure of *Jerry McGuire*-- we see three characters demonstrate that values are volitional and that one's character is shaped by one's choices and actions.

Jerry McGuire shows that

values are possible, not through mindlessness or chance, but through virtue. Honesty and a commitment to one's values are more than just "good in theory", but the means to practical success.

Significantly, the movie also dramatizes the consequences of dishonesty. The night before the NFL draft, Jerry learns that the college football star, certain to be the NFL's top draft choice, has just signed with Jerry's former company. The client's father had previously told Jerry that no contract was necessary between them, that his word was as strong as oak. When Jerry confronts the father with this truth, the father turns in shame. His face clearly shows that the one he betrayed was not Jerry, but himself. Greatly disappointed, Jerry McGuire does not allow this setback to deter him. With even greater determination, he sets out to make his sole client a more marketable player.

A more cynical movie would show Jerry abandoning his dream, proclaiming that integrity is for losers. Instead, he shows us that our success is not dependent upon others, that our success is primarily determined by our virtue, not the lack of it in others.

Jerry McGuire lacks many of the cinematic production qualities of *The English Patient*. But philosophically, it occupies an entirely different universe.

Art is a concretization of metaphysical value judgments-- of fundamental appraisals of reality and human life. In *The English Patient*, we see a universe in which values are virtually impossible to attain, and if one is so fortunate to achieve them, they will be quickly taken away. This malevolent view presents life as endless suffering, and death our inevitable destiny.

In *Jerry McGuire*, we see a universe in which we can dream, and then work to make our dream a reality. We see that success must be attained by honesty, integrity, and confidence in the power of one's mind. We see people who seek values through the use of their mind.

Some people argue, often implicitly, that the universe of *Jerry McGuire* is a fantasy, that success must be obtained through dishonesty. To declare that virtue is impractical in reality is to claim that there are no standards, that life can be lived in any manner and by any means. And at the end of that road is the universe of *The English Patient*.

Mens Moneta Investment Club

by Clark Hamilton

At the last Lyceum conference held in Houston, Yaron Brook, in his presentation "In Defense of Financial Markets" described financial markets as the circulatory system of capitalism. There is a group of HOS members who have been actively participating in the capillary formation of our markets for the last couple of years. They make up the Mens Moneta Investment Club, an organization devoted to investing in the stock market.

The club was founded by Johnnie McCulloch. He had been a member of an investment club which wasn't meeting his personal expectation for investing. Johnnie decided to form a club of his own, and obtained materials to do so from the National Association of Investment Clubs (NAIC). He then approached some acquaintances with his proposal for forming a new club. Their initial meeting was held in May 1995. The membership is comprised of Johnnie and HOS members Brian Phillips, Janet Wich, Neal Erian, Jim and Sandi Brendts and Clark Hamilton. The name "Mens Moneta", a Latin term proposed by Brian Phillips that means "those who are concerned with money", was chosen.

An investment club is an organization of individuals who, through a contractual agreement, invest in the stock market as a single legal entity. According to

the NAIC, investment clubs began forming in the United States around the turn of the century by those interested in trying their hand at speculation. The modern investment club that typifies most in existence today (including Mens Moneta) first took form in the 1940s and 1950s after World War II, as interest grew in saving and investing and the modern American corporation took form.

The typical investment club regularly holds meetings for members to analyze and discuss selected stocks. The criteria used as a starting point for stock selection usually involves a predicted growth rate that will result in a doubling of the stock's value every five years, or a 15% compounded annual growth rate. Each member contributes a set amount to the club's account and these pooled funds are used to purchase chosen stocks and pay brokerage fees. Each member then holds capital interest in the club according to the amount of his contribution and the appreciation or depreciation of the club's stock portfolio.

The NAIC was formed in 1951 as a way of linking clubs nationwide in an educational project. Over the years, the NAIC has grown the services it offers to member clubs and now provides start-up kits to prospective clubs, manuals to teach the basics of stock investing, stock analysis software and *Better Investing*, a

monthly magazine. In addition, they sponsor investment seminars across the country for club members to discuss investment strategies and attend presentations by investment professionals and corporate leaders.

As our markets have become stronger over the last decade, thousands of people each year form clubs in an effort to take advantage of the opportunity for building wealth. The number of NAIC member clubs has grown from 6,497 in 1986 to 25,409 in 1996 and the number of individuals participating in clubs has increased from 121,237 to 500,463 (*Better Investing*, December 1996). The average investment club in 1996 was seven years old and had a total portfolio value of \$86,971, experiencing lifetime compound annual returns of 19.1%, or 3.8% better than the Standard & Poor's 500 index, the benchmark performance measurement.

Though Mens Moneta is only 2-years old, it has already enjoyed impressive returns on some of its investments. Once per month the club meets, and a member presents an analysis of several stocks from a particular industry. The stocks are evaluated using information provided by common survey services such as Value Line and Standard & Poor's combined with NAIC stock selection tools. The analysis of stock involves both quantitative and qualitative factors. A

company's past performance and future outlook must be evaluated by sales and earnings, stock price history and a handful of ratios such as price/earnings, earnings per share, yield and "upside down ratio". These provide a measurement of whether a stock is a "buy", a "maybe" or a "sell". These are combined with the required growth rates mentioned earlier to obtain a performance profile of the company.

Also important is consideration of more abstract aspects of a company. Is that company in a market that is growing or declining? Are they an innovator in their field, or a follower trying to cash in on a fad, or worse, cash in on another's innovation? And, what type of management is running the company? That is, would you invest in a company coming off of

a year with great numbers but is run by an Orren Boyle, or a company with average numbers but is run by a Hank Rearden? Through this activity Mens Moneta members have been able to exercise both their mathematics and philosophical detection skills.

Among the philosophical issues considered are the consequences of regulations. One company, which had very promising prospects, was awaiting approval from the Federal Trade Commission for a proposed merger. The company was eliminated as a prospect when it was discovered that the company's future was about to be determined by bureaucrats implementing anti-trust laws. When the merger was later rejected, the company's stock fell.

Participation in an investment club is a terrific way to participate

in the financial market and accumulate savings for the future, while learning about industry and investing.

Anyone interested in Mens Moneta Investment Club or investment clubs in general can contact HOS members Johnnie McCulloch or Clark Hamilton.

Mens Moneta Investment Club is not affiliated with Houston Objectivism Society, The Ayn Rand Institute or any other Objectivist organization. Mens Moneta Investment Club membership is governed by the bylaws of the club as a limited partnership.

PHILOSOPHICAL QUOTES

"Whenever I watch TV and see those poor starving kids all over the world, I can't help but cry. I mean, I'd love to be skinny like that but not with all those flies and death and stuff." *Mariah Carey*

Question: "If you could live forever, would you and why?"

"I would not live forever, because we should not live forever, because if we were supposed to live forever, then we would live forever, but we cannot live forever, which is why I would not live forever." *Miss Alabama in the 1994 Miss Universe contest*

"Smoking kills. If you're killed, you've lost a very important part of your life." *Brooke Shields, during an interview to become spokesperson for a federal anti-smoking campaign*

"I haven't committed a crime. What I did was fail to comply with the law." *New York City Mayor David Dinkins, answering accusations that he failed to pay his taxes*

"Outside of the killings, Washington has one of the lowest crime rates in the country." *Washington, DC Mayor Marion Barry*

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implies, the program is essentially a marketing tool for philosophy. Rather than explicitly promote Objectivism, Dr. Peikoff promotes philosophy, demonstrating that ideas do have consequences. By making ideas real-- by using real-life examples to concretize-- the program generated enthusiastic and interested callers.

Following the playing of the program, members then began working on letters to area radio stations which carry talk programs. The purpose of the letters is to convince program directors to carry Dr. Peikoff's program.

Through syndication, the program has the potential to weekly expose millions of Americans to rational ideas and the consequences of irrational thinking. This is an unprecedented opportunity to spread Objectivism.

All members are encouraged to write to the following program directors:

KTRH
510 Lovett
Houston, TX 77006
Attn: Bill Van Rysdam

KSEV/ KPRC
11767 Katy Freeway
Houston, TX 77079
Attn: Dan Patrick

KRTK
1177 West Loop, Suite 1515
Houston, TX 77027
Program Director: Roger Gray

KPFT
419 Lovett
Houston, TX 77006
Attn: Program Director

Each letter should be no longer than one page. Program directors consider each letter as representing the views of hundreds. A persistent and consistent flow of letters may convince a station to carry the program. In addition to the benefits to Houstonians and Objectivism, we would have the pleasure of a two-hour philosophy lesson each Sunday.

To promote a consistent campaign, members are asked to mail their letters according to the following schedule:

Last name beginning with A-I:
April 1-11
Last name beginning with H-Q:
April 12-21
Last name beginning with R-Z:
April 22-May 1

Follow-up letters in several months are also encouraged. Pete Jamison, who has worked in the radio industry, stressed that program directors place great emphasis on letters (not phone calls) from listeners and potential listeners.

Prior to the playing of the program, Janet informed members that they would be participating in the contest. Giving each attendee a "ballot", she explained that members should try to identify the common idea, with the winner receiving a \$10 gift certificate to Barnes & Noble. After the second example was given, Janet collected the ballots. Ten members correctly identified the mind/ body dichotomy. Warren Ross won the ensuing drawing for the gift certificate.

ANNOUNCEMENTS

\$ The announcement in the last newsletter of the acquisition of Dr. George Reisman's new economics book requires clarification of HOS's stand regarding Dr. Reisman's dispute with the Ayn Rand Institute. As we state in each newsletter, HOS fully supports ARI and its policies. HOS does not endorse or support the actions and statements of Dr. Reisman or those of his associates in this dispute. The mention of Dr. Reisman's book should not be taken to imply otherwise.

\$ The August HOS meeting has been changed. Steve Miller will present "Manners and Etiquette".

\$ Account manager, full-time, permanent. Preset exciting new programs to schools/ centers. Good commissions, residuals. Part-time instructors for basic golf and tennis to ages 3 to 8. Will train. Call John at (713) 686-9298.