



**Zanetti Monday Missive 2023.05.01  
Real Center of Gravity**

***"America is great because she is good. And if America ever ceases to be good, America will cease to be great!"***  
~ Alexis de Tocqueville

Hello Everyone,

Last week I said I would identify America's real Center of Gravity (COG).

In reality, however, it was the Chinese who identified our COG back in the 1950's.

The Chinese wondered. *"How is it the west (and in particular the US) had advanced so quickly? How had they surpassed*

*us as the world leaders? After all, we Chinese are still the Middle Kingdom.”*

British historian Naill Ferguson explained their findings in his book, **Civilization**.

Initially, the Chinese thought it was because we had a better military. Stronger weapons. Better guns. But, that reasoning was too shallow.

Was it their political system? Was democracy superior? Politics mattered, but wasn't the reason.

Was it capitalism? Did the free-market enable such rapid growth? No, it was more.

***They concluded it was our belief system.***



From our moral and ethical codes sprung economic, political,

and military strength.

In short, belief drives action. And the collective West's belief system was superior that of China's.

So, without making today's missive a sermon, what were the specifics of that belief system? And since our weekly missive focuses on finance, what impact does this have on investments?

For that answer, we turn to the late Rabbi Johnathan Sachs, who distilled down the West's advantages in his book, **Essays on Ethics**.

I'll attempt to summarize what the characteristics are a successful society/culture/economy. And how America embraced them all.

### **Recognition of the Dignity of the Individual.**

- We are made in God's image
  - In the past---only Kings, Pharaohs, & Emperors had divinity. "Made in His image" meant each of us had a divine spark.
  - With God's Spirit came divine power...which meant divine responsibilities. Big responsibilities.
  - Thus, when a person destroys life, it is like destroying the universe. When you save a life, you save the universe.
  - We were no longer mere mortals---we were eternal beings. Soul and spirit transcended the physical. Thus, how can you be racist? Sexist? We are all in this together. Forever.

*(Greg note: Finance-wise, this philosophy led to the abolition of child labor, women's rights in the workplace, racial integration on assembly lines, union rights & powers. The US*

*wasn't perfect, but it was way ahead of other calcified societies. American business became "better"/ stronger.)*

## **Human Dignity led to....Freedom!**

- The gods of the ancient world were associated with nature. Thus, they were bound by the physical world.
- The ancient religions believed humans were pawns in the hands of fickle gods. The "Fates" determined everything. Thus, no freedom.
- Monotheism changed that.
- One True God was free of the physical. God was even outside time itself.
- And since God was free---and we are in His image....then we are free.
- We were free to be as righteous---or as evil---as we chose. And **our fate** would be **determined by our choices**.
- Choice was made at both the personal and national/collective level. Individual behavior mattered. And national laws mattered.
- Would we choose instinct or reason? That meant, to rise above our animal nature there had to be a moral education. Both for the individual and the community.
- Therefore, we must have self-imposed restraint to ensure that my freedom does not impede on your freedom. Government was not allowed to crush the individual.
- Only by accepting some constraints could an individual, or a nation, be free.
- But humans are not good at restraint. Therefore, the saying...
  - **God is free. God used His freedom to create order. God gave man freedom. Man created chaos.**

Nevertheless, freedom (though fraught with risks and

responsibilities) was better than slavery to nature and impetuous/petty gods.

*(Greg Note: Freedom led to a free-market economy. The king/emperor/pharaoh could not dictate what you did. You could pursue the American Dream....or not. Economic strength came from the individual up, not from the “authority” down. That gave America an economy that was flexible and resilient.)*

Moving on. The precepts of human dignity + freedom led to...

### **Sanctity of Life.**

- All life was from God. Therefore, to murder was not only the shedding of innocent blood, but an attack on God Himself.
- The alternative to this morality was violence. “*Might makes right,*” is how the ancient world functioned.
- Thus, ancient philosophers lamented, “*Justice was nothing more than whatever served the interest of the stronger over the weaker.*”
- The alternative to “*might makes right*” was (wait for it) ....law.
- But it must be law equally applied to rich and poor--- ***because we are all free and all are made in God’s image.***
- In healthy societies, “Might ***does not*** make right.” **Right makes right.**

*(Greg Note: The rule of law in financial transactions was critical to our economic growth. If the king could take your land, factory, business, even your life (!), then why work? Why create? Just keep your head down and survive.*

*Adherence to law--- based on the sanctity of every life (and every life's efforts) encouraged wealth creation and scientific advancements. On this foundation, America became the font of new technologies and innovation.)*

But, it is more than laws. Every society has informal behavioral enforcement mechanisms.

### **Guilt vs. Shame Societies.**

- Laws spring from a moral code---and moral codes have informal enforcement mechanisms outside the law.  
Historically, guilt or shame.
  - Guilt gets a bad rap. Guilt is inward looking. We all have conscience...a moral compass. Therefore, we should do the right thing because it is the right thing.
  - Regardless of consequences, if you stand for truth, and 10,000 stand for a lie...stand for truth.
  - To do otherwise brings guilt upon you. From within.
- By contrast, Shame Societies are outward looking.  
Shame focuses on public perception.
  - Appear to be noble.....or honorable. But let no one see the “real you” behind the scenes.
  - In a shame society---the highest obligation is to not get caught. And if caught---- deny, deny, deny.
  - Lie, cheat, steal...but save your reputation.
  - Squashing the “inner voice” means there is no motivation to change.
- Guilt societies function better because---well, we all fail.
  - In a guilt society there is a chance for redemption. *“I may have done a bad thing, but I can still strive to be a better person from here forward.”*
  - Guilt societies allow you to separate the sin from the sinner.
- Shame societies offer no such out.
  - Once shamed, always shamed.

- The only “outs” are to move away and start over....or, in the extreme, take your life.

*(Greg Note: Economically, shame societies fail because no one can admit fault. The blame game ensues. Rather than fixing problems and moving on, problems compound on each other until cataclysmic failure occurs. When you can admit a business error (either in judgment or in ethics) and then change your behavior, progress follows. This are keys for healthy business growth. Accountability and responsibility.)*

### **Covenant vs. Contract**

- Covenant is stronger---it involves a third party. A higher authority is adjudicating. What is vowed on earth holds in heaven. Handshakes matter more than lawyers.
- Contract is different. Contracts stipulate whatever was not in the contract is therefore allowed. *You must tell me **not to do something**, otherwise I can do it.*
- Contract societies give rise to countless laws. Often times, these laws are contradictory. This leads to confusion, loopholes, and “legal” corruption.
- With Covenant, the responsibility-of-law lies with the people and the community itself.
- With Contract, the responsibility lies with judge, or the king, or the pharaoh. Or, the bureaucrat.
- Covenant is not arbitrary—it is based on immutable/holy laws.
- Contract is arbitrary to time, place, circumstances, etc.
- Covenant is rooted in identity and history.
- Contract is always on shifting sand. To the smartest lawyers go the spoils.

**And, on a national level.**

- Covenant is not just with ourselves—but it applies to others. This can be difficult. Suppose you come into contact with a society/nation that does not honor your standards or beliefs?
- Covenant does not permit you to abandon your principles to ensure peace--- or do business.
- Covenant has three parts—and the principles remain the same.
  - Agreement with God.
  - Agreement among your people.
  - Agreement with strangers.
- Contract allows for compromises not allowed by Covenant.

*(Greg Note: Covenantal societies operate more efficiently, but at higher risk of someone walking away from a deal with little or no remedy for the wronged party. Contract societies bog down, and give rise to tiered justices systems. Financially, free nations operating with high individual, collective, & governmental moral and ethical standards, lead to the healthiest and most competitive economies. America used to pride itself on handshake deals.)*





To wrap this up....

While there is more to this theme, these were the basic pillars of America's Center of Gravity.

From this belief system (even though it was never perfectly adhered to) came America's strength.

Today, I believe many of us sense something is wrong. Unless we "course correct," our society, culture, and economy seem destined to shred and collapse.

Can we then rebuild?

Yes. But it will not start with a Central Bank Digital Currency, or a new President, or writing a new Constitution. We will rebuild by returning to what the Chinese learned about us 70

years ago.

## Signed, Your It's-Sad-That-Mafia-Boss-Al-Capone-Ran-A-Safer-Chicago-Than-Politicians-Do-Today Financial Advisor, Greg

By accepting this material, you acknowledge, understand and accept the following:

This material has been prepared at your request by Zanetti Financial, LLC This material is subject to change without notice. This document is for information and illustrative purposes only. It is not, and should not, be regarded as "investment advice" or as a "recommendation" regarding a course of action, including without limitation as those terms are used in any applicable law or regulation. This information is provided with the understanding that with respect to the material provided herein (i) Zanetti Financial, LLC is not acting in a fiduciary or advisory capacity under any contract with you, or any applicable law or regulation, (ii) that you will make your own independent decision with respect to any course of action in connection herewith, as to whether such course of action is appropriate or proper based on your own judgment and your specific circumstances and objectives, (iii) that you are capable of understanding and assessing the merits of a course of action and evaluating investment risks independently, and (iv) to the extent you are acting with respect to an ERISA plan, you are deemed to represent to Zanetti Financial, LLC that you qualify and shall be treated as an independent fiduciary for purposes of applicable regulation. Zanetti Financial, LLC does not purport to and does not, in any fashion, provide tax, accounting, actuarial, recordkeeping, legal, broker/dealer or any related services. You should consult your advisors with respect to these areas and the material presented herein. You may not rely on the material contained herein. Zanetti Financial, LLC shall not have any liability for any damages of any kind whatsoever relating to this material. No part of this document may be reproduced in any manner, in whole or in part, without the written permission of Zanetti Financial, LLC except for your internal use. This material is being provided to you at no cost and any fees paid by you to Zanetti Financial, LLC are solely for the provision of investment management services pursuant to a written agreement. All of the foregoing statements apply regardless of (i) whether you now currently or may in the future become a client of Zanetti Financial, LLC and (ii) the terms contained in any applicable investment management agreement or similar contract between you and Zanetti Financial, LLC.

---

*Copyright © \*2022\* \*Zanetti Financial, LLC\*, All rights reserved.*

**Our mailing address is:**  
5120 San Francisco Rd NE  
Suite A  
Albuquerque, NM 87109

505-858-3303