



Cincinnatus

Henry Knox was the proprietor of a popular Boston book store,¹ which afforded him time to read up on his favorite topic: military tactics and strategy. When the British occupied Boston in 1775, Knox, with no military experience beyond his books, joined the militia and promptly put his textbook knowledge to work building fortifications around the city. When George Washington arrived to assume command of the rebel troops, he was so impressed with Knox's work that he quickly promoted him and brought him onto his general staff. Knox was in charge of logistics when Washington crossed the Delaware, immortalized by George Caleb Bingham's famous painting, led the artillery in the Pennsylvania campaign, served on the court-martial of Major John André,² and joined in the siege of Yorktown that finally secured American independence. Knox rose to the rank of major general, and in 1785, was appointed Secretary of War. Many towns, and one famous fort, were later named for him.³

¹ Called, ironically given future events, The London Book Store.

² The British spy whose capture revealed the betrayal of Benedict Arnold.

³ Fort Knox, Kentucky, Knoxville, Tennessee, among others.

ANGELES INVESTMENT ADVISORS

429 SANTA MONICA BLVD, SUITE 650
SANTA MONICA, CA, 90401

PHONE: 310.393.6300

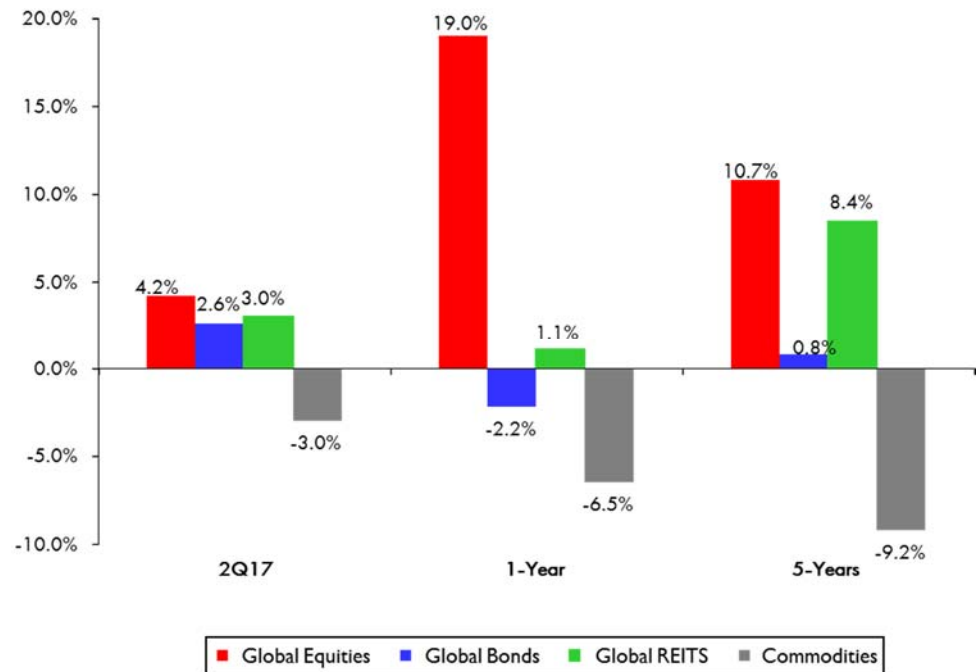
FAX: 310.393.6200

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Knox was interested in preserving the comradery and ties among the officers demobilizing after the war, and formed a fraternal organization,⁴ the Society of the Cincinnati, named after the Roman leader Lucius Quinctius Cincinnatus. In 462 BCE, Rome was under siege by the Aequi, a local tribe, and faced internal revolt from plebeians agitating for their rights. Many plebeians joined the Aequi in seizing the Capitoline Hill, and a Roman army was sent to re-take it. The army became surrounded, on the brink of slaughter, and the Roman Senate passed an emergency order to appoint a dictator for a term of six months to take whatever measures necessary to relieve the army and save the city. Cincinnatus was elected, and messengers were dispatched to his farm to inform him. He immediately set out to raise a new army, drove the Aequi from the Capitoline Hill, and led the victorious troops back into Rome. Mission accomplished, in sixteen days. After receiving accolades from the Senate, Cincinnatus resigned as dictator, and returned to his farm. Twenty-three years later, in old age, Cincinnatus was again summoned from his farm to put down a plebeian plot to overthrow the Senate. He was again elected dictator.

⁴ It is the oldest hereditary organization in the United States.
⁵ Clearly, in his old age he needed an extra five days to squash this revolt.
⁶ He was succeeded by Alexander Hamilton.

Chart 1 Capital Market Performance



Twenty-one days later, he killed the plebeian leader, ending the threat to the Republic.⁵ He retired to his farm, again.

When hearing that George Washington had resigned his commission following the Battle of Yorktown that won American independence, King George III was reported to have remarked, *If he does that, he will be the greatest man in the world.* Following the example of Cincinnatus, Washington did just that. Appropriately, George Washington was elected the first president of the Society of the Cincinnati, and served in that role till his death in 1799.⁶

We remember Cincinnatus, and Washington, because of how rare and extraordinary an act it was to relinquish complete authority at the height of power. This was certainly a commendable deed, but there is another perspective, equally remarkable: that they chose in the first place to sacrifice their wealth and family to protect and defend their country.

It is this perspective of Cincinnatus and Washington, their willingness to sacrifice personally for the common good, that we wish to emphasize now. To do so, we turn to a little-known professor of modern languages at a small school in Maine who responded to the desperate plea of a nation amid the greatest existential crisis it would ever face. In doing so, as Cincinnatus before him, he saved the Republic.

It's a dry summer in the Midwest. That means a weak harvest, a shortage of grain, and higher prices. In the past three months, wheat has jumped 20%, cattle was up 10%, and lean hogs soared 38%.⁷ So we may have to skip a hearty breakfast and stick with liquids, as coffee dropped 11% in the quarter while sugar and orange juice fell 17% (both are off more than 30% in the past year).

Stock markets did well in the past quarter, with the usual wide dispersion of results. The Middle East was weak with oil prices down: Oman and Qatar each lost more than 10%. Surprising strength was found in the Balkans, as Greece and Bulgaria each added 30%.

Surprise with the persistent strength of global equities has characterized this market for years. Investors see unprecedented levels of political polarization and populism tinged with nativism and xenophobia. An economic stagnation of the middle class accompanied by a concomitant surge in drug abuse and suicide.⁸ A global world order established and nurtured by the United States for over seventy years that is disintegrating into sectarian conflicts throughout the world as American hegemony is threatened by nations with inimical value systems that oppress liberties. In short, a rapidly changing world of unprecedented turmoil and uncertainty.

We have discussed before that many aspects of our changing world, in particular, the rise of political populism and polarization and the threats to a prosperous world order, are not unprecedented. We need only to look to the end of the 19th century and the beginning of the 20th for similar dynamics.⁹

The challenges we face may not be unprecedented, but they are nonetheless real and urgent. However, there is an argument (which I will make) that our biggest problem is not too much change in our world, but rather, too little.

There is a sentiment, expressed in polls and by pundits, that the forces of globalization, trade, immigration and technology are disrupting jobs and businesses to an unparalleled extent. And, for good measure, it will get only worse as technology, inevitably and inexorably, displaces jobs. A 2013 paper by two Oxford professors¹⁰ estimated that 47%¹¹ of all American jobs are at high risk of being replaced by computers in the coming decades. A McKinsey study this year¹² reached a similar conclusion, that more than 50% of all work-related tasks would be handled by automation by 2055. Ray Kurzweil, recipient of the nation's highest honor in the field of technology,¹³ has written *The Singularity is Near*,¹⁴ when artificial intelligence surpasses that of humans. Our most visionary entrepreneur¹⁵ warned just this month that robots will "do everything better than us."

These are all smart people, and they may be right. Historically, technology does, in fact, directly destroy more jobs than it creates. Elisha Otis installed the first commercial elevator in 1853.¹⁶ By 1870, there were 497 elevator operators in the United States. This number peaked in 1950, with 114,473 people employed as elevator operators, despite the fact that the Otis Ele-

⁷ Who said pigs can't fly?

⁸ <https://angeles-srv.s3.amazonaws.com/content/1494344358./angeles-advisors-commentary-1qv217.pdf>.

⁹ See, e.g., <https://angeles-srv.s3.amazonaws.com/content/1494344358./angeles-advisors-commentary-1qv217.pdf>, <http://10blog.angelesadvisors.com/2016/12/shock-part-3-the-end-of-pax-americana/>, et.al.

¹⁰ http://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdf.

¹¹ What remarkable precision!

¹² <http://www.mckinsey.com/global-themes/digital-disruption/harnessing-automation-for-a-future-that-works>.

¹³ The National Medal of Technology and Innovation, awarded to him by President Clinton in 1999.

¹⁴ The title of his 2005 book.

¹⁵ Elon Musk.

¹⁶ In the Cooper Union Foundation building in New York.

vator Company had invented a self-operating (push the button) elevator in the 1920s. In 1994, in an act of austerity,¹⁷ the U.S. House of Representatives voted to eliminate the position of elevator operator, and ever since, members of Congress have had to push their own buttons.¹⁸

So technology created a job, and then eliminated it. There are many more examples. In 1940, tens of thousands (mostly boys) were employed as pin-setters in bowling alleys. The American Machine and Foundry Company (AMF) invented an automated pin-setting machine, and those jobs disappeared. When vinyl records dominated the music industry, there were dozens of associated manufacturing jobs you have probably never heard of, including assembling adjuster, backer-up, matrix-bath attendant, matrix-groove roller, matrix-number stamper, needle lacquerer, pick-up assembler, pick-up coil winder, record finisher, record press adjuster, record-press man, sapphire-stylus grinder, and sieve gyrator.¹⁹ There are not too many of

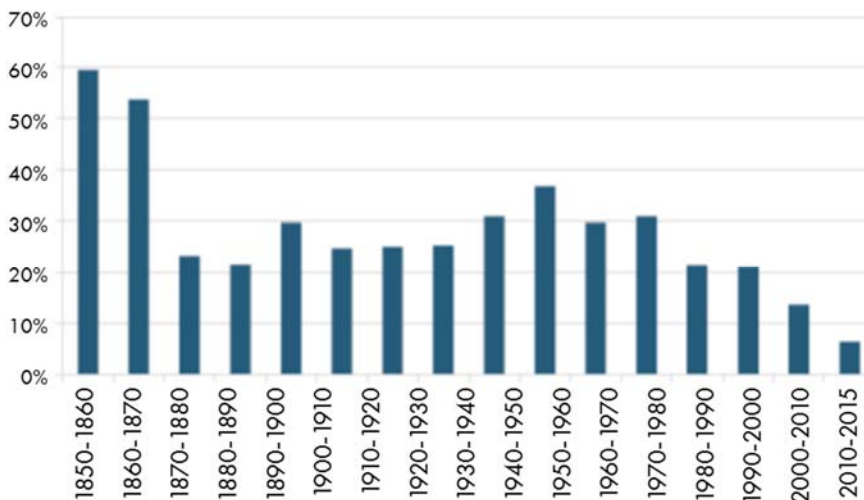
those jobs any more. All created, then destroyed, by technology.

U.S. Secretary of Labor, James Davis, expressed a “lack of employment caused by revolutionary appliances.” He was right, of course. In 1927.

Is it getting worse? Has the pace of job destruction increased? Actually, no. A recent study examined the levels of job churn, defined as the number of job categories created and destroyed, by decade since 1850.²⁰ The level of occupational change today is about 40% of the average level of change over this period (Chart 2).

Not only are fewer job categories being created and destroyed, the risk of losing a job is also declining. The data here only go back two decades, but the trend is clearly lower. In 1995, around 7.5% of total employed lost their jobs each quarter, due to layoffs, plant closings, downsizing. Twenty years later, that number had

Chart 2 Rate of Occupational Change by Decade (1950 Categories)



Source: Robert D. Atkinson and John Wu, *False Alarmism: Technological Disruption and the U.S. Labor Market, 1850-2015*, Information Technology & Innovation Foundation, May 2017.

¹⁷ Some would say ruthlessness.

¹⁸ More likely, they have an aide do it.

¹⁹ You’re probably curious. A sieve gyrator is someone who breaks up and sifts material (basically shellac) for making phonograph records; places material in a breaker which crushes it; dumps crushed materials in sieve machine which automatically sifts it; returns pieces to breaker that do not pass through screen.

²⁰ Robert D. Atkinson and John Wu, *False Alarmism: Technological Disruption and the U.S. Labor Market, 1850-2015*, Information Technology & Innovation Foundation, May 2017.

fallen to 5.7% (Chart 3). When asked, though, a majority of people today feel that their job is less secure. In 1987, a survey found 59% thought their job was secure; by 2014, only 47% did, despite the evidence to the contrary.

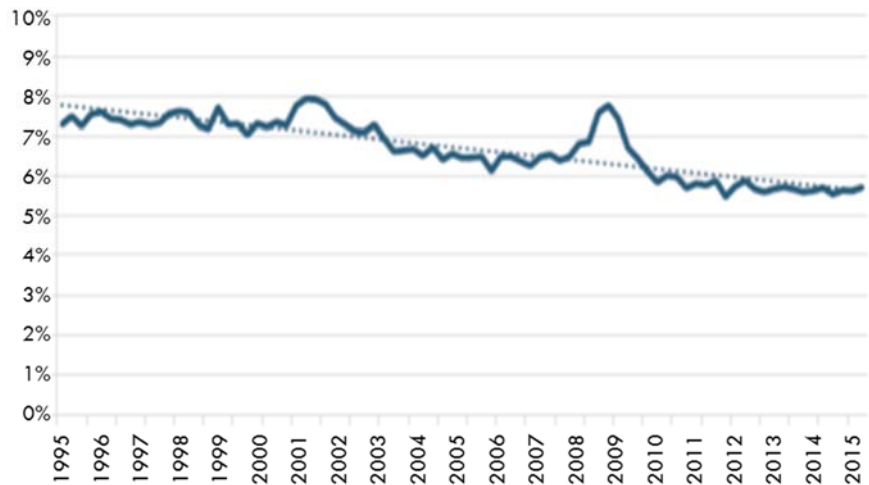
It was noted earlier that technology destroys directly more jobs than it creates, and that has been true for at least the 165 years studied here. But in the month I was born, 54 million people were working in the United States. Today, there are 146 million in the labor force. So how has the economy been able to generate so many more jobs?

Technology does not directly create many jobs. Rather, technology enhances the productivity of the economy, and it's this growth in productivity that generates higher real incomes, consumption and, yes, jobs. A recent paper²¹ from professors at MIT and Utrecht examined data from 19 countries over more than 35 years. They confirmed that industry-level employment falls as industry-level productivity rises, but aggregate (economy-wide) employment rises as aggregate productivity grows.

The problem with our labor market is not that there is too much churn, but too little, as we are not generating the levels of productivity growth we have historically (Chart 4), and that we need to in order to improve our standards of living.

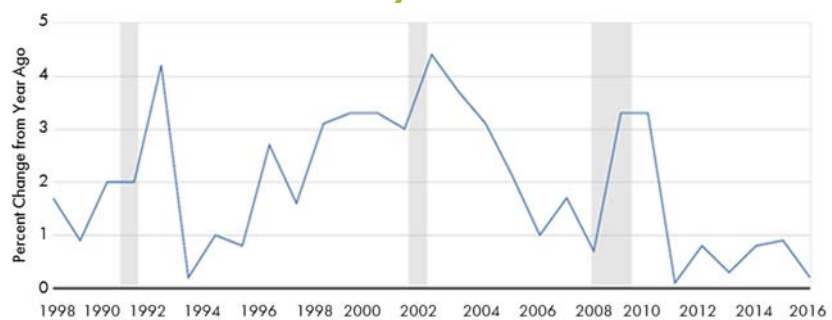
As exercise strengthens the body, movement vitalizes an economy. A stagnant labor market, with little turnover in jobs, is an unhealthy market. Just as our bodies have suffered from poor diet

Chart 3 Quarterly Job Losses as a Share of Total Employed



Source: Robert D. Atkinson and John Wu, *False Alarmism: Technological Disruption and the U.S. Labor Market, 1850-2015*, Information Technology & Innovation Foundation, May 2017.

Chart 4 Private Non-Farm Business Sector: Labor Productivity

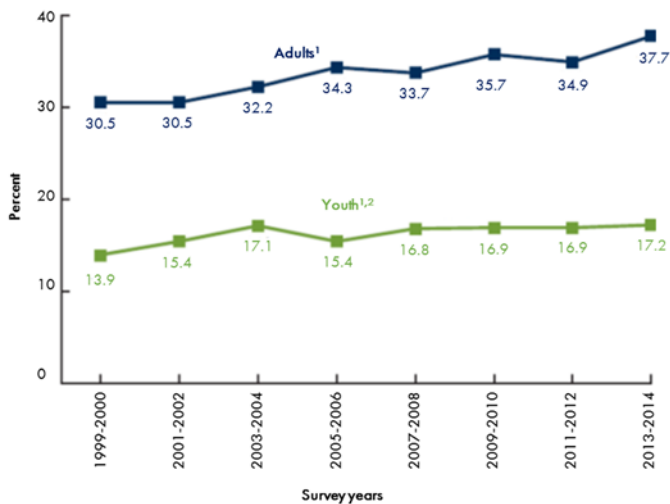


Source: US Bureau of Labor Statistics

²¹ David Autor and Anna Salomons, *Does Productivity Growth Threaten Employment?*, June 2017.

and lack of exercise (Chart 5),²² we find unhealthy low levels of activity in the labor market and throughout the economy.

Chart 5 Trends in obesity prevalence among adults aged 20 and over (age-adjusted) and youth aged 2-19 years: United States, 1999-2000 through 2013-2014



NOTE: All adult estimates are age-adjusted by the direct method to the 2000 U.S. census population using the age groups 20-30, 40-59, and 60 and over.

¹ Significant increasing linear trend from 1999-2000 through 2013-2014.

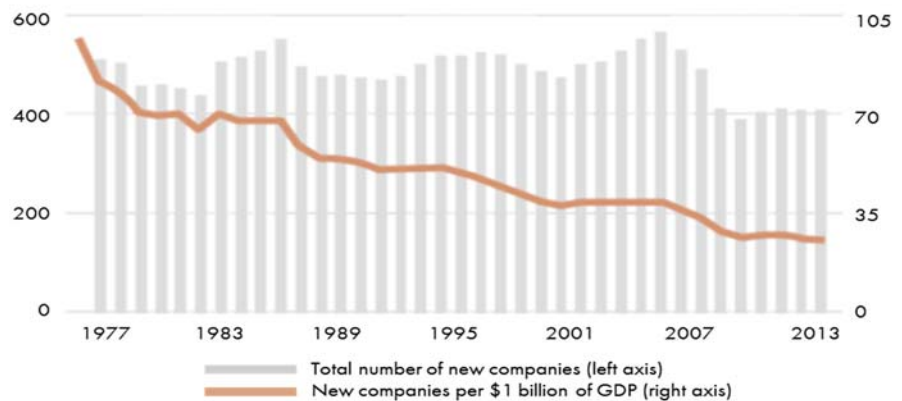
² Test for linear trend for 2003-2004 through 2013-2014 not significant ($p > 0.05$).

SOURCE: CDC/NCHS, National Health and Nutrition Examination Survey.

New business formation plummeted in the 2008 recession, and has not recovered. This matters because new businesses challenge the dominance of less flexible incumbents, spur innovation, and help create an economy that is not only more prosperous, but also more resilient, as a recent study shows.²³ Relative to GDP, the number of new businesses created has been declining for decades (Chart 6). This has many implications. As the economy becomes less entrepreneurial, we find more industries dominated by fewer companies. The four largest firms account for more than a quarter of the market in nearly half of all industry groups. It is no coincidence that corporate profits as a share of GDP is at record highs.

The national data mask regional trends. Throughout much of the country, there are pockets of strong new business formation within regions that were broadly weak. New York and Boston in the Northeast, Washington, DC and Richmond in the Mid-Atlantic, Atlanta, Charlotte, Nashville and Raleigh in the Southeast all saw gains in new businesses while most of their surrounding areas experienced net losses. In Califor-

Chart 6 Number of new companies per \$1 billion of real GDP



²² In 2015, no state had an adult obesity rate of less than 20%, and only six states had rates below 25% (California, Colorado, Hawaii, Massachusetts, Montana, Utah and the District of Columbia). Four states had obesity rates greater than 35% (Alabama, Louisiana, Mississippi and West Virginia).

²³ Dynamism in Retreat, Economic Innovation Group, February 2017.

Source: Census BDS

Chart 7 Metro areas with increasing (left) and decreasing (right) numbers of firms in 2014



142 metro areas saw a rise in firms in 2014



224 metro areas saw a decline in firms in 2014

Source: Census BDS

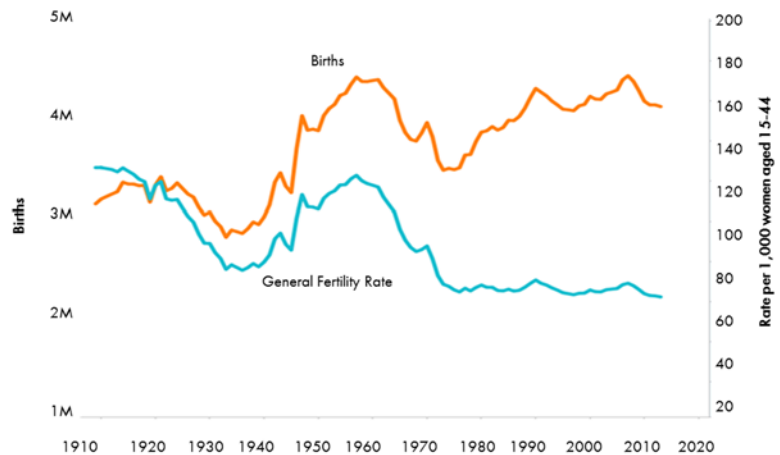
nia, much of the coast was strong, most of the inland counties were weak (Chart 7).

Business creation was even more concentrated, as just five cities (New York, Miami, Los Angeles, Houston and Dallas), containing 17% of the nation's jobs, accounted for half of all new businesses created in 2010-2014. The nine counties around San Francisco Bay, with a mere 2.6% of the national workforce, captured 10% of all payroll growth in the country in those five years.

New business formation is down nationally, growth is concentrated in a few cities, and industries are dominated by fewer, larger and older companies. There are other signs of an economy that is too stagnant. When I moved across the continent in the 1980s, more than 3% of all Americans also relocated across state lines. Today, just 1.5% of us will make that move. As with new business formation, new family formation has also declined precipitously. In the 1980s, only 25% of people ages 24-29 years were not married. Today, half of that age group is unmarried. The Centers for Disease Control report that the fertility rate in the United States had fall-

Chart 8 Natality Trends in the United States 1990-2013

Births and General Fertility Rates: United States, 1909-2013, General fertility rate measures live births per 1,000 women aged 15-44.



Source: Centers for Disease Control

en to the lowest level since records began in 1909 (Chart 8).

Quitting a job to take another, or to start a new venture, represents a risk taken. As does relocating to a new part of the country. As does starting a family. And we see a clear and consistent message in all these da-

ta. We are less willing to take risks. Our challenge is not too much disruption in our lives, but too little.

And so we find inspiration in a man who risked his security and safety in order to help save his country.

Chamberlains came to America almost from the very beginning, in the early 17th century. The family settled in Maine, then part of the Massachusetts Bay Colony, and chose to fight on the American side in the War for Independence. A Chamberlain fought at Yorktown and defended Maine in the War of 1812, although that didn't go as well, as he was court-martialed after the British sacked the towns of Bangor and Brewer.²⁴ After three generations of American warriors, the family had hopes that Joshua, born in 1828, would be able to lead a productive, peaceful life. And so he did. He entered Bowdoin College in nearby Brunswick, and studied after graduation at the Bangor Theological Seminary. He returned to the faculty of Bowdoin as a professor of rhetoric, and then of modern languages, as he was fluent in ten of them.²⁵

The Civil War erupted in 1861, but the war was far away from Brunswick, Maine, and not one member of the Bowdoin faculty had any interest in leaving the college to fight for the Union. Joshua Chamberlain felt differently, and wrote to Maine's governor, Israel Washburn, "I fear, this war, so costly of blood and treasure, will not cease until men of the North are willing to leave good positions, and sacrifice the dearest personal interests, to rescue our country from desolation, and defend the national existence against treachery." He requested a two-year sabbatical from Bowdoin, ostensibly to study even more languages in Europe, and when it was granted, he enlisted in the

Union Army. The governor offered him a colonelcy of the newly formed 20th Maine Regiment, but he declined, as he had no military experience. He accepted a commission as a lieutenant colonel in the 20th Maine, so he could learn the ropes. Less than a year later, in June 1863, he was promoted to colonel and given command of the regiment. A week later, he was thrust into the decisive battle of the war, and it was his actions that saved the Union Army that day.

After victory at Chancellorsville in May,²⁶ Robert E. Lee marched up the Shenandoah Valley into Pennsylvania and the little town of Gettysburg. Lee pushed General Meade's Union Army back into defensive positions on the first day of battle, and planned to crush the Union Army the next day by enveloping the Union's left flank, perched on the small hill known as Little Round Top. The left flank of the army's left flank was manned by the 20th Maine. Chamberlain knew how vulnerable his position was on this little hill, and knew it must be held if the army was to be saved.

The 15th Alabama attacked, again and again. The 20th Maine took many casualties, but hung on to the hill. The other Union regiments defending Little Round Top were turned to the west, but the 15th Alabama had encircled Chamberlain so that his regiment was facing away, to the southeast. The 20th Maine was on its own.

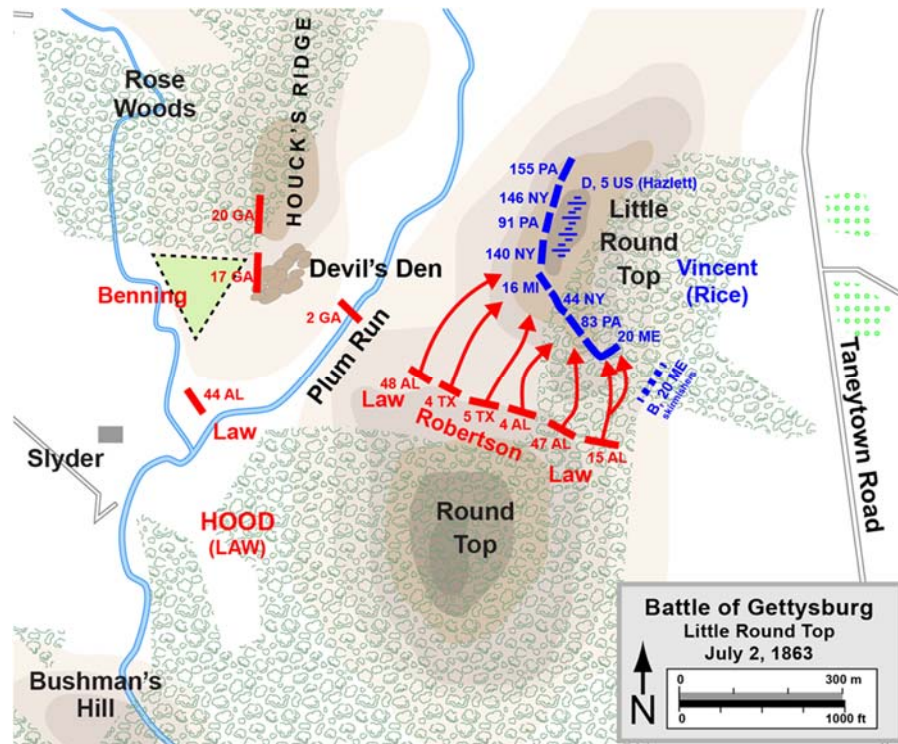
Chamberlain was soon out of ammunition, and out of options. Seeing no alternative, he ordered his men to run down the hill, bayonets affixed, into the heart of the 15th Alabama. Given the difficulty in hearing his order, Chamberlain led the charge himself, hoping his men would follow. They did, and it took the 15th Alabama by surprise. On the brink of collapse, Chamberlain managed to hold his line and pivot into the Confederate position. At the end of the charge, 101 soldiers of the 15th Alabama had been captured, the rest killed. The Union's left flank held. The following day, Pickett's Charge was repulsed, and the bloodiest battle in American history was over.²⁷ If Gettysburg marked the

²⁴ He was exonerated.

²⁵ Greek, Latin, Spanish, German, French, Italian, Arabic, Hebrew, and Syriac, in addition to English.

²⁶ <https://angeles-srv.s3.amazonaws.com/content/1478292651./angeles-commentary-3rd-quarter-2016.pdf>

²⁷ Approximately 50,000 casualties in three days.



beginning of the demise of the Confederate Army, Chamberlain's bayonet charge down Little Round Top was the exact moment the battle turned.

A year later, at the Second Battle of Petersburg, Chamberlain was shot through the hip and groin. He leaned on his sword to hold himself up so he could exhort his troops to keep fighting. He collapsed a few minutes later, was carried to the medical tent, where the surgeon gave up and said he would not survive. His death was reported in the Maine newspapers, but not before Ulysses S. Grant pushed through his promotion to brigadier general.

But he didn't die. He could have retired then, but Chamberlain chose to fight with Grant to the end. In March 1865, a bullet passed through his horse, strik-

ing Chamberlain in his chest pocket, where he kept a Bible and a framed picture of his wife. That slowed the bullet as it passed through his body, exiting his back. It was the sixth horse shot out from under him, and his sixth near-fatal wound. Again, he didn't die. Two weeks later, at Appomattox, a messenger from General Lee approached Chamberlain with word of Lee's desire to surrender.

Ulysses S. Grant gave Chamberlain the honor of presiding over the parade of the Confederate infantry as part of the formal surrender ceremony. In the most poignant moment of the most brutal war in the nation's history, as the Confederate soldiers passed in front of the Union Army, Chamberlain ordered his men to attention and to carry arms, a profound sign of courtesy and respect to his once-enemy and now-brothers. Sur-

prised, General Gordon, leading the Confederate troops, dropped his sword to his stirrup and ordered the Confederate flag to dip in respect. No trumpets were sounded, no drums were beat, no words were spoken, no sound was made. It was an ethereal end to a ghastly war. And time for the nation to heal.



Later, Chamberlain's salute to the surrendering Confederate soldiers was criticized by many, but Chamberlain always defended his action. He returned to Maine, and was elected governor four times. He rejoined the Bowdoin faculty, and was elected president of the college in 1871. He retired in 1883 in poor health, but still lived on. In 1893, 30 years after Little Round Top, he was awarded the Medal of Honor for his bravery there. His heroism at Little Round Top is described at length in the current U.S. Army Leadership Manual (FM 22-100).²⁸

At the age of 70, Chamberlain volunteered for the Spanish-American War, and was greatly disappointed that he was rejected. He died in 1914, at the age of 85, from complications of the many bullets that passed through him 50 years before.

When Henry Knox founded the Society of the Cincinnati, he chose as its motto, *Omnia Reliquit Servare Rempublicam*. It means, *He relinquished everything to save the Republic*. Cincinnatus is most remembered today for his remarkable act of declining the dictatorship to return to

his farm. But that is not the act that Knox honors with this motto. It is for risking his wealth and safety to save the Roman Republic. Just as Joshua Chamberlain did in sacrificing his family and security in Maine to save the American Republic.

We live in a time of stagnation, on every level: economic, political, social, even moral. The very real threats to our Republic require action,

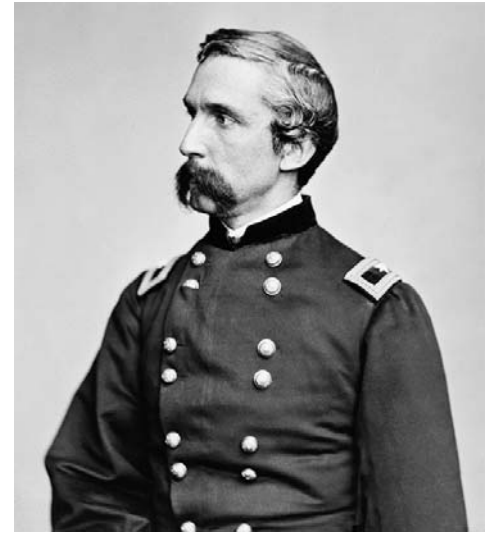
sacrifice, risks. Move to a new city, start a new business, begin a new family, organize a new charity! Do something to make a better world.

That is the inspiration we draw from Joshua Chamberlain.



²⁸ It is the first, and longest, entry in that manual.

One final story. Chamberlain lost his Medal of Honor. A hundred years later, in 2000, his granddaughter, his last surviving relative, died and left her estate to her local church, First Parish in Duxbury, Massachusetts. The church held a sale, and someone, anonymous, bought a book. In the book was Chamberlain's Medal of Honor. It was donated to the Joshua Chamberlain Museum in Brunswick, Maine, where you can see it today.



Michael A. Rosen

Principal & Chief Investment Officer

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