

Pegasus



A newsletter for the Caux Round Table Network
looking at business above the clutter and confetti

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Moral Capitalism At Work

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Pegasus

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INTRODUCTION

Four years ago, the Caux Round Table (“CRT”) gathered a group of distinguished theologians and scholars at Mountain House in Caux, Switzerland, with the mission to explore what, if anything, the three Abrahamic traditions had to say about the so-called “Great Recession” of 2008. Professor David W. Miller, a participant and the Director of the Princeton University Faith & Work Initiative, recently reminded me that, in his words, “The wonderful spirit of collaboration and goodwill that prevailed among us resulted in the Mountain House Statement. And to the best of my knowledge, it remains the only jointly written and signed statement by scholars from each Abrahamic tradition on the modern economy in general and the Great Recession in particular.”

Ever since the group drafted the Mountain House Statement, David has been interested in producing an edited reflection on the Statement. With our full support, David is now embarking on this project with Professor Tim Ewest of Wartburg College and Michael Thate, a Visiting Fellow with the Center for the Study of Religion at Princeton.

David told me that their design idea is to welcome fresh theological voices, which are ethically and economically informed, from across the Abrahamic traditions to reflect upon the statement we drafted. He is in the process of seeking scholars from each of the three traditions represented in the statement to participate by writing a theological response from their respective tradition. The statement was intentionally written in language that was acceptable to all three of our traditions. Building on that, the goal of this book is to move from the general to the particular, using tradition-specific language, scriptural references and theological perspectives to explain and explicate each tradition’s support of the original statement. The final product might be an excellent educational text for academia, as well as a study document for congregations and denominations who think more ecumenically about religion and the economy.

With David’s commitment to extending our work and with recent events in Paris very much in mind, I thought it timely to re-distribute the Mountain House Statement. Perhaps it is needed more today than when it was written in 2010. Sadly, two of our members – Ronald Thiemann of the Harvard Divinity School and Thomas Bausch of the Marquette School of Business – are no longer here to help us with their wisdom and insights.

In a less lofty, but still valuable vein of vocational work for the CRT, I have included in this issue of *Pegasus* the draft legislation to be introduced into the Minnesota Legislature to provide for a public registry for companies to file statements of accomplishment across all stakeholder groups. Under our corporate and commercial laws, there is no place where businesses can file annual reports or more frequent updates that are open for public inspection demonstrating how well they are walking the talk of ethics, social responsibility and sustainability.

Some companies use the Global Reporting Initiative template to issue annual reports on their triple bottom lines of people, planet and profit. But such publications are not made part of any official public record.

A few years ago, then CRT Chair Lord Daniel Brennan, Q.C., made the suggestion that a public registry would fill a gap in the practice of corporate social responsibility. Just as deeds to land, mortgage liens and security interests are registered for the public to know what economic and financial facts are, so too should the facts of financial and non-financial outcomes of capitalism be in the public realm.

I am grateful to Minnesota State Senator John Marty for responding so positively to my suggestion that Lord Brennan’s statutory innovation be adopted in Minnesota.

Stephen B. Young
Global Executive Director
Caux Round Table

Repairing our Stewardship of Creation: Abrahamic Social Thought and the Global Economic Crisis

Caux Round Table Scholars' Retreat on Core Themes
Of Abrahamic Social Thought

Mountain House
Caux, Switzerland

September 24, 2010

EXECUTIVE SUMMARY

The major Abrahamic faith traditions (Judaism, Christianity and Islam) offer a robust framework for improving the global economic system as it begins its third year of recovery from the September 2008 collapse of credit markets.

This is the conclusion of an interfaith group of scholars in theology and corporate social responsibility, listed below. They were convened in July 2010 by the Caux Round Table (an international organization of business leaders promoting global standards for organizational integrity and responsibility as part of a more moral capitalism), Theodore Cardinal McCarrick, retired Archbishop of Washington DC and member of the Caux Round Table World Advisory Council, Prof. Ronald Thiemann, former Dean of the Harvard Divinity School and member of the Caux Round Table World Advisory Council, and Prof. Ibrahim Zein, Dean of the International Institute of Islamic Thought and Civilization and Caux Round Table adviser.

The discussions at Mountain House in Caux, Switzerland, were productive and encouraging, culminating in the Mountain House Statement below urging these three traditions to promote principled and sustainable global markets.

While recognizing the distinctive theological differences of the Abrahamic traditions, the Mountain House Statement emphasizes significant resonances among their social teachings as a basis for cooperation in addressing economic, political, interpersonal and spiritual challenges in the global marketplace. The Mountain House Statement makes four points:

- (1) *Created and Working in God's Creation* – Each Abrahamic faith tradition holds that human beings are created not by accident but with special intent in an image of the divine, to participate in realizing the Creator's vision for a just and fruitful globe by applying their fallible human talents and creativity as stewards of the world.

- (2) *Uses and Abuses of Our Creative Powers* – We must be mindful, however, of our self-deceptive tendencies to overestimate human knowledge and control. Denying our limitations and feigning mastery of creation moves each of us toward abuse and away from responsibility to neighbors and to God. Such human shortcomings are not unexpected in the social thought advocated by the Abrahamic faiths, which understands the inherent limitations implicit in all human creativity, and so provides countervailing perspectives on the ever-present need for humility and servanthood. Exacerbating the recent economic failures and dysfunctions were driving forces of excessive self-interest and thoughtlessness. In short, the economic crisis in many ways expressed a preceding moral crisis. Therefore, moral responses will be as necessary as economic ones to restore global hopes and prosperity.
- (3) *The Causes of Recent Financial Market Dysfunction* – The recent market failures involved multiple individuals and institutions – certain government policies that encouraged excessive debt; financial institutions that also promoted excessive debt and created markets that discouraged transparency and accountability; sellers and buyers of securities who knowingly or negligently executed imprudent transactions; regulatory bodies and rating agencies that failed to exercise their duties properly; attorneys, accountants, and other advisors who failed to exercise independent professional judgment, including, where appropriate, professional skepticism; business and professional educators who emphasized short-term expediency over long-term sustainability; corporate boards that authorized executive compensation schemes rewarding destructive short-term behaviors; and religious communities that neither understood nor challenged marketplace activities detrimental to humanity’s common good.
- (4) *Responses to Abuse of Creation* – Each Abrahamic tradition has well-developed teachings that inform discernment, judgment, correction, and action in economic and financial matters. By insisting there are inherent social dimensions and cultural foundations sustaining economic life, these teachings provide a generous and expansive understanding of human community and a necessary appreciation of human possibilities and limitations. Responding to the global economic crisis and seeking sustainable arrangements for global prosperity, seven spiritual disciplines derived from these teachings are recommended for daily use:
- **Receiving** God’s often overlooked advice and guidance with thought, fidelity, humility and compassion.
 - **Responding** to the transcendent call for stewardship and so using our capacities in the service of higher ends.
 - **Repenting** for failing to accept appropriate responsibility for shortcomings, recognizing that repentance for wrong-doing constructively precedes and shapes rightly-directed action.
 - **Re-envisioning**, through renewed application of eternal wisdom to our times, in order to transcend short-sighted, self-referential paradigms.

- **Reminding** one another of our obligations to share with those who cannot speak effectively for themselves or otherwise exercise their claims for justice.
- **Reforming** the economic system by uplifting persons, reshaping organizations, and renewing energies through trust and collaboration,
- **Remembering** God's mercy in creating a world of possibilities, including human stewardship to achieve what is right and good, as well as the historical truth that all human systems require dynamic checks, balances and timely reformulations.
- **Rejuvenating** the economic system by uplifting persons, reshaping organizations, and renewing energies through trust and collaboration, understanding that responding efficiently and effectively to the social and ecological problems that define our age will require the imagination, investments, and methodologies of business enterprise.

We invite you, in light of your own tradition and present situation, to read and reflect on this statement, and as appropriate, put its ideas into action in your sphere of influence.

CONVENOR: THE CAUX ROUND TABLE

Since its founding in 1986, the Caux Round Table¹ has kindled vibrant global dialogues around the world among its members and with other senior leaders in business, government, the learned professions, nongovernmental organizations, religious organizations, and scholarly communities for the purpose of promoting principled leadership and the prudent stewardship of human, ecological, and financial capital.

In July 2010, the Caux Round Table hosted one such dialogue by welcoming us, scholars from the three Abrahamic faith traditions—Judaism, Christianity, and Islam—to the organization's birthplace in Caux, Switzerland, to discern and discuss core themes on social questions as a framework for assessing and responding to the global economic crisis that is affecting people, businesses, communities, and other institutions.

¹ The Caux Round Table is an organization of senior business leaders from around the world that promotes global standards for organizational integrity and responsibility, including its landmark, *Principles for Responsible Business* (respect for stakeholders beyond shareholders; contributions to economic, social, and environmental development; building trust by going beyond the letter of the law; respecting rules and conventions; supporting responsible global integration; respecting the environment; and avoiding illicit activities). These principles draw on the transcultural themes of (1) *kyosei*, or social solidarity; (2) the dignity of the human person; and (3) stewardship (see www.cauxroundtable.org).

THE MOUNTAIN HOUSE STATEMENT

INTRODUCTION: The Economic Crisis, Abrahamic Resonances and Hope

In assessing the global economic crisis and its effects on individuals, communities, businesses, and other institutions, we recognized that economic circumstances have left many persons inside and outside of business feeling betrayed, wounded, and fearful. We also recognized that we ourselves as citizens, scholars, and consumers, have fallen short in anticipating the forces that have produced such frustration with markets and business as usual.

While an expanding global economy has benefited millions, failures in managing ethical as well as financial risk have destroyed wealth and caused harm to many people. The efforts of governments and businesses to promote economic recovery will not - in themselves - sufficiently address the dispiriting and disorienting vulnerability that so many people now experience as they lose faith in business, politics, and even religion itself.

With abiding respect for the distinctive beliefs of each of the Abrahamic traditions, we discerned in our discussions significant resonances among Jewish, Christian, and Islamic teachings that helped us reflect upon the many challenges that now beset the world community. These resonances build on a venerable and hopeful tradition of interfaith dialogue, provide a basis for restoring confidence in the daily work of all those who can contribute in their separate ways to global prosperity, and demonstrate the many benefits of respectful religious pluralism.

Religious scriptures, commentaries, and traditions provide profound resources for confronting anxieties, discerning wisdom, and finding constructive alternatives for action, especially when we have failed or find ourselves in despair. Yet religious perspectives have not always been welcome in business and economic discussions. This may be because many perceive an intellectually daunting gulf between the transcendent aspirations of religious approaches and the rational self-interest coupled with a mechanistic logic that so often is used to justify commercial activities and economic theories. Such rationalism does not yield readily to moral critiques and instead privileges a dogmatic market fundamentalism.

The indifference or even antipathy often given religious perspectives also might flow from skepticism over the role of religious ethics in pluralistic societies, not to mention acceptance of a deep antagonism between the spiritual and the material dimensions of our lives.

We readily acknowledge that there are many sources for knowledge and wisdom to serve the reformation of our global economy, including, the arts, humanities, the natural sciences, and the social sciences, including management and economics. Yet we believe that people of faith have unique resources to contribute to this dialogue, as well as an obligation to do so. Certainly in commerce, business, finance, and other economic activities human persons can be very appropriately engaged in the process of creation within the world that we have been given. The visions that spring from our faith traditions

speak through each of us, informing how we perform our work, measure our achievements, and earn our proper rewards.

In our discussions, we perceived that underlying recent economic failures and dysfunctions were driving forces of excessive self-interest and thoughtlessness. In short, the economic crisis arose from a preceding moral crisis. Therefore, moral responses will be as necessary as economic ones to restore global hopes and prosperity.

With faith, humility, and hope, we issue this statement to engage significant contemporary problems and to open conversations with marketplace leaders and other professionals that will draw upon the resources of the Abrahamic faith traditions to improve awareness, analysis, and remedial responses to the systemic and individual shortcomings that have surfaced in the economic crisis.

Our statement consists of four sections: (1) Created and Working in God's creation; (2) Uses and Abuses of our Creative Powers; (3) Causes of Recent Financial Market Dysfunction; and (4) Responses to Abuses of Creation.

I. CREATED AND WORKING IN GOD'S CREATION

Each Abrahamic faith holds that human beings are created. In response to this gift of life, women and men are called to engage themselves with the Creator's vision for a just and fruitful world, using their talents and creativity as stewards. Stewardship comprises both opportunity and responsibility. Our Abrahamic traditions recognize and celebrate this human creativity and see it as a gift from God. Human creativity offers the potential for experiencing pleasure, for improving the world, and for advancing individual and collective human flourishing.

When properly employed, human creativity should reflect the greater purposes of a Creator, whose generative will aims for the maintenance and transformation of the world for the good of all creation. Human creativity—embodied in what we make, how we make it, how we distribute it, and how we use it—should express the thoughtful and responsible stewardship that comes with recognizing God's ultimate dominion over all things. We are, properly speaking, trustees of capacities, powers and wealth that spring from sources beyond our personal control. Our minds, our health, our labors, our properties are each held in trust by us for some very small part of time. As such, we must treat these trusts as part of a larger creative vision, one with redemptive moral dignity.

The call to engage with creation goes out to all. No job and no work can be dismissed as ordinary. Nothing in creation is merely ordinary, neither a blade of grass nor a drop of dew and no less each of us. Whatever human hands put together can be imbued with the purpose of a higher vision of contributing to God's creation.

Within God's creation, humanity has developed increasingly complex institutions, bending the world towards our use. Men and women everywhere have applied their

creative energies in diverse areas, including business and industry. We humans both participate in and re-shape the world.

However, nothing any person creates is perfect or eternal. The vital and distinguishing generative capacity of human beings is absolutely constrained by their finitude.

Our participation in the world and our powers within that world will always be constrained by the complexity of a creation that was not of our design and which exceeds our control. These limits—existing in all areas of creative human engagement—are the substance of our finitude, leaving us always vulnerable to circumstance, to the constraints of natural resources, and to the risks of ignorance and self-deception. To ignore these limits is to invite pain and destruction. Humanity’s creative projects are properly worldly and, therein, are as vulnerable to failure and decay as all else that is only of the world. Moreover, human intentionality does not escape this finitude. Moral failure and sin actively hinder our ability to act in the world in ways that serve the common good. Selfishness and self-centered aggression can erode even our most lofty projects.

Our faith traditions also recognize that in human finitude (and, therein, our vulnerability), our creative activity can veer, intentionally or unintentionally, toward either noble or foul ends. Given our natures, we cannot always pursue our creative projects thoughtfully or responsibly. We regularly fail to exercise proper caution in thinking through the implications of our creative actions. Our actions are constrained by finitude because our knowledge is always incomplete (sometimes tragically so) and our powers always have their limits.

Human creativity—embracing, on one side, divine creativity, but on the other, personal finitude, moral weakness, and sin—is inherently limited and subject to abuse. (The Hebrew term, *cheyt*; the Arabic term, *khata*; and the Greek term, *hamartia* render how this combination “misses the mark.”)

Our Abrahamic traditions insist that the human person, even in his or her finite vulnerability, as a creation of God, has the potential to reflect divine goodness. We write this statement to address those distortions or denials that arise from human failings—naïve falsehoods that mis-direct our creativity—and to suggest how our traditions can assist us in finding our proper place in creation.

II. USES AND ABUSES OF OUR CREATIVE POWERS

A fundamental human pitfall is to reject or ignore the fact of our finitude. When this happens, we often reassure ourselves only with what we ourselves have created – in thought and in the world. Denying our limitations and assuming mastery of creation ironically closes us off from the wisdom of others, nature, and God, and pushes us toward abuse and away from our responsibilities toward our neighbors and thus alienates us from God.

Genesis 11 in the Jewish Torah and the Christian Bible tells of the unrestrained imagination of men and women and their ambition to build a great tower that would reach unto Heaven, and God’s rejection of such inappropriate excess with punishment.

In First Samuel 8, the text reports that when the people of Israel sought to choose for themselves a king, God concluded that, in their over-reliance on human power, they had actually rejected God. Qur'an affirms that God created the human person for worship of God alone (Qur'an 51:56; 59:22 – 24). Out of conceit, men and women may see themselves as better than they truly are: as masters of the house and not as servants tending to its residents and grounds.

For most of history, we experienced our fear of finitude in relationship to the capriciousness of nature as we faced threats from predators, crop failures, natural disasters, and disease. In response, we created various forms of defense, government, economy, and technology. The victories over vulnerability brought about by these creative human labors, while often of great benefit to humanity, have also been followed by new threats and anxieties. Finitude is sealed in our souls.

We now face a world that, in large measure, reflects our own activity but that, equally, seems out of our control. The errors and malfeasance of some unleashed an economic crisis that has shaken the whole world. The thoughtless acts of many economic actors have brought us to the brink of any number of market failures and serious ecological setbacks.

Together, we must continue to cultivate critical awareness of the limited and potentially flawed nature of all that we create. Even as we celebrate successes in promoting human well-being and alleviating suffering, we must remain mindful of the partial nature of these successes and not forget those who do not fully share such benefits. As we celebrate the great good we have achieved, we must also remain mindful that our systems are replete with coercion, corruption, destructive antagonism, and selfishness.

The power of our technologies and institutions makes the possibilities of positive and negative outcomes ever more profound. For this reason, use of these powers demands from us ever greater responsibility. Now the impact on the world of humanity's creative powers has grown so consequential that we are newly called to make long-term, prudential and fiduciary evaluations of just how well we serve God's vision for all of Creation.

III. THE CAUSES OF RECENT FINANCIAL MARKET DYSFUNCTION

The "Great Recession" that began in 2007, brought global credit markets to their knees. Recovery from that collapse of private credit markets is proving uncertain, long, and painful. In these recent economic adventures and tragedies, our human finitude and our failings in prudential judgment expressed themselves in a series of mistakes, malfunctions, and mendacious pursuits that badly crippled the creative capacity of the global economy. Only dramatic intervention from public institutions, including massive taxpayer bailouts and credit commitments, protected the world from the destructive consequences of poorly examined economic systems, ineffective previous government policies, and the foolish excesses of financial opportunists.

What went wrong and why? How could humanity's good endowments and generative possibilities have become so distorted and misused? In marketplace terms, we can point

to numerous individual and institutional malfunctions and failures. Complex products were designed by financial institutions that allowed excessive debt and discouraged transparency and accountability. With government policies keeping the cost of capital close to zero, private actors were encouraged to seek higher levels of risk in order to earn higher returns (the so-called “chasing alpha” investment strategy). Some who calculated, packaged, and sold securitized debt products and other higher risk instruments either acted with negligence or did not always understand exactly what they were selling. Investors (sophisticated and simple alike) often did not recognize what they were buying. Even worse, sometimes both buyer and seller knew the deficiencies or wrongness of their transactions, but executed them anyway.

At the institutional level, we observed systemic failures: by banks, investment firms and other financial services companies, by regulatory and oversight bodies, by government monetary and housing agencies, by rating firms, corporate boards, legal and accounting professionals, and by MBA programs in universities.

In particular, the financial service industry lacked self-discipline and self-regulation and relied on a pervasive but misplaced belief that there were effective ways to “manage” risk out of investment portfolios, if not out of the system. Sophisticated investors and institutions securitized and shifted risk often without full disclosure to others, locking in upfront profits while ignoring tail risks and later losses.

Compensation packages and excessive bonuses were often misaligned with long term goals, leading to destructive short-term behaviors, and at times rewarding failure more than success. Institutional and personal fixation on increasing financial returns to the exclusion of other material, though often intangible, risk considerations, also reflected such dysfunctional misalignment of performance and pay. Board governance practices offered little relief from this disturbing trend.

At the individual level, we also saw numerous failures and misuse of creative powers. Whether at the hands of individual financial product developers, executives who approved these complex instruments, salespeople who sold them, portfolio managers who invested in them, or individual consumers who bought them, there was a systematic suspension of reality through a lack of prudence, common sense, due diligence, and awareness of limits. Some individual abuses were matters of incompetence or negligence while others crossed the line into malfeasance and fraud.

Throughout it all, religious communities were often silent—neither understanding nor challenging institutions that promoted the exuberance of the housing and credit bubble, nor teaching their congregants prudential attitudes toward money, risk, and consumerism. Sensitivity to appropriate separation of church and state often reinforced this disengagement of church concern from economic policy matters.

In theological terms, we can see the root of these market malfunctions and failures in the spiritual concept of human finitude. The Abrahamic traditions seek to present reality, not replace it with an illusory framework reflecting human vanity that only can lead to failure, suffering, and sadness. These traditions envision a marketplace that performs its rightful function within society with excellence and honesty; a marketplace that is not indifferent to, but fully cognizant of, how actions by some have an impact on others, particularly the

weak and the less fortunate. These traditions refuse to accept a market-driven world that is atomized and divisive.

While encouraging marketplace innovation and growth, these traditions acknowledge the devastating human impact of hubris and vanity that often accompanies—and eventually undermines—marketplace power and success. These faith traditions also understand that fear, uncertainty, and vulnerability often accompany ambitious human endeavors, and that they can lead to destructive behaviors. Yet these traditions simultaneously point to the folly of those who seek personal consolation in these market opportunities by imputing a salvific role to markets and other human institutions. Such idolatry compounds our difficulties by diverting us from a proper understanding of how best to use our creative capacities.

Finally, the Abrahamic traditions offer a different conception of time. Market participants face increasing pressure from consumers, investors, analysts, and others, to make short-term decisions to increase quarterly returns while sacrificing long-term stability, innovation, and organizational health. It is unfortunate that, at a time when the increased scope of our actions in the world requires us to make long-term, prudential, and fiduciary evaluations of how best to serve human well-being, the time horizon for evaluating our actions is all too often restricted to the next business quarter. In contrast, the Abrahamic traditions understand time not in terms of fiscal quarters but of generations, indeed eternity. Viewing marketplace actions from a different and more thoughtfully realistic sense of time would markedly improve business behavior.

The current market and regulatory system, left to its own devices and resources, has proven unable to detect, prevent, or remedy its own gross malfunctions and failures in a timely manner. So we believe we must seek fresh ideas and guidance from other sources of intellectual richness and venerable moral authority. Accordingly, we suggest a turn to theological resources, wisdom traditions, and reflection on the human condition, to rebuild the individual and institutional relationships with our neighbors, our work and with God.

IV. RESPONSE TO ABUSE OF CREATION

The Abrahamic faith traditions provide relevant knowledge and rich wisdom on the current crisis and where we should go from here. They provide, too, foundations for hope and reform that resonate quite constructively with other traditions, even secular ones shaped by pluralistic societies.

In response to these perennial challenges, the Abrahamic traditions have each developed principles for discernment, judgment, correction, and action in economic and financial matters. Even if the problems we face are as novel as the latest financial algorithm, genetic research or nanotechnology, these resources speak to managing our innate though often morally fallible human desires.

Our traditions counsel watchfulness and remembrance that the world is always greater than our communities and our projects. We can learn from and are responsible to others, the natural world, and God.

Our traditions insist that there is an inherent social dimension to the human experience of life. We should, therefore, construe those circles of community expansively and generously. Our traditions also caution that, within community, we serve God's aspirations as well as one another. Therefore, our undertakings cannot be reduced merely to strategic or instrumental manipulations of opportunity. The voices of the Prophets have long called all our communities to heed the overlooked voices of the powerless and the disadvantaged, and the too-often ignored voice of God.

Our task, essentially, is to understand our calling as human persons so that we look upon both people and things—both our work and our resources—as opportunities for fulfillment of our various roles in the stewardship of creation.

Each of our traditions provides for:

- **Receiving** and hearing God's often overlooked advice and guidance so that we may act as faithful servants of creation with thought, fidelity, humility, and compassion. As persons of finitude, we need to receive wisdom before we attempt any worthy achievement. Cultivation of humility, mindfulness, and thankfulness – which for many can be achieved with a practice of prayer or worship – permits constructive grappling with our finitude as God challenges us to do on behalf of creation.
- **Remembering** God's mercy in creating a world of possibilities, including human stewardship to achieve what is right and good, as well as the historical truth that all human systems require dynamic checks, balances and timely reformulations.
- **Responding** to the transcendent call for stewardship and so using our capacities in the service of higher ends.
- **Repenting** for failing to accept appropriate responsibility for shortcomings, recognizing that repentance for wrong-doing constructively precedes and shapes rightly-directed action.
- **Re-envisioning**, through renewed application of eternal wisdom to our times, in order to transcend short-sighted, self-referential paradigms and calls for a relentless Social Darwinism that overlooks the voices of those who suffer most from such thoughtless wealth seeking.
- **Reminding** one another of our obligations to share with those who cannot speak effectively for themselves or otherwise exercise their claims for justice.
- **Reforming** the economic system by uplifting persons, reshaping organizations, and renewing energies through trust and collaboration, understanding that responding efficiently and effectively to the social and ecological problems that define our age will require the imagination, investments, and methodologies of business enterprise.

CONCLUSION: Let No One Stand Idly By

We, the undersigned, are aware of the numerous difficulties involved in expressing the perspectives of multiple religious traditions in a single brief statement and dealing accurately with complex economic matters. Nonetheless, the challenges posed by current global economic and environmental difficulties demand that we seek shared understandings and points of sympathetic resonance with which to take mutual and constructive action. We thus offer this statement for the purpose of prompting discussion and action consistent with the Caux Round Table *Principles for Responsible Business* (www.cauxroundtable.org).

We invite all members of the Abrahamic faith traditions (including institutional representatives from commerce, government, and business and theological education), and all other people of good will, to reflect on the issues raised in this statement, and to respond to the Caux Round Table with their own insights. We further encourage them to:

- Study and discuss this statement in their own churches, mosques, synagogues and other religious places.
- Use this statement as the basis for interfaith and inter-disciplinary dialogue in their own communities.
- Examine their own work in an attentive and watchful manner, seeking fresh ways to be open and faithful to God's will in and for the world.
- Prepare for prayer and worship by reflecting critically upon our current economic circumstances, their particular role in it, and a restored vision of the future.
- Encourage other people of faith to consider how the Abrahamic traditions may inform principled and sustainable ways of engaging in commerce in our increasingly complex global economy.
- Use this statement in secular educational, regulatory, and corporate settings to consider the wider contextual dimensions of markets.

Our promise is to create justice; our vocation is to work responsibly; our disappointment is that we fall short of what we might be. Let all who read this join us to seek righteousness, act morally, and seek healing for our mutual shortcomings.

After the Global Economic Crisis:
Abrahamic Social Thought and Repairing our Stewardship of Creation

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A BILL FOR AN ACT CREATING A SOCIALY RESPONSIBLE COMPANY REGISTRY

Voluntary Responsible Company Registry

Sec. 1 Contributions of Responsible Businesses

The Legislature of the State of Minnesota finds that: responsible business enterprise promotes community prosperity and individual well-being; that trust and integrity promote sustainable business enterprises; that prudent risk management and responsible treatment of stakeholders sustains uncompromising integrity in business endeavors; that sensible ethical principles promote prudent risk management; that, therefore, it is in the public interest to promote and encourage responsible companies.

Sec. 2. Responsible Companies

A responsible company is any business enterprise organized under the laws of the State of Minnesota that:

- (1) adopts a generally recognized set of ethical principles for responsible business such as the Caux Round Table Principles for Business, adopts its own set of socially responsible ethical principles, has a B Lab certification, or publicly reports its

operating results in conformity with a standard such as that provided by the Global Reporting Initiative

- (2) makes an annual report to its Board of Directors regarding its operational alignment with principles or reporting guidelines for responsible business including such factors as: (a) the likely consequences of any decision in the long term, (b) the interests of the company's employees, (c) the need to foster the company's business relationships with suppliers, customers and others, (d) the impact of the company's operations on the community and the environment, e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (3) makes public the findings of its annual report of such operational alignment;
- (4) adopts through its Board of Directors or other senior strategic decision-makers a process of analysis and recommendation to make continuous

improvements in its operational alignment with its principles for responsible business or to improve its operational results under its chosen third party reporting guidelines for its corporate social responsibility and to act fairly as among stakeholders of the company.

(5) provides members of its Board of Directors or other senior strategic decision-makers with stated objectives for stakeholder management such as quality of customer relationships, employee productivity and well-being, excellence in corporate governance, financial returns, support for community initiatives.

(6) annually affirms in a public report that members of its Board of Directors or other senior strategic decision-makers are familiar with responsible business practices

Sec 3. Registration of responsible companies

(a) Any responsible company may, upon affidavit of its chief manager or chief executive officer that the company has complied with the requirements of Section (b) for the preceding 12 months, register with the Office of the Secretary of State of Minnesota as a responsible company.

(b) The Secretary of State shall maintain a public register of Responsible Companies as defined in this Act.

Outro:

A CULTURE OF DISCIPLINE

We've all heard that government should be run more like a business. Or maybe we've heard that this or that non-profit should be run in a more business-like fashion. In Jim Collins' Monograph, "Good to Great and the Social Sectors," he relates a conversation on this topic he had with a CEO while at a gathering of business leaders. The CEO took offense to Collins' pronouncement that we must reject the idea that in order for the social sectors to become great, they must become more like businesses.

The CEO stated that in his work with non-profits, "they are in desperate need of greater discipline – disciplined planning, disciplined people, disciplined governance, disciplined allocations of resources."

Collins replies, "what makes you think that is a *business* concept?" He goes on to note that most businesses are also in desperate need for greater discipline.

"A culture of discipline is not a principle of business; it is a principle of greatness."

This issue of *Pegasus* brings together two attempts by the Caux Round Table ("CRT") to better document discipline and adherence to high moral standards. The first document, the Mountain Home statement, speaks to what happens when there is no culture of moral discipline in place. The second presentation shows how the CRT's energies can be directed into documenting and promoting disciplined morals in the future.

All of the regulators, bankers, and consumers that were to blame for the economic disaster of 2008 all have morals and ethics – they simply were not disciplined in upholding those ideals. Indeed, the Mountain Home statement shows that all of the Abrahamic traditions, from which many individuals receive their moral teachings, have a similar foundation and that foundation requires discipline.

The legislation that was introduced provides a way for that same discipline and good moral judgment to be catalogued and verified. Going back to Collins' writing, he states that:

"In the social sectors, the critical question is not 'How much money do we make per dollar of invested capital?' but 'How effectively do we deliver on our mission and make a distinctive impact, relative to our resources?'"

It is this thinking that the idea of a public registry for Corporate Social Responsibility would fulfill. It would combine the business calculations with the social ramifications and it would do so in a way that highlights moral discipline and responsible stewardship. It adds in the possibility of more accountability (and reward) into business calculations.

What these documents highlight is the concept that it is not that the social sector, government and non-profits, need to be more business-like, but rather that the world of business would do well to borrow from the social sector. Altering the business mission from the undisciplined pursuit of profit that was on display leading up to 2008 to instead focusing on a disciplined and moral approach to business (the CRT approach) would allow for increased profitability for the business, personal growth for the employees, and a more sustainable stewardship of our resources.

As always, I welcome your comments.

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