

## **Caux Round Table Global Dialogue 2003 Report Mountain House, Caux, Switzerland**

This year the Caux Round Table's Global Dialogue was held on July 7, 8 and 9 in Mountain House, Caux-sur-Montreux, Switzerland. The CRT returned to the place of its birth with those stunning views out over Lake Leman and of the French Alps to the south across the lake and with refreshing mountain air providing invigorating respiration.

### **Fundamental Values**

The first sessions were devoted to consideration of fundamental values: with such growing diversity in the world, with new technologies of communications, biological innovation and nano-physics upon us, what values can be considered as fundamental to responsible business conduct in the global community?

Herman Wijffels, a member of the CRT's World Advisory Council, and Chair of the Economic and Social Council of The Netherlands, suggested discussion of this concern. Herman opened the dialogue with a call for reflection on a common view of the principles and value systems that can guide our actions going forward. For himself, he pointed out that we are becoming more and more conscious of the coherence, the interconnectedness, in all matter and therefore, in all forms of life. We need, he suggested, to achieve within this consciousness a better quality of relationships between people, and a better quality of relationships between man and the planet.

CRT Chair, George Vojta, presented a set of observations guiding the CRT's action program focused on the moral imperative that the "21<sup>st</sup> Century be dominated by a universal quest to improve the general welfare, through peaceful change and sustained development." In keeping with Herman Wijffels' emphasis on wholeness and coherence, Vojta insisted that the "functionality, integrity, and safety of the core financial markets should be accomplished through transparency, standardization, risk mitigation, improved settlement protocols, and interoperable operating platforms" with "greater emphasis" placed on the "fiduciary obligations of private enterprise."

Paul Cardinal Poupard, President of the Pontifical Council for Culture, suggested that three fundamental perspectives should guide us forward. The first was awareness, no matter our religious perspective, of our limitations and our dependence on God. The second was reflection on the station of humankind in God's creation. The dignity of the human always presents itself as a claim on our concerns. The third fundamental moral perspective for the Cardinal was a vision of solidarity, of interdependence and a turning away in our thoughts and actions from isolated self-sufficiency.

Cardinal Poupard urged us to rise above the contemporary culture of mistrust with its roots in Nietzsche and Freud and not to take profit from position but rather to serve with our powers.

Dr. M. Haytham Khayat from Cairo followed Cardinal Poupard to consider Islam's contributions to world prosperity. Dr. Khayat is Senior Policy Advisor to the Regional Director of the WHO and responsible for the WHO's Arabic program. He has written some 20 books in Arabic, French and English and published some 70 articles. Dr. Khayat began his remarks with the observation that, in Islam, freedom is more important than life; oppression is worse than murder. Thus, under the Koran, we must recognize the parity and the equality of the other and submit ourselves to an ethics of dialogue. The pursuit of free markets is in keeping with this acceptance of freedom. Each can seek a portion of God's bounty.

We should be ready to admit the existence of differences, to search for common ground and to obtain information and knowledge from others.

Third, Dr. Khayat said, Islam insists on justice, the just balance enjoyed by God. Guiding ourselves with truth, insures that we reach that circumstance of balance. Thus, Islam forbids aggression and corruption, transgressions of one against the other. We may not be indifferent to the balance in what God has provided. We should not waste wealth or disturb the environment with extravagance. We are to be trustees of God's bounty.

According to Dr. Khayat, the Prophet Mohammed required of us "gracefulness" which is good quality and excellence, a kindly and caring touch for all individuals become persons within society where mutual love and compassion have their honored place. Muslim means fully human, to support the community in order to obtain self-sufficiency of the person. The Prophet enjoined doing a civilized action a day, even as simple as saying a kind word. If we are able to extend a benefit to others, we should do so.

Next, Rabbi David Rosen offered a perspective from his tradition of Orthodox Judaism. Rabbi Rosen is the Director of the Heilbrunn Institute for International Interreligious Understanding of the American Jewish Committee. He has been a senior Rabbi in South Africa and Chief Rabbi in Ireland. He is President of the World Conference on Religion and Peace. Rabbi Rosen opened his remarks with the affirmation: "I agree."

He spoke to the tradition of ethics among the Abrahamic faiths, that we are called by a monotheistic God to emulate his character of being just, righteous and loving. This stance has permanent implications for human responsibilities and duties. Humans are created in the divine image, which is the source of dignity. We should be treated as if the best of God. A positive self-image is well-grounded, but we must stop short of self-intoxication. We must find a balance between a sense of worth – near unto the angels – and the humility of being only dust and ashes. This stance leaves no room for abuse. The question is not is God on our side, but are we on God's side?

A second foundational principle for Rabbi Rosen is the value of the collective. The covenant presumes a collective, but not an arrogant one. We must balance the individual with the collective. Danger arises when the collective becomes a supreme value – an idol. Our challenge is to find the point of equilibrium. Out of respect we convert narrow

identities of self and community to wider circles of non-alienation. We should therefore live in love and respect in all our doings.

As Rabbi Rosen finished his remarks, participants were quite taken aback by the convergence on fundamental values of the three Abrahamic faiths.

Then, in the final session of day one, Lord Brennan, Queen's Counsel and past chairman of the Bar of England and Wales, put a concern for fundamental values in a more explicitly secular contest with remarks on the rule of law in the global village. He began with a statement of the problem: "all dogs will fight for their bones", quoting American legal thinker and Supreme Court Justice Oliver Wendell Holmes.

To provide for justice or equilibrium, the rule of law needs, in Lord Brennan's opinion: 1) institutions with a democratic basis; 2) "good" substantive laws; and 3) community respect. The Rule of Law is the cement in building civilization: it keeps all the bricks in place.

We must start building with judicial independence. Corruption in many places is a form of judicial control, to deny independence, and so fairness, to application of the law. Then, a system of good commercial law is a must for prosperity. Then, a nation needs a framework for financial transactions and corporate governance that works. Finally, there needs to be a sense of world justice. In the EU the daily food subsidy per cow is \$2.20. (In Japan it is \$7.50) when many people get by on \$1 a day. (Oltmann Siemens of the World Bank's International Finance Corporation interjected that he and his colleagues had first thrust those statistics into the debate to the consternation of many for exposing current realities in wealthy countries.)

Lord Brennan noted in the context of global economic justice that liberty oppresses and law delivers.

He urged us to think of globalization as a river that can nourish and replenish but, equally, can swamp and even drown our communities. What are the rules keeping the river within its beneficial course?

Lord Brennan also suggested that we think of our time not as a global "village" but rather as a "city" where the poor and rich live cheek by jowl.

With globalization under the Rule of Law, labor must be valued at a fair rate and products bought at a reasonable price.

### The Challenge of Global Aging

On day two, Richard Jackson, Program Director and Senior Fellow, Global Aging Initiative, Center for Strategic and International Studies, spoke to an increasingly serious audience about projections of great economic difficulty for wealthy nations.

Today, wealthy nations hold some 95% of the world's wealth, but if present demographic trends so not change, that will no longer be so. The wealthy nations are running out of young people to create new wealth and are running into large numbers of old people who will drain wealth from those economies.

Fertility in every developed country has fallen below the replacement rate of 2.1. The three developed countries with the lowest fertility are Japan, German and Italy. At the same time, longer life spans enlarge the relative number of older people in the population. Historically, nations enjoyed a steep pyramid shaped age distribution, with far more younger people at the base than older people at the summit. By 2050 developed countries will experience an inverted pyramid, with more old people at the top than young people at the bottom.

The fiscal challenge: there will be fewer workers to support each person in retirement, so there will need to be large tax increases, large benefit cuts or exploding public debt to fund pay-as-you-go retirement plans. There will be growing political paralysis over unpopular budget choices as public retirement benefits are due to grow to ¼ of GDP. Retirement spending will leave little room for national defense appropriations.

The labor challenge: with shrinking and aging workforces there will be pressure to increase immigration – and provoke cultural backlash – and cross-border outsourcing of production. In Italy, the working age population with decrease by 42% by 2050.

The economic challenge: long term zero or even negative GDP growth; declining rates of savings and investment, falling demand for infrastructure (housing) and capital goods, shrinking consumer markets, overcapacity in production and declining profits.

The financial challenge: danger of a great depression in financial markets when “Boomers” retire; unsustainable government borrowing to fund pensions; possible collapse of regional economic entities like the EMU; capital-flow reversals – emergence of developed debtors – Japan – and developing creditors – China, Mexico.

Jackson suggested the following responses to this demographic trend:

- focus on raising productivity and wages
- encourage later retirement and working lives
- encourage more employment of “working age” adults
- reward families for having children
- make it easier for young and old to care for each other within families
- change retirement programs to funded savings plans
- promote globalization for immigration, outsourcing and cross-border investment so that an open global economy can allow young people to support old people without regard for national boundaries

Jackson concluded: “We live in an era defined by many challenges, from global warming to global terrorism. None is as certain as global aging. And none is likely to

have such a large and enduring effect on the shape of national economies and the world order.”

**Conclusion:**

After meetings of break-out groups permitting more individual reflection and appropriation of the issues and points advanced by the presenters, Lord Brennan closed the dialogue with a passionate and elegant call to engagement and action in support of the CRT’s Principles for Business and, now, for governments as well, and of its action plan for responsible globalization.