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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INTRODUCTION

This issue of *Pegasus* comes to you just after foreboding events put into question the happiness of the Egyptian people going forward. Several weeks ago I was sent a copy of a well-grounded essay by the recently resigned Grand Mufti of Egypt, Shiekh Ali Gomaa. I had the honor of being introduced to him by Cardinal McCarrick at a conference at Georgetown University on the Common Word initiative pointing out the "common word" between Islam and Christianity and Judaism, which is to love your God and your neighbor. In his essay reprinted for your convenience in this issue of *Pegasus*, Sheikh Ali Gomaa presents the tradition of Muslim scholars for engagement with other faiths through the study of comparative religion in a Qur'anic quest for living through justice in this world.

Sheikh Ali Gomaa provides for all of us a framework to work with and not necessarily against those of many points of view.

Just as Egypt today is convulsed in civil strife between partisans holding different views of how to use the state for the common good, Thailand has suffered in recent years from a similar confrontation between political standpoints.

Where there is breakdown in civil dialogue or the threat of breakdown in civil order, governance is the best remedy for the malady of human folly. A discussion of governance by former Thai Prime Minister and member of our World Advisory Council, the Hon. Anand Panyarachun is included below. Khun Anand opened a recent conference in Bangkok with these remarks and I closed the session with what turned out to be parallel recommendations. An abridged version of my remarks is included in this issue as well.

Stephen B. Young
Global Executive Director
Caux Round Table

COMPARATIVE RELIGIONS IN **ISLAMIC THOUGHT**

BY **SHEIKH ALI GOMAA**

INTRO BY **STEPHEN B. YOUNG**
GLOBAL EXECUTIVE DIRECTOR
CAUX ROUND TABLE

Sheikh Ali Gomaa had been the Grand Mufti of Egypt until his recent resignation of that position just before the events that removed Mohammad Morsi as President of Egypt. I met the Sheikh at Georgetown University the other year at the introduction of Theodore Cardinal McCarrick, a member of our World Advisory Council, at a discussion of the Common Word Initiative launched by Muslim clerics to engage Christians in common reflection on the God of Abraham and his commandment to love one another. Sheikh Ali Gomaa's essay in this issue of Pegasus is a very important presentation of the case, firmly grounded on Qur'anic guidance and traditions of scholarship within Islam, for Muslim engagement with non-Muslims in mutuality and common submission to purposes higher than our own ease and willfulness.

Given the recent collapse of political order in Egypt due to enmity and conflict between Muslim Brotherhood understandings of what it means to be a Muslim and secular Egyptians, as well as other expressions of Islamic faith, Sheikh Gomaa's analysis of comparative religious study could have a salutary and remedial effect on Egyptian politics and support for democratic checks and balances.

Sheikh Gomaa was born in 1951. In 2003 he was appointed the 18th Grand Mufti, supervising the office that issues fatwa opinions, some 5,000 a week. After receiving a BA in commerce, he attended al-Azhar University, graduating in 1988 with a PhD and becoming a professor there. He is a Sufi and a student of Sunni jurists.

Stephen B. Young
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The discipline of comparative religion is characterized by investigation into religious doctrines, study of the extent of their verity, the points of commonalities, as well as differences among them, and other related matters.

Understanding "Religion"

Lexically, the word din bears multiple meanings in Arabic, among them are property, strength, beneficence, worship, dominion and authority, self-abasement and subjection, submission (Islam) and monotheism, and a host of other meanings. Among Muslims, however, the word has a specific meaning for 'what God sets forth encouraging those possessed of sound intellect to choose righteousness in the present life and felicity in the hereafter;' or, 'what God sets forth seeking to guide people to truth in their beliefs and to good in their conduct and affairs.'

Technically, the term din encompasses idolatrous creeds, those worshipping animals or plants (or animists venerating the power of nature), the mythological rites of the ancient Greeks, Romans, and Egyptians, the Persian fire-worshippers, and so on. The Qur'an used the word din for all such traditions in Quran 3:85 (And whoever seeks a religion [din] other than Islam — it will not be accepted from him, and he will be among the losers in the Hereafter) and Quran 109:6 (unto you your religion [din], and unto me, mine).

In Qur'anic idiom, "Islam" (lit. "submission") is the term for the religion (din) shared and proclaimed by all the Prophets. Noah, upon him peace, said to his people: I am commanded to be of those who surrender [to Him] (Quran 10:72). Jacob, upon him peace, enjoined his children: so do not die save having surrendered [unto Him] (Quran 2:132). Moses, upon him peace, said to his people: O my people! If you have believed in God then trust in Him, if you have truly surrendered [unto Him]! (Quran 10:84). The disciples said to Jesus: We believe in God — bear witness that we have surrendered [unto Him]! (Quran 3:52).

Islam is nothing other than attending to God, the sustaining Lord of the Worlds, in sincere obedience, without the hint of idolatry, in firm faith and confident belief in everything that He revealed, in whatever language, age, or location, without rebelling against His ruling, without personal distinctions, and without splintering into factions or partisans of one scripture over another of His revelations, or of one Messenger over another of His Messengers.

Thereby, the Qur'an said: And they were not enjoined with anything but to serve God, sincere

> "The wind of God's grace is always blowing, but you must raise your sail."
>
> - *Vivekananda*

Egyptian protesters clash with riot police, near Tahrir Square, Cairo, Egypt, Photo by: Khalil Hamra

in religion (Quran 98:5); and: Say [O Muslims]: We believe in God and what has been revealed to us and what has been revealed to Abraham, and Ishmael, and Isaac, and Jacob, and the tribes, and what Moses and Jesus received, and what the prophets received from their Lord. We make no distinction [of preference] between any of them — and unto Him have we surrendered (Quran 2:136).

Islamic Methodologies for Studying Religion

1. The method of history and description

   The history and description of religions has occupied a vast area in the thought of Muslim scholarship. They set out for it foundations and principles previously unheard of. They made judgments with integrity. The scholars of Islam grounded this methodology and then applied it with objectivity and integrity on the various religions of the world.

2. The method of analysis and comparison

   The scholars of Islam did not simply stop with description and histories. They went beyond it to an analytical-comparative methodology. It is worth mentioning that comparison did not take a single form for them. Rather, its meaning was wide and took on various forms. For example, a researcher might study an aspect (or more) of two or more religions and compare them. Or, he might treat one religion and study it in depth in all its aspects. Or, he might offer introductory methodological frameworks for another researcher. As well, comparison might mean a study of the founder of a religion or its prophets, such as a comparison between Jesus (peace be

upon him) and Buddha or Krishna. Another example is studying journeys or pilgrimages revered by certain religions and often noted by Western scholars.

3. The method of critique

In their works, Muslim scholars sometimes studied religions, or aspects of them, in a critical manner. They would analyze a specific dimension, or many dimensions, of a given religion and critically analyze them.

4. The method of dialogue, debate, and refutation

Islamic thought knows a living form of disputation, which would take place in public gatherings or elite audiences, between Muslims and non-Muslims from a variety of religious backgrounds. This was an application of the Qur'anic verse: Invite to the way of your Lord with wisdom and good worlds. And debate with them in a manner that is best. God is more knowledgeable of who has strayed from the path and of who has been guided. (Quran 16: 125). There are also debates compiled in letters and books. These include the letter of the monk Cluny in the south of France to the prince of Zaragoza in Andalusia; and the response of the Qadi Abu Al-Walid Al-Baji to it.

Muslim Scholarship on Comparative Religion

Adam Metz is just one of many historians to have recognized that the field of comparative religion is an Islamic contribution to the world and that it formed, thanks to the tolerance towards other religions for which Muslims were known.

Islam's position towards other religions may be divided into two: a theoretical component, and a practical component. Theoretically, Islam declared that it was the final link in the chain of heavenly religions. Practically, it recognized the existence of non-Muslim groups, and the Qur'an even presented the beliefs of the pagans and the people of the book, before refuting them. As such, those who commented on the Qur'an addressed also these religions in detail.

The field of comparative religion, in its theoretical dimension, has been a part of Islamic culture since its very beginning. As such, kalam works have appeared since the third hijri century, which aimed to study different religions and sects, the history of their formation, and their doctrinal beliefs. The reader of these works will not take long to notice their efforts in comparing religions without using express words of comparison. So they might say "nations and religions" or "a sect among the sects." So they undertook the concept of comparative religion without actually using the word "comparative." Despite this, they studied the religions and beliefs through descriptive, analytical, and critical frameworks in order to point out the essential and formal differences between them and the teachings of Islam.

However, comparative religion came to be an independent field with the work of Al-Amiri (d. 381 AH), Al-Biruni (d. 440 AH), and other giants in the history of Islamic thought who realized the inadequacy of the disputational mode and its inability to properly study others' beliefs.

Despite this belief in the possibility of such a framework, there are objections and questions

Battle Between Richard I Lionheart 1157-99 and Saladin 1137-93 in Palestine by Philip Jacques de Loutherbourg (1792)

that arise from time to time. These include:

1. Since religion incorporates subjective elements – including psychological and spiritual ones – it is difficult for the researcher to evaluate them in an objective manner through an empirical scientific method. I add to this that comparing religions is a two-pronged operation, consisting of the culture of the writer and his intellectual formation, on the one hand, and the necessity of engaging with the beliefs under consideration in an objective manner, on the other. Each of these two has its own set of demands. With respect to the first, it is necessary to take account of the beliefs and accumulated intellectual tradition prevalent in the culture of the writer, which have a great influence on his manner of thinking and conceptualizing the culture and beliefs of others. On the second count, it is important that he show due regard for the religions he studies, and a desire to engage with them objectively. It is extremely difficult to give each of these their due, though not impossible.

2. Some people add the following objection: If it is impossible for a person to believe in more than one religion at the same time,

how can it be possible for him to study a religion other than his in an intellectually honest manner?

3. The matter is complicated by the fact that the manner of coming to know the teachings of a religion about God, ritual, and sacred obligations is not a sensory one, but rather through revelation. It is not easy to attain this knowledge in an empirical, objective way. So there is no objective test that guarantees you have achieved this knowledge. As such, how can you be assured that you have understood the true nature of these teachings?

These objections and others render – in the opinion of some of them – the quest for an objective methodology for studying religion almost impossible. However, and allowing that these objections express serious questions, they render us incapable of studying religion. However, this leads to a neglect that is unjustifiable on both theoretical and practical grounds.

This is why the majority of researchers of religious thought insisted on the possibility of studying religion. They opined that religion – even though it is essentially concerned with psychological and spiritual matters – can at least be studied theoretically by describing the phenomenon which itself consists of many overlapping dimensions. These include the theoretical dimensions that specifies the theoretical principles that represent the bases of doctrine; and the practical dimension which includes the ethical system, religious festivals, and ritual worship; and the administrative dimension which includes temples and churches; the existential dimension which is exemplified in engineering, poetry, music, and the arts.

As a result of his studies and research, especially the encyclopedic Al Fisal Al-Milal wa Al-Nihal, Ibn Hazm Al-Andalusi is considered one of the most prominent writers in the field of comparative religion. He made it into a discipline with a methodology, principles, and criteria for evaluation, as well as organizing and analyzing thoughts in the field. This was a result of his comprehensiveness, erudition in the beliefs of religions and sects and their historical development. The Orientalist Miguel Asin Palacios translated this work into Spanish, and published it with an introduction in a volume that exceeded 340 pages. In it, he recognized that Ibn Hazm was a pioneer in the field of comparative religion, as well as in his specific

> “If to do were as easy as to know what were good to do, chapels had been churches and poor men’s cottages princes’ palaces. “
>
> *- William Shakespeare*

critical methodology, which was unknown in Europe until the twentieth century. The Orientalist H.A. Gibb said that Ibn Hazm did a great service to the West by establishing the discipline of comparative religion.

Ibn Hazm's Methodology: In his founding of the field of comparative religion, Ibn Hazm followed a specific methodology consisting of the following steps:

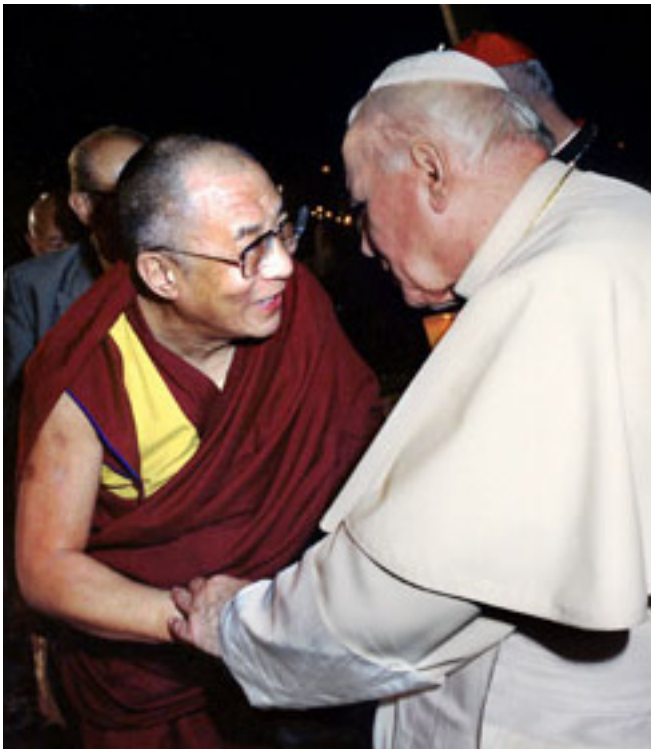
1. He relied on the findings of reason, and on a comprehensive view of the great religions and sects found in the world.

2. He affirmed that all books – except the Qur'an – were exclusive to a specific people, so distortion and substitution were found in them.

3. He insisted on the principle that every book in which there are untruths is invalid and incorrectly attributed to God.

4. He did not recognize plurality. For the truth is the truth, whether people believe it or not. The masses are always more than the scholars and thinkers.

5. He concentrated on doctrinal matters in discussing the different religions and sects. This is because there is nothing in particular rulings of law that compel reason to accept or reject a religion. Many rulings may be possible. However, when definitive proofs are given that necessitate acceptance of a given religion's beliefs, they entail acting on it and all that follows from those beliefs.



Dalai Lama & Pope John Paul II in St. Peter's Square - Oct 28, 1999 AP Photo by: Arturo Marl

6. He dedicated a chapter to each religion, including what it contained and its history.

7. He then spoke of general matters present in some form or another in all religions, such as heaven and the temptations of Satan.

8. He stuck to a balanced, academic methodology, free of digression, complexity and prejudice.

9. He adopted a comparative methodology in studying religions. So, he compared between Jews and some Christian sects, and between pagans.

10. He adopted a dialectic style when discussing the religions and their beliefs, and criticized those who took on a more narrative style.

He also set down guidelines for ethical debate:

1. That the purpose of the debate is to arrive at the truth, and that each side must rid themselves of partisanship.

2. That the claim being debated not be entirely baseless.

3. If a debater permits his opponent to ask a question, he is obliged to answer it, for if he does not, he falls into ignorance and tyranny. It is mandatory that debates be conducted in a state of security, so that each side may offer their arguments without fear.

4. That a mistake not be responded to with a mistake.

5. A lot of proofs do not harm a debate.

6. Accepting obvious and accepted premises, for insisting on denying these is not appropriate for a seeker of truth.

The methods of argumentation in discussing religions and sects, for Ibn Hazm, are:

1. An affirmative interrogation. This is to interrogate with respect to premises and obvious matters in accordance with a method that no one may refuse, because of its being based on logic.

2. Agreeing with an opponent on invalid premises, so that he may be pointed out its unacceptable or impossible conclusions.

3. Asking the opponent to correct his claim or establish his falsehood. This is like God's refutation of the Jews and Christians that the fire would not afflict them, except for a limited amount of time: And they say: The Fire (of punishment) will not touch us for a certain number of days. Say: Have ye received a covenant from Allah - truly Allah will not break His covenant - or tell ye concerning Allah that which ye know not? (Quran 2:80)

4. Stating what is entailed by an opponent's claim to refute him. For example, the discussion in the Torah which says that Abraham married his sister. It is mentioned that this refers to a relation, and not a blood sister; or to a sister in religion as the hadith in Bukhari and Muslim states.

5. Establishing that that which is claimed by the opponent is void of any proof, or that the proof given also proves a contradictory claim – all so as to refute the given claim.

The Methodological Basis of Interreligious Dialogue in Islam

The question of interreligious dialogue is one of the most researched and discussed topics today. It is also the most differed upon, even to the extent that it leads to conflict. The source of this difference and conflict is the broadness of interreligious dialogue in terms of its conception, treatment, and aims.

Interreligious dialogue might focus on religious problems on which the various religions differ, like the question of what is divine, prophecy, the divine books, secularism, the relation of religion to politics, daily life, and freedom of expression

and belief.

Dialogue might also concern problems that are agreed upon and that are to be jointly refuted, like fighting terrorism of all kinds, killing innocent peaceful civilians, destroying public buildings, and military occupation. It also includes preventing killing in all forms, like euthanasia and abortion and belittling religion, prophets, and sacred beliefs.

Interreligious dialogue can also be about current issues, for example, the convening of a conference for religions to discuss the questions of insulting depictions of the Prophet Muhammad, peace be upon him.

As for the participants in the dialogue, they may be religious personalities that represent a religion or they may be academics or activists, or a mix of the various kinds of people.

The dialogue may involve only two of the revealed religions, like Islam and Christianity, or three or more, by including other religions.

Interreligious dialogue might only concern religions from a particular continent or place, or it can be international.

The dispassionate observer of interreligious dialogue will find that it can be useful in this distressing age. Indeed, it is so important and needed that it might be considered an obligation.

Dialogue in the Qur'an and Sunna

The Qur'an relies on dialogue in presenting its truths because it is the best way of persuading and the easiest path to arriving at what is correct. It is using the mind and sharpening one's thought and imagination, and it transforms bare thought into a live and clear form that leads to persuasion and influence.

The Qur'an, in general, is based on dialogue, the following being a few examples of it:

1. What took place between God and His angels concerning the creation of Adam and between God and Satan in the Chapter Al Baqara.

2. What took place between God and His

"God has made man with the instinctive love of justice in him, which gradually gets developed in the world … I do not pretend to understand the moral universe; the arc is a long one, my eye reaches but little ways; I cannot calculate the curve and complete the figure by the experience of sight; I can divide it by conscience. And from what I see I am sure it bends towards justice."

- Theodore Parker, The Collective Works of Theodore Parker 48, (Trubner & Co. 1879)

prophets, including Nuh, Ibrahim, Moses, Jesus, upon them be peace, in Al Baqara, Al Ma'ida, Al A'raf, and Hud.

3. The dialogue between the prophets and their people in the chapters Yunus, Hud, Ibrahim, and Nuh.

4. The dialogue between the prophets and their children, like of Ibrahim and Nuh, upon them be peace in chapters Hud and Maryam.

5. The dialogue between the two sons of Adam in Al Ma'ida.

6. The dialogue in the story of the owner of the two gardens in chapter al-Kahf.

7. The dialogue of story of Moses with Pharoah and of Qarun with his people in chapter al-Qasas.

8. The dialogue of Moses with the righteous believer in al-Kahf.

9. The dialogue in the story of Sulayman and Bilqis in al-Naml.

10. The dialogue in the story of Yusuf, which indeed is nearly all a dialogue between him and his brothers, between him and the lord's lady and the women, and between him and the prisoners.

11. The dialogue between the leaders and followers in the hereafter in al-Baqara, Saba, Ghafir, and between the people of Paradise and Hell in al-A'raf.

The examples are plentiful in the Qur'an. They, in general, present an invitation to Islam and call to debate and engagement with the mind by evoking emotions and setting out proofs so that one is persuaded and convinced.

Dialogue in the Qur'an is sometimes presented in a brief or summary fashion and sometimes in detail. Sometimes, the Qur'an suffices with an indication and sometimes it points to a part of the debate leaving the rest to be worked out by the audience. Sometimes, it focuses on the conclusions and lessons. All this is a part of the greatness of the Qur'an in terms of the range of its style as required by the context.

Dialogue in the Sunna

The call to Islam established by the Prophet (peace be upon him) was based on dialogue from the first word that was pronounced in Mecca on the Mount of al-Safa, when the following verse was revealed: "Proclaim what you have been commanded with and turn away from the polytheists." The examples of dialogue that are found in the Sunna include:

1. The dialogues that the Prophet (peace be upon him) with the polytheists of Quraysh when the Quraysh sent Utbah ibn Rabi'a to negotiate with the Prophet (peace be upon him) and to present him with various choices to leave his call to Islam. The Prophet (peace be upon him) reject Utbah's offer and the first verses of Fussilat were revealed on this occasion.

2. The Prophet's dialogue with his uncle, Abu Talib.

The Third of May 1808 in Madrid: The Executions on Principe Pio Hill by Francisco de Goya (1814)

3. His dialogue with the people of Yathrib in the first and second pledge of Aqaba.

4. His dialogue with Suhayl ibn Amr, who was sent by the Quraysh regarding the Pact of Hudaybiya.

5. His dialogue with the Jews of Madina.

6. His dialogue with the Christians of Najran in his masjid.

7. His dialogue with the hypocrites of Madina.

8. His dialogue with his Companions in teaching them and training them, like the hadith of Jibril on Iman, Islam, and Ihsan, the hadith on who is bankrupt, the hadith on the river in which one purifies oneself daily, his advice to the youth who wanted to do forbidden things, and his discussion with Khawla bint Thalaba regarding her husband at the beginning of al-Mujadala, and so on.

The Motives for Dialogue in Islam

If the aim and goal of dialogue differs between Muslims and others, like the People of the Book, then there is no doubt that the motives will also differ. So this raises the question of what are the motives for Muslims in dialogue. The motives include:

To Communicate the Message of Islam

Because Islam is an invitation to everyone in the world, from all races, colors and groups, Muslims, individually and collectively, should communicate the message of Islam. This is a divine obligation from God for those He chose for this important task. God states, "Let there be amongst you a nation that calls to the good, commanding what is right and forbidding what is wrong. They are the successful."

Communicating Islam to others requires dialogue and debate, and give and take, and questions and answers. Thus, dialogue is an important means of conveying the message of Islam. Islam is a practical call that is spread by rational persuasion and establishing proofs and demonstrations on the truth of its teachings and its consistency with reason, logic and intuition. Convincing people of the teachings of Islam requires dialogue that is based on wisdom and good-willed discussion. God says, "Call to the path of your Lord with wisdom and good speech, and debate with them with that which is best, your Lord knows best who goes astray from his path and He knows best who is guided." God also states, "Say this is my path. Call to it with insight, myself and those who follow me. Glory be to God for I am not a polytheist."

The Nature of the Final Message

Some reasons that motivate Muslims to engage in dialogue concerns the nature of the final message that Islam advances, by which God had made the Muslim community a witness for humanity. God states, "In this way We have made you a moderate nation so that you may be witnesses for people."

Then God discusses the necessity of mixing with the world and discussion, according to Islamic principles, so that the aim of dialogue is fulfilled: "Do not worship other than God and do not associate anything with Him, and do not take some from amongst you as Lords other than God."

Correcting the Perception of Islam in the World

There are certain misconceptions regarding Islam that some people have adopted erroneously. This requires correcting and clarification according to proper Islamic understanding. It is possible to do this by sending to various places specialized preachers who are fluent in various languages to present Islam from its proper sources in a simple manner by which people can understand and comprehend its message. This can only be done by lectures and conventions that use the language of dialogue in addition to the Muslim population that reside there to correct misconceptions regarding Islam. This is done through their behavior and interaction with non-Muslims.

Decreasing the Sharpness of Conflict and Clash between East and West

Dialogue in the Islamic view is a human necessity because the Muslim does not live alone in this world and independently of the outside world with various religions and beliefs. Modern media has made the world a small

village. People see and hear what is going on in the entire world in one moment, so that various cultures and civilization are exposed to one another. This leads to dialogue between these various cultures for the purpose of benefitting in worldly things and to avoid conflict which could lead to war and violence.

Recently, the misunderstanding between East and West has increased to the extent that violence and belligerence have spread throughout the world. To arrive at a peaceful solution for these conflicts at all levels, there needs to be objective dialogue rather than the use of force and violence.

The scholars of Islam encourage dialogue between religions for various reasons, which is summarized in the following:

1. Religious questions are an inextricable part of the reality of the world that we live in today.

2. Religious beliefs compose the background of many of the problems in the world today, since religion has a strong influence on people today and before.

3. Religious dialogue is a necessary part of dialogue between civilizations, since religion is a central component of civilizations throughout the world and constitutes a central component of culture and civilization.

In summary, Islamic teachings provide a strong foundation for interreligious dialogue in general, and dialogue with people on various topics. Islam sees that the "notion of differences between people is one of God's principles in the world and occurs by God's will." Related to this is the principle of "the right to choose," so that there is no compulsion in faith. Islam affirms that God created people, into male and female, and into various tribes and nations, so that they can come to know one another and it calls to cooperation and help amongst people. The Prophet of Islam, peace be upon him, engaged in dialogue with the followers of Christianity and Judaism. The constitution that the Prophet established in Madina contained the principles of cooperation and living together and encourages continued dialogue. Since that time dialogue has continued to be enacted by people of various faiths in Islamic Arab Civilization.

The Aims of Dialogue in the Islamic View

The aims of dialogue are arriving at a common view in resisting oppression and doing good. God states, "Say, People of the Book, come to a common word between you and us, that we worship only God and do not associate partners with Him, and do not take any from amongst us as lords other than God. If they turn away, then say witness that we are Muslims." (Al Imran: 64)

One of the goals that have priority is the goal of getting to know one another, which is achieved by knowing the other truly and by correcting one's view and misunderstanding of the other. It is possible to bring together in this goal between the indirect approach that arises in discussing topics that concern both sides and the direct approach that concerns certain prioritized rules and misunderstandings.

Another aim is to cooperate in doing good and piety through examining matters of life concerning both sides. God states, “The truth is from your Lord, so do not be deceived. Everyone has a viewpoint that he takes. So seek good deeds. Wherever you are God will reach you all. God is all-powerful over all things.” (al-Baqara: 147-148)

Dialogue of life should stay away from matters of theological disputations, especially in open interreligious dialogue forums. That is, we should not be preoccupied with raising theological differences which are best to be deliberated among the closed circles of theologians of different faith traditions. God reminds us “You have your religion and I have mine.” The question of taking people into account for their beliefs and actions is God’s domain. “Those who believe and those who are Jews, Sabeans, Christians, and Zoroastrians, and those who ascribe partners to God, God will differentiate between them on the Day of Judgment. God is a witness over everything.” (al-Hajj: 17)

Please visit Sheikh Ali Gomaa’s website http://www.ali-gomaa.com/ where you will find many such scholarly opinions on current issues of concern to Muslims from a mainstream Muslim view.

KEYNOTE ADDRESS ON **THAILAND'S GOVERNANCE CHALLENGE**

BY **ANAND PANYARACHUN**
CHAIRMAN
SIAM COMMERCIAL BANK
PUBLIC COMPANY LIMITED

INTRO BY **STEPHEN B. YOUNG**
GLOBAL EXECUTIVE DIRECTOR
CAUX ROUND TABLE

In June both former Thai Prime Minister Khun Anand Panyarachun, also a member of the CRT's World Advisory Council, and CRT Global Executive Director Stephen B Young spoke to the annual conference of the Thai Institute of Directors. Their remarks are presented below.

Governance in Thailand is a present need of that society. Bad governance has prevented Thailand from having confidence in its future and enjoying the fruits of civic harmony. In 2006 there was a coup in circumstances not dissimilar from the recent usurpation of the Egyptian presidency from Mohammad Morsi. In 2010 street protests on the part of those feeling that their patron was disenfranchised from his claim to be Prime Minister lead to disruptions and some deaths in Bangkok's most exclusive shopping district.

The way to a better future for Thailand, as for Egypt, is through good governance. Both politics and economics thrive for the common good when governance of public institutions and private businesses is responsible and trustworthy as both Khun Anand and Stephen Young argue below.

Stephen B. Young
Global Executive Director
Caux Round Table

Mr. Chairman,
Members of the Thai IOD Board,
Distinguished Speakers,
Ladies and Gentlemen:

It is a pleasure for me to be here with you today on the occasion of the second Thai IOD National Directors' Conference.

At the outset, let me thank Khun Krik-Krai Jirapeat for a very warm and generous introduction, as well as Dr. Bandid and the Thai IOD for having invited me to give this year's conference keynote address.

We meet today to reflect upon our roles and duties as company directors, rising to the challenges of an increasingly complex business, economic, social and political environment.

I used the word "duties" as the fiduciary role of company directors has, in recent years, evolved into a much more demanding and participatory function.

This is due to several factors. First, the issues facing the board are more varied and complex, requiring greater attention and scrutiny. They also demand a decision-making process that is thorough, transparent and accountable.

Second, investors, and other stakeholders –-be they customers, clients, employees-- have become more governance-conscious – they are interested in how well companies are being managed. In this regard, timely and accurate information from the Management is critical to enable the board to carry out its oversight function.

Third, the regulatory demand on corporate boards is also increasing requiring members to have specialized and diverse expertise as well as independence.

All these factors make company directorship a much more demanding responsibility, not to mention rising stakeholders' expectations for company boards to have a greater sense of public responsibility when it comes to issues that affect society at large.

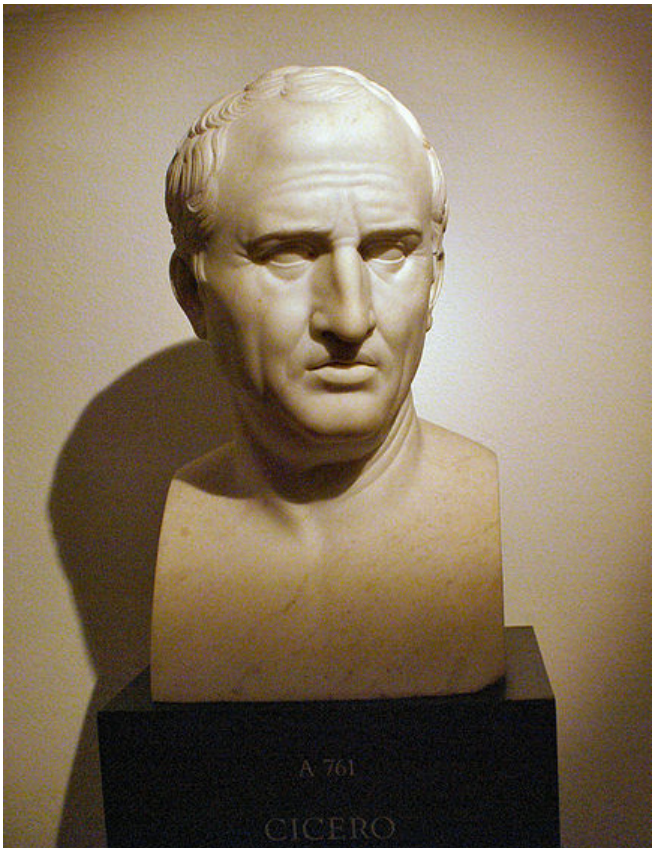
Reflecting on and anticipating these developments, the Thai IOD has successfully positioned itself as a key institution providing company directors with a platform to discuss issues, share experience, and build a shared knowledge of company directorship and best practices.

I am pleased to note the strong and steady progress that the Institute has made over the past years, and I'am confident that it will continue to take corporate governance to even higher levels of excellence in Thailand.

These are significant achievements that need to be acknowledged.

Ladies and gentlemen,

Effectively addressing the issue of corporate governance in Thailand requires us to look at the broader picture of governance in the public as well as private sectors.



Bust of Cicero by Bertel Thorvaldsen - 1799-1800

The first occasion I spoke on this particular subject goes back as far as 1998. At that time, the country was in the throes of the Asian Financial Crisis. I had attributed the 1997 crisis specifically then to the failure of institution-building.

Our key economic, political, and social institutions were badly in need of reform. They lacked the capacity to deal with the challenges of globalization and the risks associated with an increasingly interdependent world.

What followed was an especially "dark period" for Thailand, characterized by haphazardness, weak policy responses, poor governance, and lopsided development, deepening the crisis even more.

I'm reminded of the comment made by the former Fed Chairman who referred to that period with the key word "irrational exuberance".

The establishment of the IOD and the subsequent development of a corporate governance framework were a direct response to that experience. Thanks to the substantial efforts made in training thousands of company directors, and in promoting corporate governance awareness, many Thai companies - from banks to manufacturers – have made remarkable strides in enhancing their professionalism, and management and governance structures.

Some have even become leading regional and global players. These achievements have provided us with a comforting sense of assurance that some important lessons have been learned from that dark experience in our history.

Yet at the same time, we must acknowledge that significant gaps still remain, both in the private and, and if I may say so, particularly in the public sectors. Improvements in corporate governance have been generally limited to listed companies, and even in that category, more can and needs to be done.

Amongst the listed companies, improvements are concentrated in the top echelon of companies that have diversified ownership or shareholder structures. Outside of these companies, corporate governance remains relatively weak, especially in the following three groups:

First, the large listed companies which are

family-owned;

Second, the listed government-controlled state enterprises whose governance practices are becoming more and more subject to close scrutiny;

The third – comprising the largest group of listed companies-- is the mid-size listed companies whose gaps in corporate governance are the greatest. We need to seriously encourage better governance of these companies as they play a vital role in the long-term prosperity of the Thai economy.

The challenge before us is to instill a more uniform and widespread adoption of corporate governance best practices amongst the Thai listed companies.

This will help lift the overall quality of governance in our capital market and provide momentum for corporate governance to extend further into a wider part of the private sector, including the small and medium enterprises which are the backbone of our industries and economy.

I would like to turn now to another worrisome trend, perhaps the word worrisome is even weaker that what I intend to say – that is the state of public governance which I believe, in recent years, has been fast deteriorating. This is evidenced by the decline in national competitiveness that has been driven by a large drop in public sector performance and what appears to be increasing political interference, cronyism, favoritism, and even empire building, and other forms of unacceptable behavior that occur when the line between public service and private interests gets blurred.

It seems to me that not too many people in this government sector do understand and appreciate the true meaning of the term "conflict of interest", and many of them definitely have showed no intention of wanting to learn the meaning of that particular principle.

To this end, past efforts to adopt new constitutions and enact new laws to increase check and balance mechanisms and ensure a fair degree of social justice have failed to make the expected impact due to obstacles, man-made or otherwise, in their enforcement.

King John Granting Magna Carta from the Fresco in the Royal Exhange, orig fresco 1900, reproducation published 1910 by Joseph Clayton

So, while the Thai economy seems to be going well, and has even proved resilient to the effects of external shocks, and while many leading Thai companies have made a name for themselves on the world stage, overall as a country, we have not fared so well.

Of most concern is our unstable and polarized politics. Our politics, and our political establishments, have certainly not served the country and our people well. The pursuit of power and personal interest at all cost over the public interest continues to dominate Thai political life.

Very much related to this issue are the increasing inequalities in Thai society – not just between the richest and the poorest, but also between the richest and the middle class.

According to a reliable estimate, Thailand's Gini-coefficient - a widely accepted measure of income distribution – increased from 42 in 2002 to 54 in 2009* (The way this is interpreted is: a coefficient of 0 means perfect equality while a value of 100 means one family or person owns all.) The rising income and wealth disparities threaten the fabric of society and have the potential to fuel social unrest, as we have seen in other regions of the world.

There has long been a debate in the academic circles on two words; one is "development", particularly economic development, and the other term "social justice". Many economists of course have those social concerns. But as we live in this more complex world, better educated and better informed societies, it is inevitable that at some juncture on the path to economic development, governments and other sectors

Portrait of Montesquieu by Unknown - 1728

of society just have to get together and deal seriously with the matters of social concern, be it inequality, be it power relationship, between

the government and the people. That's why other terms have arisen in the past ten to twenty years, terms like "empowering people", or "capacity building of people", or terms like "smaller government", "smaller bureaucracy", "more direct participation of the people in the running of the country", these are all terms that have gained increasing importance and relevance to the larger issue of governance. I'm sorry that these terms have not been widely debated in our society as they should have been.

I hope that some academic institution, and even IOD, while they do very well and effectively with the technical aspects of governance, I hope they will spend more time dealing with the soft side, with the less technical nature of governance. To me it's the key. It's the key because you can

impose rules and regulations, you can impose boundaries, you can fix targets, but the most important aspect in any kind of management, be it running a company or running a country, it is the mind set, it is the attitude, it is the working culture. And you won't change your mind set, you won't change your attitude, you won't change your working culture just by following the rules and regulations. This is where the leadership comes in. So we have to deal with the soft side, or I would say the smart side of governance more seriously than we have in the past.

Against these developments, I have to say the current situation gives me cause for concern and discomfort.

While the economy may yet again be on a high growth path, this growth is unsustainable. It is fueled by cheap foreign money, unchecked public spending, and a lax business ethos.

This is a lethal combination, posing risks that have proven fatal in the past, and which could set the stage for another financial crisis.

Like much of Asia, we have been enjoying robust growth in recent years. But we must not be complacent. We should learn what lessons we can from the latest financial crises in the US and Europe, particularly with regard to excessive credits, runaway budget deficits, rapid build-up of public debts, not to mention unwillingness to practice fiscal discipline.

Why, in such a short space of time, have we come to this state of affairs?

The answer, I believe, lies squarely in our failure to use the crisis in the late 1990s as an opportunity to undertake thorough and meaningful reforms of our institutions and power structures. With weak institutions and ineffective rule of law, the capacity of the people to determine their own future is reduced.

Another reason, I believe, is the contradiction, self-inflicted by all of us, between the outward-looking and market-based economic doctrine that we have sought to promote on the one hand, and the inward-looking and narrowly-based politics on the other.

Over time the contradiction has ossified into institutional inertia and, worse, has morphed into these entrenched patronage networks and cronyism, through which the country's resources are now unfairly allocated.

Such a *modus operandi* breeds inefficiency, rent-seeking, and corruption, a sure recipe for national disaster.

It is clear that for the future of Thailand, this contradiction has to stop.

One of the key reforms to change this course is a rigorous push for better governance in all sectors of society. We must advocate good governance in all areas and levels of society, be it government, business or civil society.

This is what a conference like this is all about – to bring people together to discuss ways and means to promote more effective governance of this country.

For the business community, directors of companies must see it as a core duty. They

must push for good corporate governance, both in words and in practice.

In doing so, they must focus on real substance that will change attitudes, behavior and culture, and not just "form".

Good governance is critical to better management of human and capital resources, and to greater efficiency and balanced and sustainable growth and development.

At the national level, good governance must be built on three pillars:

The first and most crucial is that Government must respond to, and serve, the real needs of the people. The emphasis is on the word "real", because we have seen examples in the past of needs being created artificially to satisfy certain groups of people or certain class of people.

The second pillar is an open and transparent decision-making process. It is ridiculous that governments cannot provide facts and figures on a timely basis. It is unacceptable that the uninformed in a country are made to remain uninformed permanently. In any society it is essential and it is a duty for all of us, not just to inform the informed, but to inform the uninformed. That is how societies progress. And the third is the system of checks and balances, based on accountability and active participatory roles for private individuals and civil society.

> "The reasonable man adapts himself to the world. The unreasonable man persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man."
>
> *- George Bernard Shaw*

Ladies and gentlemen,

Rebuilding our country's governance must take place at all levels in all sincerity. It calls for leadership, leadership, not just corporate leadership but particularly political leadership, social leadership, grounded on the values of integrity, accountability and trustworthiness.

We need a public sector that is responsive to the people's needs.

The private sector must do its part by promoting clean business and adhering to ethical codes of conduct.

Far too long, in the past, the private sector was merely content to stand by, to observe, to criticize, but never really to do something about it.

Private individuals must engage in good citizenry, which means recognition of what is "right" and "wrong" and speak up.

There was a time, after the Second World War, when an American diplomat was heard to have said something to the effect that Thailand was

a country of "sheep". I'm sure he did not mean to insult the Thai people but he was merely reflecting the truth at that time, an unpleasant truth, and sixty or seventy years later, we are still not prepared nor willing to show by deeds that what he said years ago is not entirely accurate

According to Theodore Roosevelt all citizens "shall be able and willing to pull his or her weight". So, we must all pull our weight together, do our part, and tackle head-on the country's most important and urgent task.

As many of you know, I too am a company director and chair a board of directors. To do our part as company directors in re-building governance, we directors must assume a leadership role and advocate good corporate governance by example.

This includes demonstrating that good corporate governance does matter for our institutions and the country, living that value by word and deed, being open to other people's views, and constantly evaluating our own actions. All these actions will go a long way towards showing our commitment as company directors to corporate governance.

Ladies and gentlemen,

Thailand is once again at a crossroads. We have a task ahead of us - to rebuild the country's governance.

Failure to do this can, and will have, devastating consequences for our future as a nation.

The scenario depicted in William Yeats' apocalyptic poem could indeed become a reality. He wrote "…Things fall apart; the centre can no longer hold … The best lack all conviction, while the worst are full of passionate intensity."

This is the time for all of us to act, to reverse course. Failure cannot be an option.

We can together and we must succeed.

Thank you.

GOVERNANCE: LAW OR ETHICS? FOREIGN OR THAI? REMARKS AT THE THAI INSTITUTE OF DIRECTORS

BY **STEPHEN B. YOUNG**
GLOBAL EXECUTIVE DIRECTOR
CAUX ROUND TABLE

What is Governance?

I want to make the case that governance – whether of individuals, communities, corporations, or nations – is more than a matter of law. I suggest that it is fundamentally a matter of ethics. As a matter of ethics, it is neither foreign nor Thai, but universal to all people.

Let me make that case to you with the following argument:

When we say that governance is a matter of ethics, we are also affirming that it is a principle, not a rule. Rules are specific and apply in limited contexts. Principles are aspirations and apply broadly through interpretation and application to circumstances. Rules largely constrain our imagination and our behaviors. Principles, on the other hand, should inspire us to reach out and do well. Rules usually assume a conflict between our self-interest and the common good. Principles assume that we can align our self-interest with the interests and needs of others.

Current Trends in Governance

Where does the global governance movement stand today? At a point of transition.

Its initial phase – corporate governance as primarily a compliance issue to enhance the flow of private capital into global economic development – has matured. Institutes of

Directors have been established in many countries. The argument for the links between good governance, higher trust on the part of owners of capital, increased flows of investment into companies, and more sustainable economic development have been widely accepted. But, more recently, one can hear the argument emerging that governance is a public good, necessary for social and economic progress applied in new contexts.

Signing of Declaraction of Independence by Charles Edouard Armand-Dumaresq (1873)

First, governance has become part of a wider corporate social responsibility ("CSR") movement. The view is that governance is a fundamental social responsibility of corporations to respond to the interests of shareholders and to optimally balance the interests of all stakeholders. The Board of Directors of a corporation is the keeper of that company's conscience. The Board, as we saw in the 2006 amendments to the UK Company Law, is more and more expected to be the leader of the company's CSR strategy.

CSR is a fundamental risk management paradigm of the company. Consider the fallout from the collapse of a factory building in Bangladesh with foreign purchasers looking elsewhere for manufacturing and imposing codes of conduct on Bangladeshi suppliers, or from the failure of British Petroleum's well in the Gulf of Mexico. Wise management is recognizing that CSR is integral to sustainable profitability.

In October 2011 the European Commission put forward a new definition of CSR as "the responsibility of enterprises for their impacts on society." To fully meet their corporate social responsibility, the Commission advised, enterprises should have in place a process

to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

- maximizing the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;

- identifying, preventing and mitigating their possible adverse impacts.

This process is none other than one of governance. According to the Commission, the complexity of that process will depend on factors such as the size of the enterprise and the nature of its operations. For most small and medium-sized enterprises, especially microenterprises. the CSR process is likely to remain informal and intuitive.

The Commission advised that: to maximize the creation of shared value, enterprises are encouraged to adopt a long-term, strategic approach to CSR, and to explore the opportunities for developing innovative products, services and business models that contribute to societal wellbeing and lead to higher quality and more productive jobs.

The Commission elaborated that: to identify, prevent and mitigate their possible adverse impacts, large enterprises, and enterprises at particular risk of having such impacts, are encouraged to carry out risk-based due diligence, including through their supply chains.

Second, in this new phase of promoting governance globally, awareness of the necessity for governance as a building block of social justice and sound national development is being applied not only to companies, but to governments as well.

The United Nations has promulgated a doctrine of international law called the "responsibility to protect." This doctrine asserts that a government is a trustee for those who live under its authority and may not abuse them. Such abuse strips legitimacy from such a government, subjecting it to sanctions and intervention on the part of third parties. Claims of sovereignty may no longer give carte blanch to ruling elites to act as they will. More recently, the U.N. Convention Against Corruption has come into effect, which focuses attention on abuses of domestic power by those in government. Corruption is the antithesis of governance. Opposition to corruption, like opposition to tyranny, is a demand for governance.

Since its beginnings in the late 1990's, the global governance movement has been very western in vision and technique. It grew out

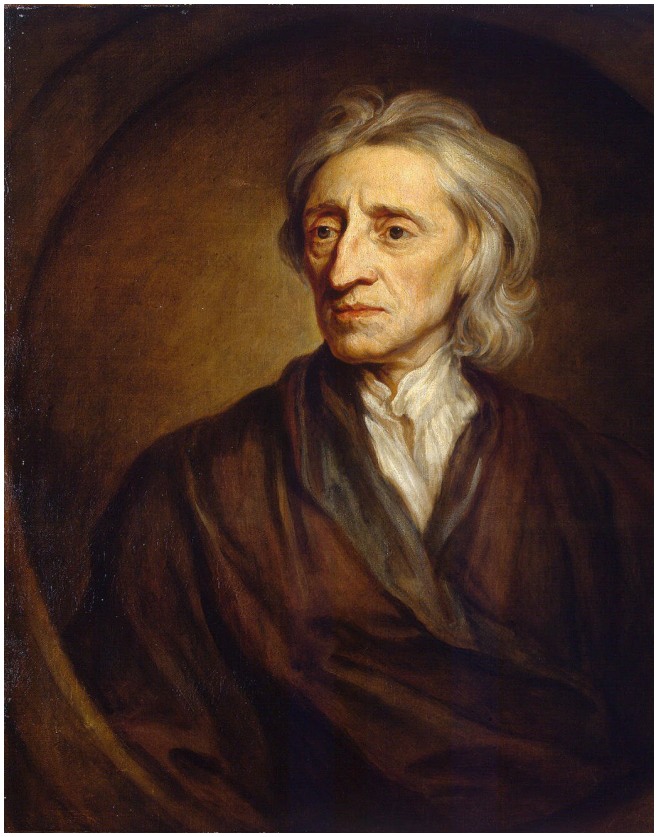
> "We cannot direct the wind, but we can adjust the sails."
>
> *- Unknown*

of the "Washington Consensus" of the early 1990's as to best practices for achieving national economic growth. The rules of corporate governance promoted by the World Bank, the Organization for Economic Cooperation and Development, the U.K. Institute of Directors, and experts such as Chris Pierce and the International Network of Corporate Governance, descend directly from English practice as developed under the common law.

As a set of rules and practices so heavily Anglo-American in form and spirit, what is the role of corporate governance in societies with very different cultural and religious traditions? Is our global corporate governance regime to be "one size must fit all?"

On one level, I suggest to you that the answer must be "Yes." The need for trust and reliance when we invest our monies answers a universal human anxiety. If I give power over my assets and my interest to others, will they be faithful to me? Will they be diligent, thoughtful, and enterprising on my behalf? One universal aspect of governance must be to reassure people that power over them and their assets will not be abused.

The solution to the potential misalignment between the faithfulness and care of the one who manages my money and my best interests was, long ago, addressed by the courts of England through the imposition of fiduciary duties on those who act in trust. Fiduciary duties are imposed to transform one's powers from a form of personal property to an office of trust. Dominion and arbitrary willfulness must give way to stewardship and care for others



Portrait of John Locke by Sir Godfrey Kneller - 1697

as the highest goal of the office or trust. The purpose of governance is to prevent abuse of power before it happens and remedy it after the fact.

Fiduciary duties, and so governance, stand at the crossroads of law and ethics. They are shaped by the law and only come alive through ethical commitment.

The Principle of Governance in Thai Traditions

Thai traditions largely arose from the teachings and practices of Theravada Buddhism, supplemented with Hindu beliefs and practices, such as respecting Theravadas, and by very ancient supplication of spirits, which live in the natural world around us.
Many well-read and thoughtful scholars, such

The King Ram Khamhaeng Inscription

as the German sociologist Max Weber, have emphasized the face of Buddhism that directs our attention away from this world of pain and disappointment towards a higher and different reality. From this perspective on Buddhist mindfulness, one can question how it could provide guidance for such worldly concerns as governance of business and communities.

Buddhadesa Bikkhu once taught that the Dharma is not only outside us, up there somewhere, but that we contain the Dharma within us, as well. We are not isolated from all that is around us, thanks to the Dharma. We're extensions of others and so our best actions have the quality of *prayot*, or useful reciprocity, and assume the form of a social power to do good.

To optimize this quality of *prayot,* Buddhadesa Bhikku recommended development of five internal powers: first, understanding of the self; second, having an active confidence in our self – our mind, our intentions, our competences; third, emotional and intellectual discipline over the afflictive emotions that seek to rise up within us and disturb our minds; fourth, a capping of our desires to impose ourselves, putting limits to our temptations and anxieties to demand more and more for ourselves – the state of *phochai;* and, fifth, respect for the good that is within us.

But we have no need of becoming theologians of Buddhism to find useful guidance for governance in Thailand. We have in the Thosapit Rachathamma a concise summary of ways to implement the core principle of governance consisting of ten standards.

Dana is giving in a beneficial way. This is a form of fiduciary behavior where we seek how to make life better for others – our customers, our employees, our communities.

Sila is not breaking norms – both legal and moral. It is being ethical and of good conduct. It is avoidance of dominion and oppression, exploitation and corruption.

Pariccaga is putting service before self. It goes beyond giving in taking into consideration the greater good of the whole - the common good.

Ajjava is loyalty, truthfulness, and honesty. It is the virtue that makes possible the loyalty demanded of every fiduciary, as well as the self-confidence to disclose material information to markets.

Maddava is avoidance of arrogance and being open to persuasion. It is not being a "big boss" – narrow-mindedly only giving orders to underlings and not accepting their advice and counsel.

Tapa is diligence. It is avoidance of negligence and is a necessary virtue for carrying out our fiduciary duties.

Akkodha is avoidance of anger and self-centered passion. To be angry or self-centered in vindictive emotions diverts us away from duty, from listening, and from wise action. It is putting our worst sense of self in the place of service and collegiality.

> "Government is a trust and the officers of the government are trustees; and both the trust and the trustees are created for the benefit of the people."
>
> *- Henry Clay*

Avihimsa is living peacefully without doing harm. It is not disturbing the equilibrium around us. It is another form of service that supports the common good.

Khanti is patience and perseverance. Again, it is a virtue of self-control where we are not over-bearing and domineering, allowing others to evolve according to their good and bad qualities.

Finally, Avirodhana is acting energetically on behalf of ethics and the law. It is taking personal responsibility for seeking that justice is done, that wrong is disciplined, and that good is rewarded. It is a necessary quality in any good leader. It is fundamental to practicing good governance.

Now, as we consider the current relevance of Thai traditions of governance, we should not overlook His Majesty's advice as formulated in the principles of Sufficiency Economy. His Majesty's recommendations include three principals and two supporting pillars of personal virtue.

The three principles are: moderation, reasonableness and what I call self-resilience.

Taken together, the three principles provide a practical approach to risk management for individuals, communities, companies and nations. Risk management, of course, is at the heart of governance. Governance is the attempt to reduce risk and promote flourishing and well-being. Stewards and other fiduciaries are appointed to confront risk and protect their beneficiaries from its excesses.

The two pillars of individual virtue supporting

execution of moderation, reasonableness, and self-resilience are knowledge and integrity. Each in its own way supports good governance and therefore, can be seen as requirements of any good governance program.

At bottom, governance is a matter of individual conscience and moral courage. It is not a matter of bureaucratic position, spread-sheet analysis, professional status, inter-personal politics and rivalries, or other structural circumstances.

Good governance comes out of good people – in Thailand and in the West.

"Balance in the human spirit, which must not be mistaken for ambivalence or splitting the difference or playing both sides against the middle, is neither bland nor bourgeois nor boring. It is not a resigned concession to partiality, but a bold gamble on wholeness. It is not the midway point between virtue and vice, but an artful arrangement of virtues that enables them to supplement and strengthen rather than subvert each other. Since courage without gentleness is destructive and gentleness without courage is defenseless, balance is a human good."

- Adapted from the New Republic, May 20, 2002

Designed by Nik Yahya Nik Rushdi