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# PEGASUS

A NEWSLETTER FOR THE CAUX ROUND TABLE FOR MORAL CAPITALISM  
NETWORK LOOKING AT BUSINESS ABOVE THE CLUTTER AND CONFETTI



# *Pegasus*

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# Introduction

This issue of Pegasus centers on the ideal of responsibility.

First, we include a little known 1997 international declaration of human responsibility.

It is presented as the reciprocal of the international declaration of human rights. Rights give powers and enjoyment and the ability to fulfill ourselves as we want to fulfill ourselves.

Responsibilities, on the other hand, are other-directed. We are responsible to others and for outcomes.

Rights protect us; responsibilities tie us down, expose us to discipline, liability and judgment.

Responsibilities demand ethical reasoning, while rights can flourish in narcissism. Ethics ties rights to responsibilities. How we use our rights, powers, entitlements, money, words and conscience are considerations for ethical evaluation – what is the right thing to think and do?

So, to prevent our abusing our rights, we are expected to be responsible.

The word “responsibility” derives from the Latin spondeo – “I promise.” A promise is a tie to another, a limitation of our rights in order to further some larger purpose, some greater good.

In the Universal Declaration of Human Responsibilities, our responsibilities are set forth as providing others with entitlements, easing their lives by, in economic terms, providing them with rent transfers in many cases.

As a statement of ethical principles, the Caux Round Table (CRT) Principles for Business and Government speak of responsibilities. Business ethics is also known as corporate social responsibility.

The stakeholder theory of a business firm makes the firm responsible for the interests of its stakeholders. The new theory that a company must have a purpose is similarly an ethic of responsibility – of using its powers to positively improve some external condition or bring about some other socially desirable result.

The CRT Principles for Government postulate that, fundamentally, government is a public office and that every public office is a public trust – a conferring of rightful authority on a position so that some purpose or some persons can be served. Holding an office is a responsibility; powers held in trust are not to be used selfishly, but to advance the interests of others. Being entrusted is being given responsibilities.

Thus, public office is not a personal right of dominion or any other form of imperium.

Modern culture has become a concatenation of rights talk and demands for rights. If everyone has rights, but no one has responsibilities, where is equity and security, peace and trust?

A rights-driven culture stokes the appeal of narcissism and can easily slide into Thomas Hobbes' dreaded "war of all against all," where "the life of man is solitary, nasty, brutish and short." A rights-driven capitalism is a brute capitalism of freely flowing greed and the will to power, of monopolies, rent extraction and robber barons.

The offset to rights is responsibility.

Secondly, this issue provides excerpts from a recent report of the Coalition for Inclusive Capitalism, founded by Lynn Forester de Rothschild. The report presumes an ethic of responsibility towards workers and employees who depend on private enterprise for their income and living standards.

The report says that its members "first came together on this commission in late 2019 to identify the necessary foundational elements for building a more inclusive capitalism, with the goal of creating a broadly shared prosperity that could power longer-term and more sustainable economic growth."

The report notes that the canary in the coal mine warning about imbalances in capitalism was that from 1980-2018, worker productivity increased by about 70%, yet hourly wages for the average worker rose by less than 12%.

As a moral proposition about responsibilities and not rights, the report urges that "the wealthy and most powerful in our society, many of whom have seen their wealth grow enormously during the time of Covid-19, must give up some of the privileges they have gained and pay their fair share of the costs of building a sustainable economy based upon well-paid jobs."

The responsibility of government is to "develop systematic rules requiring a fairer, more just and racially equitable economic system, including developing rules that give workers a meaningful opportunity to have their voices heard on such basic issues as compensation, benefits and protection." The responsibilities of business are to adopt practices that offer workers greater voice in the corporation, meaningful access to economic security and opportunities for upward mobility.

Thirdly, former CRT Chairman Bob MacGregor provides background on our new initiative in Minnesota to recognize distinguished business leadership in social responsibility. The award is called the Dayton Award to honor and three generations of the Dayton family for setting a high standard of responsible business leadership. This year, our awardees were Andrew Cecere, Chairman, President and CEO of U.S. Bancorp, Don Samuels, CEO of MicroGrants and his wife Sondra Samuels, President and CEO of the Northside Achievement Zone and James Ford Bell, Founder and President of what is today General Mills, who 100 years ago, mobilized agricultural producers and packagers to provide food to those in Europe in danger of starvation after the end of World War I.

Bob spent many years working for Bruce and Ken Dayton, the third generation of Daytons leading an important family company in Minnesota, the Dayton-Hudson Corporation. Based on their practice of entrepreneurship as a vocation more than just the making of money, Bob initiated the drafting of the CRT Principles for Business in 1992.

Fourth, we have a short comment on the CRT's rather special practice of "round tables" for honest conversations and personal responsibility.

The new field of behavioral economics teaches that our sense of entitlement and our sense of responsibility are not functions of our own personal utility calculated rationally. Our rationality, as scholars say, is bounded and works under constraint. Those constraints are principally heuristic concepts which open our minds and feelings in certain ways and close them down to alternative understandings and behavioral strategies. Working within our internalized heuristics are cognitive biases.

A way of thinking about our personal responsibility is to ask what should we do about our heuristics and our cognitive biases? Just leave them be or consider them anew? The CRT round table process has evolved to assist our search for finding our proper responsibilities, in addition to asserting and protecting our rights.

An honest conversation in dialogue can make us aware of what heuristics we are comfortable in using and what our cognitive biases might be. The point of reflection is, as was said many times over the years at Mountain House in Caux, to remember that when our response is to point a finger at another for ignoring our rights, usually three fingers are pointed back at us. Those three fingers signal that we, too, may have contributed to the antagonism or controversy. Rethinking our own role in relationships is a step towards becoming responsible.

*Stephen B. Young*  
*Global Executive Director*  
*Caux Round Table for Moral Capitalism*

# **A Universal Declaration of Human Responsibilities**

Proposed by the InterAction Council, 1 September 1997

## **INTRODUCTORY COMMENT**

### **It is time to talk about human responsibilities**

Globalization of the world economy is matched by global problems, and global problems demand global solutions on the basis of ideas, values and norms respected by all cultures and societies. Recognition of the equal and inalienable rights of all the people requires a foundation of freedom, justice and peace - but this also demands that rights and responsibilities be given equal importance to establish an ethical base so that all men and women can live peacefully together and fulfil their potential. A better social order both nationally and internationally cannot be achieved by laws, prescriptions and conventions alone, but needs a global ethic. Human aspirations for progress can only be realised by agreed values and standards applying to all people and institutions at all times.

Next year will be the 50th anniversary of the Universal Declaration of Human Rights adopted by the United Nations. The anniversary would be an opportune time to adopt a Universal Declaration of Human Responsibilities, which would complement the Human Rights Declaration and strengthen it and help lead to a better world.

The following draft of human responsibilities seeks to bring freedom and responsibility into balance and to promote a move from the freedom of indifference to the freedom of involvement. If one person or government seeks to maximise freedom but does it at the expense of others, a larger number of people will suffer. If human beings maximise their freedom by plundering the natural resources of the earth, then future generations will suffer.

The initiative to draft a Universal Declaration of Human Responsibilities is not only a way of balancing freedom with responsibility, but also a means of reconciling ideologies, beliefs and political views that were deemed antagonistic in the past. The proposed declaration points out that the exclusive insistence on rights can lead to endless dispute and conflict, that religious groups in pressing for their own freedom have a duty to respect the freedom of others. The basic premise should be to aim at the greatest amount of freedom possible, but also to develop the fullest sense of responsibility that will allow that freedom itself to grow.

The InterAction Council has been working to draft a set of human ethical standards since 1987. But its work builds on the wisdom of religious leaders and sages down the ages who have warned that freedom without acceptance of responsibility can destroy the freedom itself, whereas when rights and responsibilities are balanced, then freedom is enhanced and a better world can be created.

The InterAction Council commends the following draft Declaration for your examination and support.

## Preamble

**Whereas** recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world and implies obligations or responsibilities,

**whereas** the exclusive insistence on rights can result in conflict, division, and endless dispute, and the neglect of human responsibilities can lead to lawlessness and chaos, [b]whereas[/b] the rule of law and the promotion of human rights depend on the readiness of men and women to act justly,

**whereas** global problems demand global solutions which can only be achieved through ideas, values, and norms respected by all cultures and societies,

**whereas** all people, to the best of their knowledge and ability, have a responsibility to foster a better social order, both at home and globally, a goal which cannot be achieved by laws, prescriptions, and conventions alone,

**whereas** human aspirations for progress and improvement can only be realized by agreed values and standards applying to all people and institutions at all times,

Now, therefore,

## The General Assembly

**proclaims** this Universal Declaration of Human Responsibilities as a common standard for all peoples and all nations, to the end that every individual and every organ of society, keeping this Declaration constantly in mind, shall contribute to the advancement of communities and to the enlightenment of all their members. We, the peoples of the world thus renew and reinforce commitments already proclaimed in the Universal Declaration of Human Rights: namely, the full acceptance of the dignity of all people; their inalienable freedom and equality, and their solidarity with one another. Awareness and acceptance of these responsibilities should be taught and promoted throughout the world.

## Fundamental Principles for Humanity

### Article 1

Every person, regardless of gender, ethnic origin, social status, political opinion, language, age, nationality, or religion, has a responsibility to treat all people in a humane way.

### Article 2

No person should lend support to any form of inhumane behavior, but all people have a responsibility to strive for the dignity and self-esteem of all others.

### **Article 3**

No person, no group or organization, no state, no army or police stands above good and evil; all are subject to ethical standards. Everyone has a responsibility to promote good and to avoid evil in all things.

### **Article 4**

All people, endowed with reason and conscience, must accept a responsibility to each and all, to families and communities, to races, nations, and religions in a spirit of solidarity: What you do not wish to be done to yourself, do not do to others.

## **Non-Violence and Respect for Life**

### **Article 5**

Every person has a responsibility to respect life. No one has the right to injure, to torture or to kill another human person. This does not exclude the right of justified self-defense of individuals or communities.

### **Article 6**

Disputes between states, groups or individuals should be resolved without violence. No government should tolerate or participate in acts of genocide or terrorism, nor should it abuse women, children, or any other civilians as instruments of war. Every citizen and public official has a responsibility to act in a peaceful, non-violent way.

### **Article 7**

Every person is infinitely precious and must be protected unconditionally. The animals and the natural environment also demand protection. All people have a responsibility to protect the air, water and soil of the earth for the sake of present inhabitants and future generations.

## **Justice and Solidarity**

### **Article 8**

Every person has a responsibility to behave with integrity, honesty and fairness. No person or group should rob or arbitrarily deprive any other person or group of their property.

### **Article 9**

All people, given the necessary tools, have a responsibility to make serious efforts to overcome poverty, malnutrition, ignorance, and inequality. They should promote sustainable development all over the world in order to assure dignity, freedom, security and justice for all people.

## **Article 10**

All people have a responsibility to develop their talents through diligent endeavor; they should have equal access to education and to meaningful work. Everyone should lend support to the needy, the disadvantaged, the disabled and to the victims of discrimination.

## **Article 11**

All property and wealth must be used responsibly in accordance with justice and for the advancement of the human race. Economic and political power must not be handled as an instrument of domination, but in the service of economic justice and of the social order.

# Truthfulness and Tolerance

## **Article 12**

Every person has a responsibility to speak and act truthfully. No one, however high or mighty, should speak lies. The right to privacy and to personal and professional confidentiality is to be respected. No one is obliged to tell all the truth to everyone all the time.

## **Article 13**

No politicians, public servants, business leaders, scientists, writers or artists are exempt from general ethical standards, nor are physicians, lawyers and other professionals who have special duties to clients. Professional and other codes of ethics should reflect the priority of general standards such as those of truthfulness and fairness.

## **Article 14**

The freedom of the media to inform the public and to criticize institutions of society and governmental actions, which is essential for a just society, must be used with responsibility and discretion. Freedom of the media carries a special responsibility for accurate and truthful reporting. Sensational reporting that degrades the human person or dignity must at all times be avoided.

## **Article 15**

While religious freedom must be guaranteed, the representatives of religions have a special responsibility to avoid expressions of prejudice and acts of discrimination toward those of different beliefs. They should not incite or legitimize hatred, fanaticism and religious wars, but should foster tolerance and mutual respect between all people.

# Mutual Respect and Partnership

## **Article 16**

All men and all women have a responsibility to show respect to one another and understanding in their partnership. No one should subject another person to sexual exploitation or dependence. Rather, sexual partners should accept the responsibility of caring for each other well-being.

## Article 17

In all its cultural and religious varieties, marriage requires love, loyalty and forgiveness and should aim at guaranteeing security and mutual support.

## Article 18

Sensible family planning is the responsibility of every couple. The relationship between parents and children should reflect mutual love, respect, appreciation and concern. No parents or other adults should exploit, abuse or maltreat children.

## Conclusion

### Article 19

Nothing in this Declaration may be interpreted as implying for any state, group or person any right to engage in any activity or to perform any act aimed at the destruction of any of the responsibilities, rights and freedom set forth in this Declaration and in the Universal Declaration of Human Rights of 1948.

\* \* \* \* \*

### ENDORSEMENT OF THE DECLARATION

The proposed Universal Declaration of Human Responsibilities have the endorsement of the following individuals:

## I. The InterAction Council Members

**Helmut Schmidt**, Former Chancellor of the Federal Republic of Germany

**Malcolm Fraser**, Former Prime Minister of Australia

**Andries A. M. van Agt**, Former Prime Minister of the Netherlands

**Anand Panyarachun**, Former Prime Minister of Thailand

**Oscar Arias Sanchez**, Former President of Costa Rica

**Lord Callaghan of Cardiff**, Former Prime Minister of the United Kingdom

**Jimmy Carter**, Former President of the United States

**Miguel de la Madrid Hurtado**, Former President of Mexico

**Kurt Furgler**, Former President of Switzerland

**Valéry Giscard d'Estaing**, Former President of France

**Felipe González Márquez**, Former Prime Minister of Spain

**Mikhail S. Gorbachev**, Former Chairman of the Supreme Soviet and Former President of the Union of Soviet Socialist Republics

**Salim El Hoss**, Former Prime Minister of Lebanon

**Kenneth Kaunda**, Former President of Zambia

**Lee Kuan Yew**, Former Prime Minister of Singapore

**Kiichi Miyazawa**, Former Prime Minister of Japan

**Misael Pastrana Borrero**, Former President of Colombia (deceased in August)

**Shimon Peres**, Former Prime Minister of Israel

**Maria de Lourdes Pintasilgo**, Former Prime Minister of Portugal

**José Sarney**, Former President of Brazil

**Shin Hyon Hwak**, Former Prime Minister of the Republic of Korea

**Kalevi Sorsa**, Former Prime Minister of Finland  
**Pierre Elliott Trudeau**, Former Prime Minister of Canada  
**Ola Ullsten**, Former Prime Minister of Sweden  
**George Vassiliou**, Former President of Cyprus  
**Franz Vranitzky**, Former President of Austria

## II. Supporters

Ali Alatas, Minister for Foreign Affairs, Indonesia  
Abdul Aziz Z. Al-Quraishi, former Chairman of SAMA  
Lester Brown, President, Worldwatch Institute  
Andre Chouraqui, Professor in Israel  
John B. Cobb Jr., Claremont School of Theology  
Takako Doi, President, Japan Socialist Democratic Party  
Kan Kato, President, Chiba University of Commerce  
Henry A. Kissinger, Former U.S. Secretary of State  
Teddy Kollek, Mayor of Jerusalem  
William Laughlin, American entrepreneur  
Chwasan Lee Kwang Jung, Head Dharma Master, Won Buddhism  
Rabbi Dr. J. Magonet, Principal, Leo Baek College  
Federico Mayor, Director-General, UNESCO  
Robert S. McNamara, Former President, World Bank  
Robert Muller, Rector, University For Peace  
Konrad Raiser, World Council of Churches  
Jonathan Sacks, Chief Rabbi of the U.K.  
Seijuro Shiokawa, former Ministers of Home Affairs, Education and Transportation of Japan  
Rene Samuel Sirat, Grand Rabbi of France  
Sir Sigmund Sternberg, International Council of Christians and Jews  
Masayoshi Takemura, former Finance Minister of Japan  
Gaston Thorn, Former Prime Minister of Luxembourg  
Paul Volcker, Chairman, James D. Wolfensohn Inc.  
Carl Friedrich v. Weizacker, Scientist  
Richard von Weizacker, former President of the Federal Republic of Germany  
Mahmoud Zakzouk, Minister of Religion, Egypt

## III. Participants (in preparatory meetings in Vienna, Austria in March 1996 and April 1997) and special guests (at the 15th Plenary Session in Noordwijk, The Netherlands in June 1997)

Hans Kueng, Tübingen University (academic advisor to the project)  
Thomas Axworthy, CRB Foundation (academic advisor to the project)  
Kim, Kyong-dong, Seoul National University (academic advisor to the project)  
Cardinal Franz Koenig, Vienna, Austria  
Anna-Marie Aagaard, World Council of Churches  
A.A. Mughram Al-Ghamdi, The King Fahad Academy  
M. Aram, World Conference on Religion & Peace, (deceased in June)

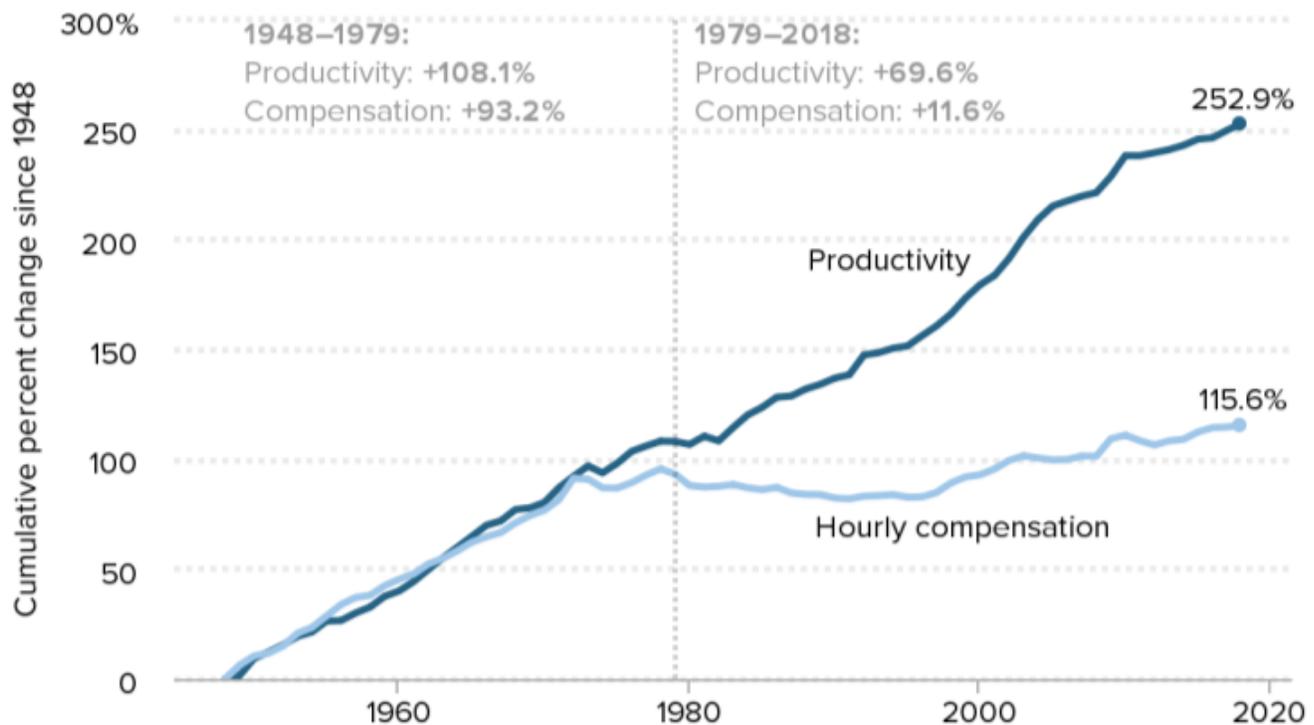
A.T. Ariyaratne, Sarvodaya Movement of Sri Lanka  
Julia Ching, University of Toronto  
Hassan Hanafi, University of Cairo  
Nagaharu Hayabusa, The Asahi Shimbun  
Yersu Kim, Division of Philosophy and Ethics, UNESCO  
Peter Landesmann, European Academy of Sciences  
Lee, Seung-Yun, Former Deputy Prime Minister and Minister of Economic Planning Board of the Republic of Korea  
Flora Lewis, International Herald Tribune  
Liu, Xiao-feng, Institute of Sino-Christian Studies  
Teri McLuhan, Canadian author  
Isamu Miyazaki, Former State Minister, Economic Planning Agency of Japan  
J.J.N. Rost Onnes, Executive Vice President , ABN AMRO Bank  
James Ottley, Anglican observer at the United Nations  
Richard Rorty, Stanford Humanities Center  
L. M. Singhvi, High Commissioner for India  
Marjorie Hewitt Suchocki, Claremont School of Theology  
Seiken Sugiura, House of Representatives of Japan  
Koji Watanabe, Former Japanese Ambassador to Russia  
Woo, Seong-yong, Munhwa Ilbo  
Wu, Xuequian, Vice Chairman, Chinese People's Political Consultative Conference  
Alexander Yakovlev, Former Member, Presidential Council of the Soviet

Excerpts From  
**FRAMEWORK FOR INCLUSIVE CAPITALISM:**  
A New Compact Among Businesses, Government & American Workers

(The full document [can be found here](#))

## The gap between productivity and a typical worker's compensation has increased dramatically since 1979

Productivity growth and hourly compensation growth, 1948–2018



When we began, our focus was on identifying policies to improve the conditions of workers. We recognized that economic policies adopted and supported by both parties since 1980, as well as business practices, socioeconomic and technological trends strengthened in part by these policies, have favored capital over labor, wealth over work at the expense of workers and others. The evidence for this was clear; from 1980-2018, worker productivity increased by about 70%, yet hourly wages for the average worker rose by less than 12%.

As a result, middle class real income has been nearly frozen during this period (and declined relative to fast rising costs for basic needs such as healthcare, housing and education), while the share of children earning more than their parents did at the same age has dropped from 90% for Americans born in the 1940s to 50% for millennials born in the 1980s.<sup>2</sup> The suffering created by these policies could no longer be ignored: by 2019, 40% of American families believed they did not have sufficient cash for a \$400 emergency.

Further, the wealthy and most powerful in our society, many of whom have seen their wealth grow enormously during the time of COVID-19, must give up some of the privileges they have gained and pay their fair share of the costs of building a sustainable economy based upon wellpaid jobs. Government should develop systematic rules requiring a fairer, more just and racially equitable economic system, including developing rules that give workers a meaningful opportunity to have their voices heard on such basic issues as compensation, benefits and protection. Business too must do its fair share, including adopting practices that offer workers greater voice in the corporation, meaningful access to economic security and opportunities for upward mobility. As such, government and business policies and practices must be viewed through a lens which is bipartisan, inclusive and focused on improving the lives of working people and their families.

These efforts must expand opportunities for workers no matter their race, ethnicity, gender or origin. The vast inequalities facing underrepresented populations in our economic system, which America continues to witness yet fails to remedy, hurt not only the lives and families of American workers, but also the economy and recovery they power. Studies indicate reducing inequalities across race, ethnicity and gender through improved pay equity, reduced workforce discrimination and levelled educational and training achievements would lead to more productive workforces, higher earnings and a stronger consumer base. This would in turn add trillions of dollars to GDP, fuel recovery and growth through the year 2050 and increase company profitability by better attracting, developing and retaining talent.

## PILLAR ONE

### PRINCIPLES

**A** Recognize that all workers are “essential” workers, deserving certain basic rights, including the right to be paid a fair share of the value they create.

**B** Safeguard workers from dramatic economic dislocation, including sudden dislocation caused by crises or technological advances by offering opportunities to continue active workforce participation, and ensure that workers have a voice in establishing these protections.

**C** Significantly increase public investment in basic Research and Development (“R&D”) to expand the frontiers of knowledge, science and technology throughout investment lifecycles and adopt policies to ensure that the benefits are more evenly shared among workers and the public.

**D** Eradicate discriminatory policies and practices in the public and private markets that have continued to lead to large disparities along racial, ethnic, gender and disability lines within our workforce and pay equity.

## PILLAR TWO

### PRINCIPLES

- A** Stimulate the growth of new jobs by closing the digital divide and substantially increasing investment in infrastructure, particularly in new and emerging technologies to improve working conditions, combat climate change, advance healthcare and improve financial services.
- B** Create clear opportunities for low-wage workers to upskill to the better jobs they choose to pursue, including through better apprentice and benefit programs as well as making sure that even workers in low wage jobs have adequate protection from unfair practices.
- C** Reduce barriers for workers seeking better jobs by expanding worker benefits so that workers will not have to choose between taking (or seeking) a better job and losing benefits. Apply such benefit programs to workers at all levels, so that there is some parity among the benefits offered to all in the company, from CEOs down.
- D** Commit to the lifelong learning of workers by improving community college access and expanding quality apprentice and/or training programs. Develop model corporate-government initiatives to encourage the private sector to create best practices for worker recruitment and retention.

## PILLAR THREE

### PRINCIPLES

- A** Give workers a stronger voice in the corporation to ensure that good jobs provide good wages and benefits that strengthen the economy and also foster a sense of self-respect and dignity.
- B** Equitably reward all workers for the value they create and empower workers by protecting their rights to negotiate for higher wages and better working conditions on an equal basis with their employers.
- C** Companies should report on their commitment to workers.
- D** Encourage more Inclusive Capitalism to restore balance to the economy while also maintaining fair cash compensation and benefits for workers.

**ROLE OF THE CORPORATION** Government should work with business and labor to establish new sets of rules for our modern economy to eliminate incentives for short-term financial engineering, broaden corporate stakeholders and define a corporate purpose to which businesses' performance can be accountable to. Federal and state laws should facilitate the ability of large corporations to formally broaden the stakeholders and communities to which they are responsible beyond stockholders. This can include encouraging corporations to become public benefit corporations as well as encouraging corporations to make themselves responsible for demonstrating their material and positive impact on society and the environment. For example, as currently conferred in many states yet uniquely enforced in Delaware, the benefit corporation model can task boards with the purpose of creating value, weighing needs and allocating resources for all corporate stakeholders including workers, not just shareholders.

Companies should also ensure that their employment policies provide that workers share in the productivity gains which their jobs help create. This includes the ability of workers to fairly negotiate with companies through democratically elected representatives on basic issues such as pay, benefits and working conditions, especially at large companies, regardless of whether such companies are privately held or publicly traded.

# Proper Stakeholder Management: Strengthening the Bottom Line

**Bob MacGregor**  
**Former Chairman**  
**Caux Round Table for Moral Capitalism**

As one who is much privileged to perform the major role in developing the Caux Round Table (CRT) Principles for Business, which highlighted stakeholder responsibilities to enhance profitability, it is important to respond to the number of misleading articles on the subject.

We were pleased to receive the positive recognition in 2019 by the Business Roundtable, who stated “Your principles served as an important benchmark for our own effort ... our CEO’s committed themselves to serving a broader community of stakeholders. For 33 years, the CRT has been a leading voice for moral capitalism. We celebrate your success and look forward to continued moral leadership from your organization.”

Today, there are many other well-funded interest groups pressing business to support a long list of social issues, some of which, as a private citizen, I also may support.

The CRT’s stakeholder’s emphasis was originally developed and tied the best interests of shareholder profitability and meeting the philosophy spelled out by Milton Friedman that the chief duty of business was to use resources to increase business profits without deception or fraud.

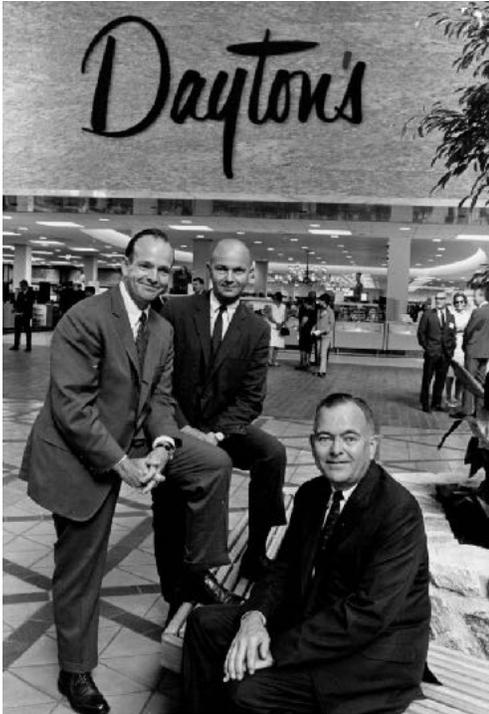
Our original stakeholder ideas were strongly influenced by one of my earlier employers, Dayton-Hudson, a large retail firm developed by the Minneapolis-based Dayton Family. I had the privilege of serving as a Vice President and Director of their foundation, reporting to Chairman Bruce Dayton and President Ken Dayton. Their stakeholder philosophy was strongly influenced by their grandfather, who was a prosperous banker and retired merchant. He was also a very devout religious leader and follower of John Calvin’s Christianity. He believed his business success was tied to uplifting the under privileged and common folks. He established a foundation using 5% of the firm’s pre-tax profits. At that time, there were only a few firms using this generous philosophy to carry this out. All executives were expected to be involved and their annual salary was also tied to the results of their community service of fostering healthy communities.



Dayton’s Store Minneapolis

The Dayton leaders often referred to the importance of “ringing cash registers, emphasizing they rang more loudly and more often in healthy communities.” Therefore, managers were obligated to serve on boards of chambers, YWCA, the performing arts and other service organizations, including being elected to school boards, etc.

Their performance reviews were tied to their community leadership and the results of their service groups solving and addressing programs to enhance healthy communities. I recall my responsibilities to evaluate community service results (yes, ringing cash registers) of top executives in Detroit and Phoenix stores.



Kenneth Dayton, Douglas Dayton,  
& Donald Dayton

A few examples: the original Chairman, Donald Dayton, served as Chairman of the Twin Cities Metropolitan Council. He led efforts to enhance the transportation systems to better foster business development, including proper access to shopping centers and increasing job creation.

The Daytons organized other senior executives in the area to develop a major inner city jobs program which included hiring over 1000 inner city youth, mostly minority, to clean up the Mississippi riverbank and build parks along the river. Good value training was included. In addition, they charged me to develop the largest summer camp in the state to serve city youths with special work and strict programs to better prepare them for entry level jobs.

A close associate, Jim Renier, Chairman of Honeywell, was a strong business leader and partner in these efforts, especially on the education front. In his words, “We need good education for the creative, motivated and productive workers our brainy industries have to have. But education does much more than that to build our industrial base. Healthy companies need healthy hometowns. Business can thrive best where communities offer good civic and social services, a safe and clean environment and honest and efficient government. All of these require an educated population.”

Later, I was hired by the most senior business leaders in Chicago to turn around what they called a broken city. The CEOs of major firms met monthly in a bank board room to evaluate progress. The largest summer jobs program and on the job training program in the country was developed, minority firms were strengthened through purchasing programs and new ones organized. Company security officials worked with the Chicago Police Department to improve training and strengthen crime prevention efforts.

Senior executives were appointed by the mayors to school boards to improve education and to

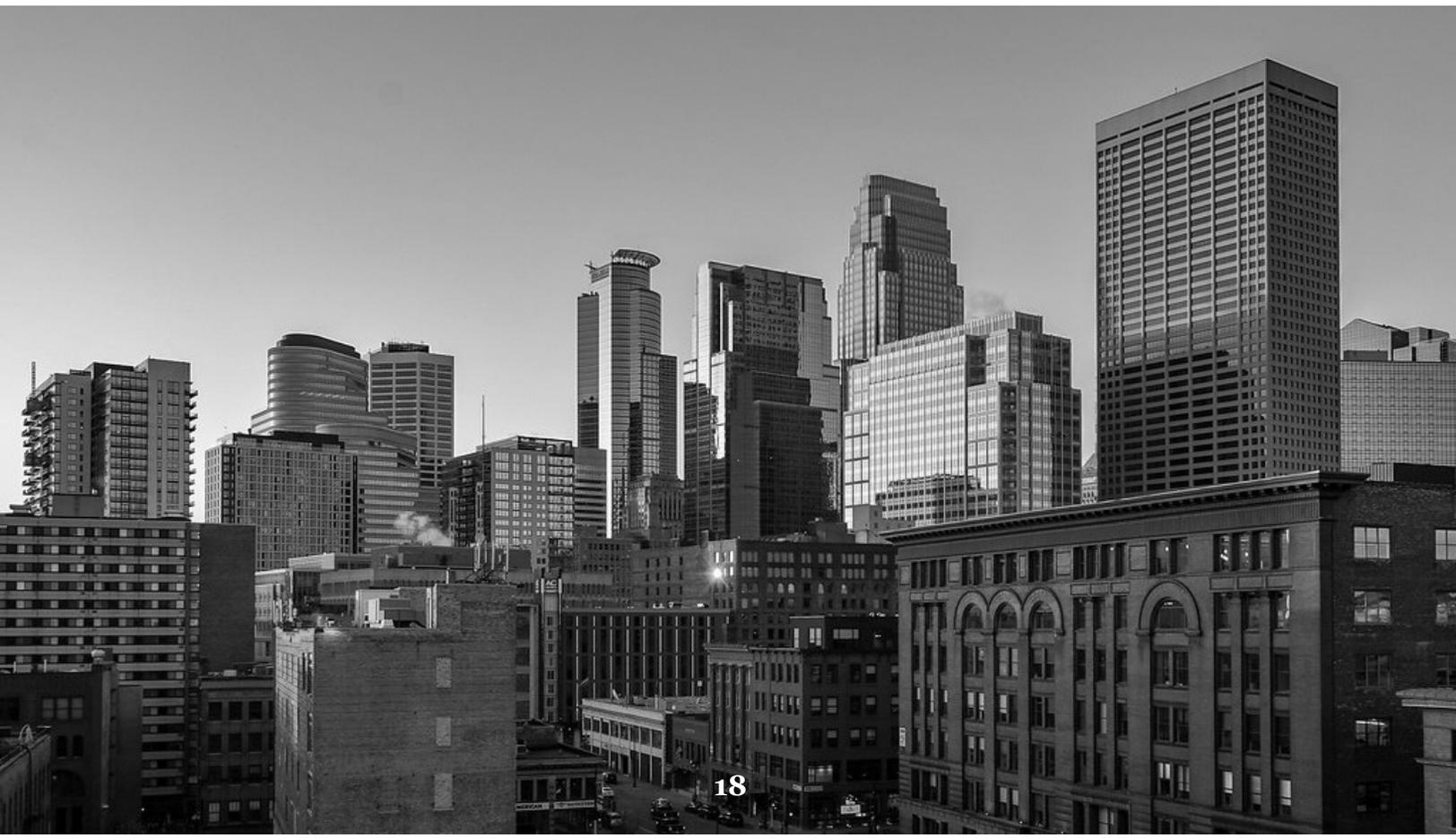
balance budgets. They developed a new vocational education program to prepare youths for trades, trained 500 school principals with basic management training and sent department heads to the American management association for high-level executive training. These are but a few examples of business developing the substantial ways and means to improve healthy communities.

We worked closely with senior executives servicing major firms in some of the largest U.S. cities.

Another group, the Metropolitan Area Nonprofit Corporation, fostered similar stakeholder programs for healthy cities. This group became an effective organization strengthening major cities across the U.S.

One of the first Chairman of the CRT was Win Wallin, CEO of Medtronic. He authored a paper titled “The Greatest Challenge to the World Business Community: Making it Possible for Poor Workers to Share in Global Prosperity.” The paper listed some key recommendations to help firms in developing countries become more profitable and hire more citizens in good jobs, all contributing to building healthy communities.

In summary, we document that the CRT stakeholder recommendations worked to increase company wealth and meet our objectives with healthy communities. According to Bruce Dayton, “We believe that the great work ahead for American business is to ensure that our cities regenerate themselves into dynamic centers, socially economically and culturally.” According to Ken Dayton, “The purpose of business is to serve society. Profit is our reward for serving well, with integrity.” This philosophy carried out today is the most salutary way to assure the best results for business success in the U.S. and World!



# **An Important Caux Round Table Innovation**

**Stephen B. Young**  
**Global Executive Director**  
**Caux Round Table for Moral Capitalism**

From its inception in 1986, the Caux Round Table for Moral Capitalism (CRT) attracted the participation of senior business executives who were willing to assume responsibility, not only for the success or failure of their companies, but also for the greater good of the societies which made such success or failure more or less probable. From this commitment to responsibility came the 1994 written articulation of standards by which faithful execution of those responsibilities could be measured.

Position without responsibility is most often abuse of authority. Ezekiel 34 speaks of taking the flock away from the shepherds, discharging them from their office, as they fed themselves and cared not for the sheep.

A person cannot become President of the United States without making a personal commitment to “faithfully execute the Office of President.” The office is a duty to carry out multiple responsibilities.

When Elizabeth Windsor became Queen of England in November 1952, she made personal commitments as follows:

Archbishop of Canterbury: “Will you solemnly promise and swear to govern the Peoples of the United Kingdom of Great Britain and Northern Ireland, Canada, Australia, New Zealand, the Union of South Africa, Pakistan and Ceylon and of your Possessions and the other Territories to any of them belonging or pertaining, according to their respective laws and customs?”

Queen: “I solemnly promise so to do.”

Archbishop: “Will you to your power cause Law and Justice, in Mercy, to be executed in all your judgements?”

Queen: “I will.”

Archbishop: “Will you to the utmost of your power maintain the Laws of God and the true profession of the Gospel? Will you to the utmost of your power maintain in the United Kingdom the Protestant Reformed Religion established by law? Will you maintain and preserve inviolably the settlement of the Church of England and the doctrine, worship, discipline and government thereof, as by law established in England? And will you preserve unto the Bishops and Clergy of England and to the Churches there committed to their charge, all such rights and privileges, as by law do or shall appertain to them or any of them?”

Queen: “All this I promise to do.”

Then, the Queen, arising out of her chair, supported as before, the sword of state being carried before her, went to the altar and made her solemn oath in the sight of all the people, laying her right hand upon the Holy Gospel in the great Bible (which was before carried in the procession and is now brought from the altar by the Archbishop and tendered to her as she kneels upon the steps), said these words:

“The things which I have here before promised, I will perform and keep. So help me God.”

Responsibility can be assigned to a person or a position, but accomplishment of its desired outcome cannot be made to happen by command. Responsibility must be assumed by a willing agent, first and foremost. The most insightful student of executive quality, Chester Bernard, wrote many years ago that the function of an executive was not to give orders, but to inspire a system of collaboration among those willing to so cooperate. The ultimate power to fulfill a task, to carry out an order, lies with the one who must act, not with another who might have the nominal right to command. The efficacy of command turns on the willingness and enthusiasm of the subordinate to obey.

Responsibility is a social dynamic, not a conceptual abstraction.

It is a maxim of military command, for example, never to give an order that cannot be obeyed.

The reality of personal assumption of responsibility lies behind all discourse regimes which seek values and narratives that provide government with legitimacy. The responsibility of the government is to “win the hearts and minds” of the people, so to speak. The collapse of monarchies, such as the French Bourbons or the Russian Romanovs, came about when subordinates refused to defend the regime from revolutionaries.

The challenge for the founders of the CRT was how to bring about the assumption of responsibility which otherwise could not be commanded. Here, they turned to the utility of process. Winning willing assent to the assumption of responsibility needs engagement. Commitment comes from trust in self and others. The spirit might be willing, but the body may have other priorities.

Thus, the CRT evolved over the years a practice of round tables to facilitate the assumption of responsibility by those sitting and talking with one another “around the table.”

The process of a CRT round table is simple, but effective across cultures and generations. It rests on common realities of human nature. The process seeks to bring about “honest conversations.” There are expectations of mutual respect and personal sincerity from all at the table.

] First, there is no chair, only a facilitator and a rapporteur. The facilitator recognizes speakers in the order they seek to have the floor, without any other formality or precedence.

Secondly, a participant who has the floor may speak to any point. Robert’s Rules of Order are not followed.

Thirdly, the Chatham House Rule is applied – there is to be no attribution of any comment to any speaker.

Fourth, all around the table are taken at face value of equal status and dignity.

Fifth, each speaker carries a burden of persuasion. They may not presume that anything they say will, without more, shift the thinking of others to admire their “story” or assent to their “truth.” The dynamic of discussion and dialogue pushes participants to bring into the open more and more aspirational and idealistic perspectives, which prove to be easier to reconcile and integrated than are very specific interests, power agendas and emotional reactions.

Sixth, no votes are taken.

Lastly, the themes, main points and concluding remarks of the conversation are written up by the rapporteur in a proceedings.

The dynamic of such a round table process of dialogue and discussion works across cultures, genders and ages. It gives practical effect to the current social justice mantra of “inclusion and diversity” – without exclusion of person, topic or point of view. That is what “honest conversations” are about – tensions, differences, hurt feelings, aspirations, trusting and accepting changes in one’s perceptions, feelings or thoughts.



The usual result of this process is the easy assumption of responsibility by all around the table by the end of the session.

The CRT round table process cannot accomplish such good results if it indulges in preaching, lecturing, indoctrination, virtue signaling or other superficial performative ingratiations.

The drafting of the CRT Principles for Business in 1994 was accomplished by use of this round table process, beginning with a 1992 global dialogue round table at Mountain House in Caux, Switzerland and culminating two years later with a round table discussion of a proposed draft. The CRT principles amalgamated and interwove concepts from Japan (kyosei), Europe (human dignity) and the U.S. (stewardship).

One of the great breakthroughs was a conversation in which a French participant proposed to the Japanese participants a duality of approaches – accepting the Japanese ideal of kyosei or symbiosis for mutual benefit and human dignity so that the group would not excessively subordinate individuals to collective preferences. Then, it was suggested to add the American practice of helping people focus on responsibilities with reference to written guidelines, principles and standards by which to measure behavior and to raise their level of thinking. Responsible behaviors should not be lowered to the level of beauty only being in the eye of the beholder.

A small committee was drafted to develop the CRT principles which were agreed upon at the meeting in 1994. Since then, the CRT has used this process for round table conferences around the world. Even today, there are three distinct phases of the round table process, no matter where it is taking place. There is an open-ended discussion in which issues are raised, while others surface as a result of the initial dialogue. Then, some unexpected point is brought to the table with conviction and sincerity. People listen. The third phase is a round of conversation to develop key issues, but in a spirit of cooperation, not competition. It is at this point when participants invariably express gratitude for their chance to be part of the conversation.

The CRT began as an offspring of the Moral Re-Armament Movement, which in the 1930's worried that western civilization was losing its core values and that this facilitated the rise of Soviet Communism, German Nazism and Italian Fascism. Moral Rearmament sought to reinforce absolute virtues like honesty and trustworthiness, to be honest with oneself, while recognizing and accepting the honesty of others and to contribute to resolving problems, instead of resisting its resolution.

Frank Buchman, founder of Moral Re-Armament, would often say, "Remember, when you point your finger at another to blame them for something, three fingers are pointing back at you." His point was that we should look to ourselves first as to our thoughts and actions and what we have done before blaming others.

After World War II, the Moral Re-Armament network undertook a project to bring about reconciliation between the French and German peoples in order to prevent another war in Europe. Their assessment of the causes of wars over the previous 200 years often involved tribal-like enmity between the French and German states, including Austria. Moral Re-Armament invited to Mountain House in Caux French and Germans for round table "honest conversations" on the future of Europe. The discussions were very successful. They built trusting relationships in which each side needed to listen and bear the burden of history. They each had to recognize other people's values and apply open mindedness in judging their own deeds. When the French proposed the formation of a European coal and steel community, Germany accepted the idea. Eventually, that led to organization of the European Union.



Mountain House, Caux, Switzerland

In this initiative, members of Moral Re-Armament acted as facilitators for these discussions. One of them was a young man named Frits Philips, whose family owned Philips Electronics. Later, as CEO of the company, Philips applied the round table process during the first meeting of the CRT in 1986, when tensions were running high between the Japanese, on one side, and Europeans and Americans on the other, given the stunning success of the Japanese in selling consumer electronic products and automobiles in Europe and the U.S.

The experience at Mountain House of facilitating discussions between former enemies and cultural rivals had shaped the evolution of an innovative round table process somewhere between arbitration, mediation and just open dialogue. The Japanese, Europeans and Americans meeting in 1986 warmed to the round table process of examining their own behaviors first, rather than simply blaming the other side for being difficult and unfriendly. Participants at that first CRT round table came to agreement that if you had a good product sold at a fair price and took care to treat employees fairly, you should have the right to compete anywhere. General principles of social responsibility took precedence over Darwinian self-seeking.

Over the years, the CRT has expanded its principles to go beyond business ethics to include principles for government, good citizenship, ownership of wealth and non-governmental organizations.

Twenty-two CRT round tables were convened in 2015 in various cities around the world to focus attention on the proposed U.N. Sustainable Development Goals. The resulting statement was a white paper and call to action.

Since the promulgation of its original Principles for Business, the CRT has pushed forward on a continual quest to develop further principles, including the following:

- 1) Principles for Moral Government - the ethics of public office as a public trust.
- 2) 2008 - Statement of Joint Concern - Catholic Social Teachings, augmented by social principles from the Qur'an.
- 3) 2010 - Mountain House Statement on the Abrahamic Faiths - alignment of Judaic, Christian and Islamic traditions.
- 4) 2013 - The Bangkok Agenda: Reshaping Capitalism to Ensure Viable Global Sustainability.
- 5) 2015 - White Paper and Call to Action on the Sustainable Development Goals.
- 6) 2017 - Statement of Protestant Social Teachings - a unique contribution to align Protestant Social Teachings with Catholic Social Teachings.
- 7) 2018 - Statement of the Ethics of Comity - among immigrants, refugees and host country citizens.
- 8) 2020 - Round Tables on "Racism" - reframing cross-cultural dynamics as translation and interpretation.
- 9) 2021 - Report on the Covenants of the Prophet Muhammad and their similarity to the principles of Christian communities.



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