

From Living City – June 2004

## A series of conferences in New York and Washington explores the role of religious values in corporate decision-making and the proposal of the Economy of Communion

### New hope and new light for the corporate world

An interdisciplinary interfaith conference at Fordham University in New York

BY AMY UELMEN

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EVEN A GLANCE AT THE HEADLINES lately would reveal that it has been a rough few years for “corporate America.” As the woes of *Enron*, *Tyco*, *WorldCom* and Martha Stewart have flashed across our television screens, who hasn’t mused that honesty and integrity seem pretty hard to come by in the business world?

Less noticed in the press, but perhaps just as important, are promising seeds of hope. Some of these projects are not so much a bandage to cover over ugly wounds in the midst of a crisis, but deeper and more consistent efforts to construct positive models for business life. In this light, it is not surprising to see that business professionals are increasingly considering a number of creative resources that might help sustain their commitment to professional integrity and social responsibility—among them religious values.

It was in this spirit that lawyers, corporate executives and academics in the fields of management, economics and law gathered recently at Fordham University in New York City for a conference on *Religious Values and Corporate Decision-Making*. The event was sponsored by Fordham’s Institute on Religion, Law & Lawyer’s Work, which holds an annual conference to explore how religious values might permeate a particular area of the legal practice.

Discussions did not shy away from some of the more difficult questions. As Mark Sargent, Dean of Villanova Law School, explained, “there should be a place for people to incorporate religious values into corporation decision-making, but as an empirical matter there is very little room.” Others were especially cautious because they saw that the effort to draw on religious values could become a source of conflict.

But in their discussion of particular problems, many of the panelists were clear that it would be impossible for them to wall off their personal values. As Joseph Geoghan, Esq., former General Counsel of Union Carbide Corp., explained, “I strongly believe in the maxim that there is no rule of separation whatsoever between the principle that I apply in my personal life as a Roman Catholic and those applied in my business career. The norms and standards I would apply [to the case at hand] would be influenced by the social justice teachings of the Church, beginning with the primacy of labor over capital.”

Similarly Talat Ansari, Esq., a partner in the law firm of Kelley, Drye & Warren, who has had extensive experience in counseling large corporations, explained that because “Islam was brought to this world by a person who before achieving his status as a prophet was also a trader, in addition to universal ethical norms, Islam also contains certain norms of business which have to be kept in mind and followed when any believer engages in business.” For example, Islam includes specific guidance on adherence to contracts, fair treatment of workers, as well as prohibitions against false advertising, misrepresentation, hoarding and profiteering.

Perhaps one of the most compelling arguments for the role of religious values in corporate decision-making is that market itself requires such a complex analysis. As Stefano Zamagni, Professor of Economics from the University of Bologna, Italy, explained in his keynote, recent theories have moved away from the idea of “consumer as customer,” who utilizes purchasing power to maximize utility, toward a model of the “consumer as citizen,” who “also wants to express his feeling about the way the menu of commodities is produced and the way commodities are sold.” For example, “if I happen to know that a shoe or a balloon is produced in a country where human rights are severely violated, I might object to buying that commodity even though the price and the quality of the commodity are good.” Through this lens, moral and religious values are not so much a constraint on bad behavior but more of a preference which should be accounted for in the market.

The afternoon panels devoted to exposition and discussion of “viable pilot projects” illustrated how religious values can inform and enrich corporate decision-making, and confirmed Professor Zamagni’s insight that the idea of “consumers as citizens” is indeed alive and well in many of the projects which aim to express and increase corporate social responsibility (see boxes).

In the final discussion, the word that most frequently emerged was “dialogue.” Participants expressed the desire for further opportunities for a rich exchange between different faith traditions and academic disciplines. And as one participant put it, in the efforts to “change minds and hearts,” a dialogue which sees “as persons” not only those affected by the actions of large business, but also the people who work in corporations, had caught their imagination and inspired hope for positive change.

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*The papers and proceedings from the February 2004 Conference on Religious Values & Corporate Decision-Making will be published in Fall 2004 in the Fordham Journal of Corporate and Financial Law. For more information contact [auelmen@law.fordham.edu](mailto:auelmen@law.fordham.edu).*

Box:

## The Economy of Communion’s Contribution to Economic Theory

AFTER A BRIEF INTRODUCTION on the origins and principles of the Economy of Communion, Luigino Bruni, Professor of Economics at the University of Milan-Bicocca, drew out some of the project’s contributions to economic theory. Because it has emerged based on spirituality, he explained, experience is prior to the theory: “It’s not that we write first and then apply the principles to life; as scholars we are listening to what is going on in practice.”

He acknowledged how difficult it may be for economists who work within the framework of contemporary economics to grasp its novelty, for their “methodological and theoretical tools” may not be able to explain “an experience based on a community and relationality.” But from the analysis presented, he already seems to have made quite a bit of headway.

For example, as an economic historian he has been able to recover the early aspiration of economic theory to explore “public happiness”—public by definition. “You can be rich alone, but if you would like to be happy—Professor Bruni explained—there must be at least two people; happiness is relational.”

Similarly, he sees much promise in recovering the public dimensions of what it means to be an “entrepreneur.” As Italian Maffeo Pantaleoni and American Thorstein Veblen explained in the early twentieth century, there is a marked difference between the speculator, whose exclusive goal is profits, the entrepreneur, a “person with a project” who gives intrinsic rather than simply instrumental value to economic activity.

Finally, Professor Bruni proposed that economic theory be fleshed out with a robust principle of sincere “gratuity”—the capacity to act “not for instrumental reasons but because it is good in itself.” He opined that this theory may actually work better than instrumental market-based incentive schemes.

From the positive and hopeful reaction of the conference participants, it was clear that the Economy of Communion, an experience based on trust and genuine personal relationships, can provide rich and fertile ground for further reflection on the contribution and challenge it poses for current economic theories and models. —A. U.

*For background on the Economy of Communion, see the recently published collection of essays, *The Economy of Communion: Toward a Multi-Dimensional Economic Culture* (L. Bruni, ed., New City Press, 2002) and its website [www.edc-online.org](http://www.edc-online.org)*

Box:

### **In Dialogue with Corporate America**

THE INTERFAITH CENTER FOR CORPORATE RESPONSIBILITY (“ICCR”), located in New York City, has been a leader in the corporate social responsibility movement for more than thirty years. Its membership, an association of 275 Jewish, Protestant, and Roman Catholic institutional investors, has a combined portfolio value estimated at \$110 billion. The ICCR and its members press companies to be socially and environmentally responsible, using, among other tools, shareholder resolutions.

As Patricia Daly, OP, Director of the *Tri-State Coalition for Responsible Investment*, explained, previously when faith-based institutions decided that a company’s actions offended their personal or spiritual values, they would simply divest their stock. The ICCR came to life as we realized “that as U.S. investors we had power and we were part of the company; we owned the company and we needed to speak up and to participate in the structure.” As Sr. Daly explained the process of coming together with corporate management to work out a change, she noted, “Corporate dialogue is really the essence of our work.”

Rabbi Mordechai Liebling, Director of *The Shefa Fund*, also expressed confidence in dialogue as the most effective path: “Face-to-face meetings with other human beings change things, and often the people on the corporate side are very appreciative that ICCR has brought these concerns up because it allows them to make the changes that they do really want to make,” and gives them both financial and ethical reasons to change company policy.

In their work for corporate social responsibility, the religious values of member institutions often provide specific guidance. For example, as Rabbi Liebling noted, under Jewish law, “we have the responsibility to make sure that something we own does no harm. So if we are owners of large corporations, we have a responsibility to do whatever is in our power to make sure that those assets do not hurt anybody else.” Further, as some rabbis have explained, the passage “love God with all your strength (*m’odecha*)” actually means “with all of your wealth”—which would include not only giving money for justice, but also trying to do justice with our assets, and working “to get corporations to change their policies to be more responsible.”

Projects such as the ICCR can also become a hopeful forum for strengthening ties between different faith traditions. As Rabbi Liebling explained: “it is our passion for justice that unites all of us in working with the corporate world. The creation of wealth in the world through justice and through fair means is something that we can share across faith traditions and bring into the world of business.”

*For more information: [www.iccr.org](http://www.iccr.org); [www.shefafund.org](http://www.shefafund.org).*

### **Washington Policy Analysts Ponder “The Paradox of Happiness in Economics”**

IT MIGHT BE DIFFICULT TO IMAGINE THAT top level economists and policy experts would take time out from their busy schedules to ponder the topic of “happiness.” Yet on a crisp evening in February, over 100 guests filled the Italian Embassy in Washington DC to hear the insights of Professor Luigino Bruni of the University of Milan, Bicocca, and the response by Carol Graham, Vice President and Director of the Governance Studies Program at the Brookings Institution, on just such a topic.

Presenting his research on the link between wealth and happiness in contemporary economic analysis, Professor Bruni put forth a compelling challenge: over the past several decades in the U.S., Japan and countries in Europe, rises in aggregate income are not associated with rises in aggregate happiness. Mainstream economic analysis, which focuses exclusively on income, wealth, and consumption, is unable—Professor Bruni opined—to probe the depths of the paradox, because it fails to consider some key dimensions which have a great impact on happiness and well-being, such as the need for love, achievement, and control. He set forth such “relational goods” as a true source of happiness, but also challenged economists to fine tune their instruments so as to recognize and appreciate their vulnerability and fragility, as many can be enjoyed only in reciprocity.

In her response, Dr. Graham highlighted the importance of the topic in policy analysis, and drew out its implications for development, public finance and international economics. The public also appeared to be extremely appreciative and interested in the issues and raised many questions, giving the impression that a true thirst for relational goods and for a different take on conventional concepts of well-being are most needed, even in a power-oriented city like Washington DC.

—*Alessandra Campanaro, Financial Sector Operations and Policy (OPD), The World Bank Group*

Captions:

**Two conferences, one in New York at Fordham University School of Law (top and left) and one in Washington, D.C. (right), showcased the contribution that the Economy of Communion could offer to economic theory.**

**Far right: in Washington the panel included (from left) Luigino Bruni from the University of Milan, Dr. Pasquale Ferrara, First Counselor for Cultural Affairs at the Italian Mission to the U.S. in Washington, Dr. Stefano Stefanini, Deputy Chief of the Mission, and the discussant Carol Graham, Vice President and Director of the Governance Studies Program at the Brookings Institution.**