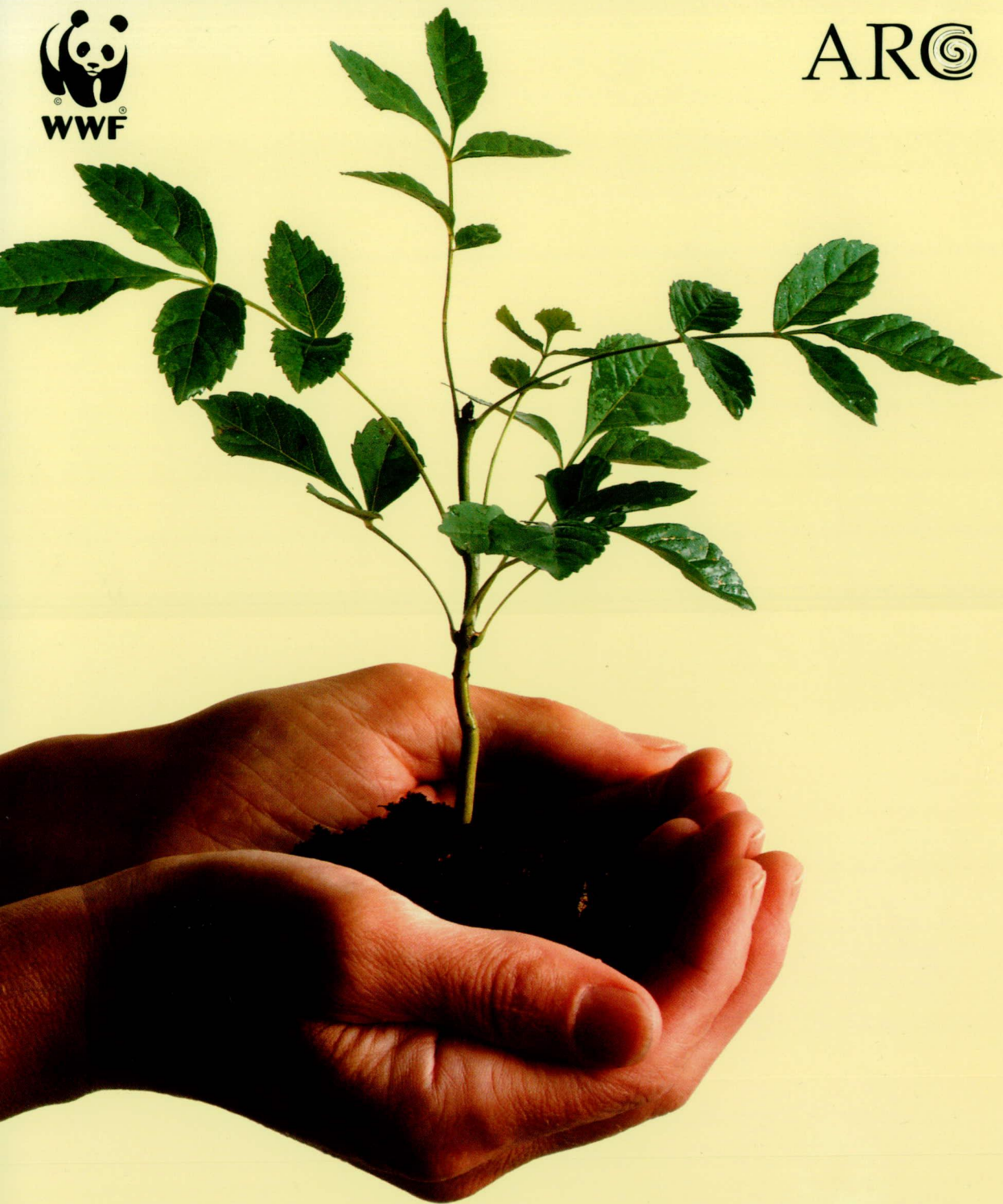




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A CAPITAL SOLUTION

FAITH, FINANCE AND CONCERN FOR A
LIVING PLANET

A CAPITAL SOLUTION

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FOR A LIVING PLANET

Published in association with



THE ALLIANCE OF RELIGIONS AND CONSERVATION



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A CAPITAL SOLUTION

FAITH, FINANCE AND CONCERN
FOR A LIVING PLANET

By
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With thanks also to Ariane Van Buren at the Interfaith Center on Corporate Responsibility (ICCR), and Laurie Michalowsky at the United Methodist Church.

FOREWORD

I AM delighted to provide the foreword to this stimulating booklet and the initiatives it outlines. It shows a face of religion few know even exists, and it provides tangible and practical evidence of one of the most surprising partnerships in which it has been my pleasure to be involved. It puts the issues of justice, environment and human rights at the centre of the financial and humanitarian agendas, and recognises both the central role of economics, and the need for economics to function within a moral framework.

The role which religions have played in economic development has traditionally been one of bystanders, but in recent years, through organisations such as the Alliance for Religions and Conservation and World Faiths Development Dialogue, the faiths have engaged in a serious dialogue with contemporary economic institutions including my own. For many, their uninformed assumption would be that the discussions would have amounted to no more than fine ideas and rhetoric. This book makes it clear, however, that the faiths have acknowledged their roles as investors and consumers which together make them major shareholders in civil society in the most literal sense. That they are now seeking to use their economic power and to influence others by their example can only excite and draw approval from all those concerned with economics, social development and environmental justice.

From the perspective of the World Bank, I not only welcome this ARC/WWF initiative, but also invite the proposed International Interfaith Investment Group to engage with us in serious collaboration. I am very pleased that my staff in our East Asia region have already taken the initiative to contract ARC in a pilot programme to demonstrate the relevance of ARC approaches to our operational work in the areas of forests and biodiversity.

The ideas in this book are pragmatic, achievable and replicable, and I accept the challenge to be drawn into this new agenda, and invite others to join us in a journey that will challenge our faith in every sense.

James Wolfensohn
President
The World Bank

This publication does not constitute legal or financial advice. Individual and institutional investors alike should seek the advice of professionals qualified in this area before embarking on a new investment strategy. Any stock market investment has risks associated with it and ethical investment is no different.

— I —

BACKGROUND AND CALL TO ACTION

THIS booklet has been prepared as part of the joint work between WWF, the global environment network, and the Alliance of Religions and Conservation (ARC) on the Sacred Gifts initiative. During an 18-month research period, ARC and many faith communities explored the range and degree of assets and land holdings that each community holds. The results were a surprise to many, not least within the faith communities themselves. It swiftly became clear that the financial holdings of the faiths were far in excess of anything that most people would have expected. In other words, a major economic force for change lies within the control of faith communities worldwide.

This short publication is designed to illustrate some examples of the excellent work already being done by many faith groups – indeed, there are so many examples that selecting which to include was a very difficult task. There may be enormous scope for developing international understanding, sharing expertise and fostering partnerships between faith groups and existing networks in order to develop further ethical investment strategies as a tool for positive change.

The booklet is intended to be the first step towards asking faith communities to join in a collective programme of research leading to action. The first step is to ask faiths to consider committing themselves to a partnership proposal which will lead to the creation of an international interfaith investment group (known as 3iG) which will enable faiths collectively as well as independently to utilise their shareholding and banking power to effect social and environmental change. The basic commitment we ask each faith community to make is:

to check that our faith's reserves are invested with due regard to our beliefs, values, the environment and human rights – so that all life on Earth can benefit.

In practice this partnership may involve action along the following lines:

- to determine whether an ethical investment policy is in force for the faith group;
- to discover the scale and nature of any stocks and shares owned by the faith by obtaining a listing of the investment portfolio;
- to consider the examples of how other faiths have handled the issues included in the booklet. Then, having referred to statements on business ethics by faith groups (also included in the booklet), to explore what ethical issues should be considered when investing the faith's reserves;
- to investigate the policy of the faith's bank towards ethical banking;
- to develop a Statement of Ethical Investment Principles regarding human rights and environmental concerns appropriate to the faith. Key environmental target

areas may include urgent and pressing issues such as forestry, toxics and climate change.¹

These experiences and concluding statements will eventually be brought together in a publication to demonstrate the practical action that faiths can take to support human rights, the needs of developing countries and the stewardship of the environment through their own financial reserves.

The first major discussion of this idea for 3iG will then be held in New York in September 2001 in order to exchange knowledge, evaluate progress and share lesson learning. It is our intention to create 3iG in order to provide assistance for each faith group in ethical investment. Each faith will of course retain ultimate control over its funds and all financial details will be treated as confidential.

At that meeting, groups and individuals will be free to join the discussions and 3iG. Drawing information from works of already existing bodies – for example the Interfaith Center on Corporate Responsibility (ICCR) – the Group will develop an agreed framework of principles and priorities, which will guide the faiths by offering:

- advice on shareholder motions and voting, including the idea of the Group having the power of proxy voting signed over to them from faith fund managers to use strategically;
- the encouragement of new investments into environmentally friendly products and systems;
- publicity on the value of ethical frameworks for investment.

This booklet seeks to shed a little light on the otherwise murky world of investment – ethical or otherwise – and to highlight where there is scope for positive change. It also aims to introduce ideas, stimulate debate and empower action as a first step towards ARC and WWF's vision of a worldwide network of religions sharing experience in ethical investment. Such a body will also look to broader financial considerations such as banking arrangements,² the investments of the individual believer and ethical purchasing practices in a general sense.

1 A number of research institutions and consultancies specialise in the area of ethical investment. Contact 3iG for help in contacting one

2 The example of the Islamic banking codes developed by such international banks as Citibank (See Section 5) illustrates the potential for banking undertaken within the ethical and moral guidelines of a major faith. While Islam is the only faith with a historically developed code of banking behaviour that has refused to support the charging or earning of interest, the Taoists of China have also always forbidden this activity. Similarly, Christian churches forbade interest until John Calvin lifted the ban in the mid 16th century.

INTRODUCTION

Not all faith groups have to contend with the dilemmas of investing ethically because not all faiths maintain financial reserves. For those that do, this booklet will help them implement their beliefs through their investments. For those that do not have financial reserves, it will help them spread the word.

The focus of this booklet is on the financial reserves typically managed by a financial institution and invested in stocks, shares, real estate and small start-up companies not floated on a stock market ('venture capital'). It is understandably unusual for the believer to consider whether one's faith group holds these financial reserves. It is even less common to find out where these investments are held – only an enlightened few even realise their investments might actually conflict with their faith's beliefs.

The scale of corporate activity is staggering. Among the world's 100 largest economies in 1995–96, 51 were businesses and 49 were countries. It is estimated that Shell controls over 160 million hectares of land – that can be put into perspective when you realise that the territorial domains of 123 countries in the world are smaller.

There is a broader, growing sentiment that the activities of companies and their pattern of influence can be detrimental to the environment and society at large. Indeed, it has been said that 'as the global economy expands, business is becoming increasingly important in determining the environmental, social and economic conditions of people on this planet while government power appears in decline'.¹

Statements such as this are drawn into sharp relief by a stark set of statistics contained in the WWF *Living Planet Index (LPI)*² which estimates that between 1970 and 1995 the world's freshwater ecosystems declined by 50 per cent, marine ecosystems by 30 per cent, and forest cover by 10 per cent. Overall, the *LPI* found that humans destroyed more than 30 per cent of the natural world between 1970 and 1995 – indicating also that global consumption pressure has doubled in the space of a generation.

Investing in shares can be regarded as a form of purchasing – and, similar to consumer power, this can be a very powerful force for positive change. Collectively, faith groups have the potential to shape, shift and focus public attention towards products and companies which are more ethical in production and use. The sense of solidarity with others in the faith community, and of solidarity with the particular religious institutions to which the believers belong, can help make what would seem an insignificant personal stance, part of something much more effective.

1 Bendell, J., 1998, 'Citizens Cane? Relations Between Business And Civil Society', Paper presented at ISTR 3rd International Conference: Geneva, July 8–11, School for Policy Studies, University of Bristol.

2 WWF International, 1999, *The Living Planet Index*, WWF International, Gland, Switzerland

WHAT IS ETHICAL INVESTMENT?

STRICTLY speaking, ethical investment is nothing new. It has been practised by some faiths for decades and has grown up in response to the question: ‘What is my wealth (shares in multinationals, pensions funds, portfolio investment schemes) being used for?’ Until perhaps 200 years ago, those fortunate enough to enjoy wealth generally knew what the answer was. It was typically tied up in land, cash and live-stock. The arrival of the Industrial Revolution in Europe and the US caused the lucky ones to find their wealth in the family business, for example, or in stocks and shares of railway companies.

Today the connection is inordinately more complex. The world economy has evolved to become enormously efficient at putting savings to work – often without the knowledge of the ‘owner’. So, while the perception may be that a fund manager or bank is the recipient of the financial reserves, the reality is that the money, one way or another, ends up financing the profit-generating activity of others – individuals, multinationals and countries alike. It is this profit-generating activity which is the ultimate source of the interest earned on investments and bank deposits. When done in the right way, it can bring significant benefits to developing and developed countries alike.

However, while many activities can generate profit, not all do so in a way which adheres to certain ethical standards which many of us take for granted. As Naomi Klein notes in her recent book: ‘The travels of Nike sneakers have been traced back to the abusive sweatshops of Vietnam, Barbie’s little outfits back to the child labourers of Sumatra ... and Shell’s oil back to the polluted and impoverished villages of the Niger Delta’.¹

Similarly, many people are concerned about the issues that arise from land mines, tobacco plantations and pornography – to name just three – and would not wish to profit from such sources or activities. Screening out such investments is termed *negative screening*.

Conversely, investors may also wish to see their money promoting responsible activities, including green and sustainable technologies such as renewable power generation. Steering assets into more environmentally and socially beneficial activities is called *positive screening* (we publish some examples later).

Although this booklet uses the term ‘ethical investment’, many other terms describe similar concepts – for example, ‘green investment’, ‘socially responsible investment’ and ‘mission-related investment’. There has been considerable discussion as to the precise meaning of these expressions, and a useful definition is based on the text of

1 Klein, N., *No Logo*, Flamingo-HarperCollins Publishers, UK, 2000.

the reform of the 1995 Pensions Act in the United Kingdom (see later): 'investment where social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investment, and the responsible use of rights (such as voting rights) attaching to investments'.²

This definition is helpful not least because it depicts investment as a process and draws attention to voting considerations. For example, having purchased a share in a company, the shareholder obtains certain rights such as voting on issues raised at the company Annual General Meeting (AGM). According to BP Shareholders Against New Exploration (SANE BP), shareholders are 'the primary regulators of the companies in which they invest. They have a right and a responsibility to challenge decisions made by the directors'.³

SANE BP has become an umbrella group for BP's investors concerned about its impact on climate change who wish to move the company towards renewable energy and away from damaging oil exploration (see WWF case study later). In many countries, the opportunity for this voting and active engagement exists because of Company Law. This provides the legal basis for all companies and generally specifies that directors of publicly listed companies are legally accountable to their shareholders.

Many ethical funds also employ *best in class* investment strategies, which compare and contrast companies in the more established industrial sectors such as finance, food retailing and utilities. Comparisons identify critical environmental and social issues within those sectors, and whether companies are leaders or laggards in relation to their peers. Key issues taken into account include environment, employee and community initiatives, programmes and beneficial products or services. Those identified as leaders will then be considered for investment.

As well as identifying *best in class* companies, these surveys also identify key issues for discussion or action. Some ethical funds pass on their conclusions to the companies surveyed – which can be either a welcome endorsement of a leading company's endeavours, or a prod in the right direction for the laggards.

This kind of engagement need not be limited to once a year by voting at a company's AGM, for example. Some faiths maintain active, frequent dialogue by continually raising ethical issues with the companies they own. The examples in Section 5 demonstrate the enormous potential for this kind of engagement, which can often lead to positive change. And although there is certainly a place for negative screening, the impact on the company and its share price is usually marginal because there are nearly always less scrupulous or less well-informed people willing to buy the shares. Active dialogue is key to ethical investment and is defined by the Ethical Investment Research Service (EIRIS) as 'a conscious process in which areas of improvement are identified for individual companies; the investor then seeks to persuade these companies to commit themselves to change and then monitors the implementation of any commitments made'.

² Mansley, M., *Socially Responsible Investment: A Guide for Pension Funds and Institutional Investors*, Monitor Press, 2000, p. 03.

³ SANE BP website: www.sanebp.com/, viewed 10.8.2000.

There are therefore three principal ways that an organisation can pursue an ethical investment policy:

- it may seek to avoid investment in company groups whose activities compromise its ethical concerns and objectives through *negative screening*;
- through a *best in class* and/or *positive screening* approach, it may actively support those that make a positive contribution to society in general or its own cause in particular;
- it may use the right of shareholders to discuss with companies how they can improve their performances through an *active dialogue* programme.

In our view, the most successful strategies involve a mix of all three. However, ethical investment policies have to be formulated in the light of local laws which may place certain restrictions on the use of funds. For example, religious organisations in the UK have to follow charity and trustee law in the way they operate.

Examples of ethical policies which combine these approaches can be seen in Section 5, and through the approach of WWF-UK below:

Case Study I WWF and Ethical Investment

The question of whether a charity's investments could undermine its objectives and mission is one that has concerned many charities for years – and WWF-UK, with an ethical investment policy in place since 1991, is no exception. Simply put, this policy ensures that we endeavour to steer our investments away from companies that conflict with our environmental concerns and into those that are more in line with them. We spend most of our money on conservation, of course, but all organisations – including charities – need to have some reserves behind them. For a recession, perhaps, or in case of a sudden downturn in income. Sometimes, we simply can't spend our capital – in the UK more than half WWF's investments are endowments, where we can spend the interest, but not the capital.

We use the fund management services of two investment advisers and information supplied by the independent research organisation Ethical Investment Research Service (EIRIS) Ltd when we carefully screen our portfolio to assess the long-term impacts of companies' activities on the environment. While this type of activity is often referred to as 'ethical' investment, it is important to recognise that any stock market investment, whether in a gas pipeline installed in an oppressive regime or an offshore wind turbine manufacturer, can be criticised on ethical or environmental grounds. That said, in conjunction with our advisers, we have developed an 'exclusion list' which is an internal working document listing the companies that our Fund Managers may not invest in. Additionally, over 10 per cent of our reserves are invested directly into 'ethical' funds. To enhance our policy further, we send an environmental questionnaire to a number of companies in which we invest. We then discuss their environmental impacts and, where appropriate, we engage on issues where we think they could improve. Finally, all WWF staff are given the option to invest their own pension in an ethical fund.

We have also explored the use of our voting rights. In 2000 we joined forces with other non-governmental organisations to support a shareholder resolution at BP Amoco's Annual General Meeting. This called on the company to halt plans to drill for oil in the coastal plain of Alaska's Arctic National Wildlife Refuge and to switch resources to renewable energy sources.

One of the world's great remaining wilderness treasures, the Arctic Refuge was established in 1960 'to protect its unique wildlife, wilderness and recreational values'. The refuge, covering 18.9 million acres, protects the complete spectrum of sub-arctic and arctic habitats, and is renowned for the annual spectacle of 150,000 porcupine caribou journeying each year to deliver and nurse their calves. However, the most critical part of the Refuge – a coastal strip of 1.5 million acres – is not fully protected.

Tomra

SECTOR: *Norwegian recycling*

Tomra develops, manufactures and markets in-store bottle and can recycling machines. The products are marketed in 30 countries on four continents. Tomra is now using technological advances to continue its goal of making recycling an attractive alternative for everyone. Its mission statement is 'Helping the World Recycle'.

Scandic Hotels

SECTOR: *Swedish hotels and leisure*

The Scandic chain comprises 98 full service hotels in city centres or on the outskirts of cities close to airports and major routes. Most hotels are in the Nordic countries but Scandic also operates in Austria, Belgium, Germany, the Netherlands and the UK. The company runs a number of innovative environmental initiatives to increase recycling, conserve energy, incorporate eco-design principles and increase environmental training within their employee base.

Engagement issues: Sustainable tourism

Fujicco

SECTOR: *Japanese food manufacturing*

The company manufactures and sells cooked beans and tsukudani soy-cooked preserves. The company uses organic soy beans and puts emphasis on developing health food using seaweed products. Since the early 1980s it has had a policy not to use food additives and colouring. Fujicco has made a commitment to avoid the use of genetically engineered soy beans and specialises in the manufacture of health foods from seaweed.

Engagement issues: Sustainable sourcing of raw materials.

Earthshell Inc

SECTOR: *US packaging*

Earthshell is a science development company which licenses and commercialises material to manufacture biodegradable packaging, and for the food service industry. The packaging is made from limestone, natural potato, corn or other starch binders, natural vegetable fibres, and functional coatings such as paraffin wax.

Finally, no explanation of ethical investment would be complete without covering the issues raised by venture capital⁴ and real estate.⁵ Venture capital investments are likely to be much smaller in value than the main body of investment reserves because the companies themselves are comparatively small. Venture capital investments can also be screened, and particular attention can be paid to investing in young private companies which are providing innovative and far-reaching solutions to environmental and social problems – this part of a strategy can be a particularly powerful aspect.

However, venture capital investment can be very risky financially. Faiths should check that they can legally own such investments, and they should thoroughly check the financial credentials of the investment. Alternatively, faiths may choose to make the investment on philanthropic grounds in order to further the faith's objectives – in which case the financial credentials may not be so important.

4 Typically small companies without a stock market listing or a financial track record.

5 Land, bricks and mortar.

BP believes development within the Refuge would be justified and the environmental effects of oil extraction could be kept within 'acceptable' levels. WWF disagrees, and in advance of the AGM we advertised in the *Financial Times* to alert other shareholders to the potentially damaging impact of BP's plans. 13 per cent of the shares supported the resolution to halt exploration plans. This rewarding result provides a strong foundation for further shareholder pressure if BP refuses to change its mind – not just over its renewable energy strategy but also over the future of the Arctic Refuge itself. WWF is encouraging all investors to engage with BP's management on this issue, particularly those ethical investment or occupational pension funds which claim to have a socially responsible engagement policy.

While the above definitions are useful, the question remains – what kind of companies would successfully pass such a screen? The answer depends on the ethical criteria adopted. The following examples of listed companies would fall within a *positive screen* or *best of class* selection process. Not all these examples would pass all negative screens. However, a brief outline of the rationale coupled with the examples of company engagement issues is included as a guideline:

Ballard Power

SECTOR: *Canadian engineering*

World leader in proton exchange membrane fuel cell power systems. At the heart of its products is the Ballard fuel cell, a proprietary zero-emission engine technology that converts natural gas, methanol or hydrogen fuel into electricity without combustion. Ballard fuel cells are in use with Daimler-Benz among others.

Fannie Mae

SECTOR: *US retail banking*

Fannie Mae is a provider of a secondary market for mortgages for low to moderate income households with a remit to help the economically disadvantaged to buy homes. The company also provides low-interest loans to non-profit organisations.

Engagement issues: Environmental reporting and policy development, particularly on issues related to packaging. Also overseas supplier issues and energy efficiency in refrigeration equipment.

RM

Sector: *UK information technology*

Research Machines is a supplier of educational information technology. The company's Window Box product allows children to be introduced to computer technology. RM has linked many schools to the internet.

CAF

SECTOR: *Spanish engineering*

Construcciones y Auxiliar de Ferrocarriles (CAF) manufactures railway carriages and components, as well as complete turnkey transport systems. Exports are increasingly important to the company, with customers in the UK, Finland, Poland, Hong Kong, Brazil and elsewhere. Domestically, CAF supplies rolling stock to the Madrid and Bilbao underground systems. Projects include diesel trains for RENFE Regionales, electric trains for the Heathrow Express, trains for Hong Kong and the Madrid Metro and electric trains for São Paulo, Brazil.

Engagement issues: The introduction of formal environmental management systems and fuel cell power plant research and development.

Investment in real estate also brings social and environmental dilemmas. The example of the Bishop of Oxford in Section 5 (Case Study 3) demonstrates the social issues well. Environmentally, investment could seek out eco-housing projects which encompass issues such as development on brownfield (previously developed) sites with a high energy efficiency rating, good reuse of recycled building materials and timber certified to the Forest Stewardship Council standard (*see* Section 4).

An example of an investment which embodies both a social venture capital enterprise and a real estate investment is the Ethical Property Company. This UK company provides office space for socially responsible and charitable activities at a discount below the market rate. The Ethical Property Company's first public share issue, which ran from May to December 1999, closed fully subscribed at £1.32 million, which was largely due to the interest shown in the issue by ethical funds.

IS THERE A COST TO ETHICAL INVESTMENT?

FOR all investors, earning a good rate of return is important. Indeed, those responsible for managing an organisation's reserves can be legally and morally bound to maximise the financial performance of the invested reserves.¹ Although the debate continues, it is becoming more evident that it may be possible to make a competitive financial return, while investing in a way that promotes corporate social and environmental responsibility. A great deal of academic research has been conducted in this area (see Bibliography at the end of this booklet).

EIRIS analysed these studies in 1999² and reported that 'studies of "real life" ethical investors (normally studies of the performance of ethical investment funds) have generally not identified a consistent "cost" to ethical investment, and some have identified out-performance for various approaches over different time periods'.

EIRIS concluded that both positive and negative influences could come into play: 'It is not likely that ethical criteria will always lead to out-performance, nor will it always lead to under-performance.'

Forest Stewardship Council (FSC)

Eighty per cent of the forests that originally covered the Earth have been cleared, fragmented, degraded, and/or converted to secondary forests. It is not just tropical forests that are in trouble. Temperate countries lost most of their original forest cover long ago and are now struggling to maintain what they have left, while developing countries are the major targets of big logging companies. The two main problems of the world's forests are loss of forest areas and decline in forest quality.

In September 2000 the World Resources Institute (WRI) published a report which notes that perverse subsidies are those that cause forest loss or degradation and have no lasting positive impact on economic development. Local communities and society in general bear the costs of these subsidies while companies reap the benefits. The report points to Canada, Japan and the United States as the leading providers of subsidies that destroy the world's remaining frontier forests.³ Among the European countries, France stands out as the only government with direct investments in logging companies.⁴

In 1993 the Forest Stewardship Council (FSC) was founded to support environmentally appropriate, socially beneficial and economically viable management of the world's forests. Its main activity is to accredit organisations which certify the quality of forest management.⁵

- 1 It is important to establish the legal position and the scope for ethical investment within the governing law of the country in which the particular faith organisation is domiciled.
- 2 Havemann, R., Webster, P., 1999, "Does Ethical Investment Pay?" EIRIS research and other studies of ethical investment and financial performance', EIRIS, September.
- 3 Frontier forests are the remains of the Earth's original forests of which only around one fifth is left.
- 4 Amor A, 2000, *WRI urges G8 Summit to end destructive forest subsidies*, www.wri.org/press/g8_sizer.html, viewed 19.07.2000.
- 5 Tickell, Oliver & WWF, 2000. *Certification a Future for the World's Forests*, Leaflet issued by WWF Forests for Life Campaign.

The benefits of certification extend well beyond the environment. Implementing a proactive environmental strategy can reduce companies' risks and improve their image. A study by WWF showed how companies with an FSC certification achieved higher stock market returns.⁶ This study analysed the total investment returns of four Swedish FSC-certified forest product companies and four Finnish non-FSC-certified forest product companies from 1994 to 1998. While the sample size was small, the findings indicated that FSC companies had higher price to earnings and price to book value ratios from 1994 to 1998. This indicates that investors believe that the FSC companies have higher future earnings potential and are worth more relative to their accounting book value. This is not just because of the aspects referred to, but also because skilful forest management ensures a sustainable use of the forests for future generations and is a good indicator of high quality management skills elsewhere.

Elsewhere, the World Business Council for Sustainable Development⁷ – a business group exploring the issues of sustainability and business practice – has declared that 'we are convinced that investment managers stand a good chance of improving their portfolio performance and reducing their risks if they pay closer attention to the environmental performance of the companies in which they plan to invest'. It published a study in this area which found that there were 'downside' factors which could serve to depress investment returns and 'upside' factors which could benefit companies. The downside factors were the cost and availability of capital, increased liability claims, expanded rules on disclosure, greater emphasis on environmental factors in credit-risk ratings, the availability and cost of insurance, the emergence of environmental taxes, and the increasing use of economic arguments by ecological pressure groups. The upside factors included increased consumer demand due to increased ecological concern, increases in resource productivity, market share growth and new business development due to companies recognising the potential offered by the upside factors.

6 Tickell, Oliver & WWF, 2000, *Certification a Future for the World's Forests*, Leaflet issued by WWF Forests for Life Campaign, p. 13.

7 The World Business Council for Sustainable Development, *Environmental Performance and Shareholder Value*, Blumberg, Blum and Korsvold.

FAITH GROUPS ACTING ON ETHICAL INVESTMENT

A SIGNIFICANT step has recently been taken by the United Methodist Church (UMC) in the United States. The UMC has investments and assets of more than \$75 billion and its \$13 billion pension fund has been invested along ethical lines for some time. It has now agreed to develop an ethical approach to managing the remaining funds and it is also encouraging other faith communities around the world to do the same. This reflects a wide interest in investment policies that will achieve broader ethical purposes (social and environmental) as well as good financial return.

Similarly, a recent UK study of individual investors conducted by EIRIS has found that 77 per cent of adults think that their pension scheme should operate an ethical policy and 39 per cent think that their pension should operate an ethical policy even when it may reduce the size of their final pension.¹

Case Study 2

The Archdiocese of Birmingham, UK

In the 1970s the Archdiocese of Birmingham found itself in the middle of a storm. The Archdiocese held shares in many British companies, some of which worked in South Africa. The Church was determined to do something about it and started analysing the performance of companies in relation to the employment of black employees by the parent company and subsidiaries or affiliates in South Africa.

The Church decided that there were two possible responsible decisions:

- total withdrawal or disengagement from all business in South Africa because business was essential to maintain apartheid policies. It was thought that this could cause further suffering and hardship among the black communities in the beginning but could be to their longer term advantage.
- constructive engagement. To stay inside South Africa but to work for change and improvement. To change the status quo from inside.²

For some years the Archdiocese reviewed its investment policy in the light of Christianity's commitment to justice.

Now apartheid has been abolished, the Church continues to assess the companies in which it invests. Scripture and Church teaching have been principal influences on the investment policy, which has led the Archdiocese to make large investments of human energy, talent and finances into an educational system concerned with the physical and mental well-

- ¹ Havemann R., Webster P., 1999, "Does Ethical Investment Pay?" EIRIS Research and Other Studies of Ethical Investment and Financial Performance', Ethical Investment Research Service (EIRIS), p. 03. The survey was of adults generally, not necessarily investors. The 77% agreed their pension scheme should operate an ethical policy whenever it could do so without reducing financial return, and 39% of the 493 adults surveyed said their pension should operate an ethical policy even when it may reduce the size of their pension. Communication by Karen Eldridge at the Ethical Investment Research Service (EIRIS).
- ² O'Mahony Patrick J., 1979, *Investment: A Blessing or a Curse?*, Mayhew-McCrimmon, Great Wakering, UK, p. 20.

being of its participants, as well as their spiritual needs. Even greater investment has gone into urban and rural communities through the parish network, in the form of human resources and the building of churches, parish centres and other facilities. Diocesan investment has led to the provision of a substantial youth service. Particular care has been taken to address needs of the poor.³

The Church is convinced that company policy can only be influenced by attendance at shareholders' meetings, dialogue with management and participation in investment decisions.⁴ If companies' activities conflict with Christian values and if it is clear that the companies will not avoid such activities, the Archdiocese may decide to withdraw its investments from those companies. Its policy set five criteria:

- Employment: it should be on an equitable basis, in conditions favourable to the employee and with fair remuneration offered in exchange for labour.
- Arms trade: the diocese is opposed to investment in companies involved in the manufacture of equipment that is in any way used in the production of arms.
- The environment: damage to God's creation cannot be the price paid for industrial expansion or larger profits. Human dignity cannot be maintained without equal respect for the rest of God's creation.
- Third World: institutions should not make capital by taking advantage of the vulnerable position of developing countries.
- Human rights: diocesan investments should not inadvertently support regimes with poor human rights records.⁵

Case Study 3 The Bishop of Oxford, UK

In 1989 the Bishop of Oxford, the Rt Rev Richard Harries, asked the Church Commissioners of England, of which he was a member, to re-evaluate their investment portfolio. For some time there had been some disquiet in the Church of England concerning the investment policy of the Commissioners in respect of South Africa.

In October 1989 the Bishop of Oxford's Council urged his diocesan Board of Finance to adopt certain criteria in relation to two main concerns. The first was related to investments the Commissioners had in companies which derived more than £10 million in annual profits from South Africa or more than 3 per cent of their worldwide profits from South African initiatives.

The policy advocated by Bishop of Oxford's Council did not seek to exclude every company which had a South African business connection. Instead, it embodied fixed limits on the degree of South African involvement which would have been acceptable.

The second concern related to the land the Commissioners held in a village where local young people were finding housing impossible to afford. The Bishop suggested making the land available for low-cost housing at a price below market value. In fact he was worried that investing in a more expensive housing development with a higher rate of return would have undermined the credibility of the Christian message by the affront such a policy would have caused to the needs and consciences of local people.

The Church Commissioners of England administer vast estates and large funds. At the end of 1990 their land holdings were valued about £1.7 billion, their mortgages and loans at about £265 million, and their stock exchange investments at about £/80 million. These items gave a total investment return of £164 million. The Church Commissioners paid for almost half of the costs of the stipends (salaries) of the serving clergy, much of their housing costs, and almost all their pension costs.

The concern of the Church of England and the Bishop was that, in making investment decisions, the Commissioners were guided by purely financial considerations, and that they

3 *The Archdiocese of Birmingham, Commission for Justice, Peace and Overseas Development, Ethical Investment Policy Statement*, point n. 9.

4 *Ibid.*, point 13.

5 *The Archdiocese of Birmingham, Commission for Justice, Peace and Overseas Development, Ethical Investment Policy Statement*, point n. 15.

gave insufficient weight to ethical considerations. They took this matter to court.

The court judgement recognised that in bringing the case, the Bishop and his colleagues were motivated by the highest moral concerns. However, it was felt that the approach they wished the Commissioners to adopt would have involved a departure by the Commissioners from their legal financial obligations. The Commissioners were not a housing charity, so they could not lose sight of their own objectives. Their aims were to have the best return from their investments to allow the Church of England to have more money available to accomplish its Christian goals.

While the Court did not find for (in favour of) the Bishop of Oxford it clarified English law to make it easier for English charities to work out how far they were permitted to take ethical as well as financial considerations into their investment decisions.

Case Study 4 Campaign Exxon/Mobil

Religious groups are sometimes involved in shareholder resolutions aimed at forcing changes in the practices of companies. The Campaign Exxon/Mobil is a religious shareholder initiative aimed at compelling Exxon to take responsibility for its role in the global climate change debate and to make a commitment to the development of sustainable solutions. The campaign began in 1997 when Father Michael Crosby, as Corporate Responsibility Agent for his Province of St. Joseph of the Capuchin Order, called the Secretary of Exxon because at the World Petroleum Congress in Beijing, Exxon had questioned whether human-induced global climate change was a reality.

Father Crosby, as a shareholder, was not satisfied with the company's behaviour and, together with the Sisters of St. Dominic of Caldwell, New Jersey, filed a shareholder resolution calling on Exxon to form a committee which could independently review the impact of climate change on the company's policies and performances to be submitted to the shareholders. The resolution recommended that in order to address the future climate change liabilities that Exxon might incur, it should endeavour to reduce carbon dioxide emissions resulting from its activities. Exxon was forced to put the issue before its shareholders, and global warming dominated the annual meeting in April 1998. Father Crosby submitted, on behalf of his Province and the Dominicans, a shareholder resolution for the following year's AGM – which, although it failed, continued to keep the discussion alive. By then, 20 other groups had joined the campaign.

The religious groups which founded the Exxon/Mobil Campaign did so because they believed the company held a reckless position on global climate change. According to the Bible, the Earth belongs to its Creator and as part of creation, humanity must care for it. Global warming threatens God's creation.

Contact details: Campaign Exxon/Mobil
611 South Congress
Ste. 200
Austin, TX 78704
www.campaignexxonmobil.org

Similarly, the Church Commissioners and the Methodist Central Finance Board in the UK have engaged in dialogue with Shell over the environmental and social impacts of its operations in Nigeria. The Methodist Central Finance Board facilitated contacts between Shell and Nigerian Methodist Church representatives who had detailed knowledge of circumstances in Nigeria and contacts in local communities affected by the company's operations. In 1997 the Pensions and Investment Research Consultants coordinated a shareholder resolution at the Shell AGM on the company's activities in Nigeria, which attracted considerable support.

Case Study 5

Interfaith Center on Corporate Responsibility (ICCR)

ICCR is an interfaith organisation open to membership by faith organisations concerned with corporate social responsibility. It is formed by 275 religious bodies including religious pension funds, health care institutions, coalitions of religious investors, coordinating bodies of churches, religious foundations and publishing companies.

The primary aim is to hold corporations accountable for their social and environmental policies and practices that have such a profound effect on the globe. ICCR can help its members develop a policy by providing models of other religious bodies' policies and guidelines and by helping to analyse related policies of the organisation.

ICCR also aims to inform its constituencies and the public about the increasing power and impact of global corporations and how religious investors can use their economic resources to provide checks and balances on these companies. ICCR believes that shareholders, and particularly large institutional investors, can effectively influence the market either by selling shares in companies or demanding that management listens to and respects their views as investors.

To affect the management of a big company, ICCR uses the proxy vote. Because most shareholders do not attend annual meetings where decisions are taken, ICCR publishes proxy statements and posts proxy cards to all shareholders. When a shareholder returns a proxy card to a company, the company votes those shares in accordance with the shareholder's wishes.

Corporate responsibility actions highlight the concerned religious investors' point of views and include:

- dialogue with management and letter writing
- shareholder resolutions, voting proxies, attendance at shareholder meetings
- soliciting votes of other investors
- divestment of securities as a final resort
- networking with others
- research and publication of material
- open letters to companies
- interpretation to media
- constituency education
- testimony before Congress, the UN, State and City legislative bodies – public policy focus
- legal action
- boycotts
- prayer vigils – civil disobedience as a last resort
- speaking at conferences and meetings

Members have to commit themselves, of course, but there are different levels of commitments. All the options set by ICCR have to be agreed, so a member can indicate interest in an issue and a desire to receive more information, but can disagree with pursuing a company through dialogue and letters and may agree with filing or co-filing a resolution. ICCR recognises that often members need to consult committees before confirming their involvement.

One example of a success that ICCR contributed to was the General Motors decision to leave the Global Climate Coalition. This coalition was an association of vehicle and energy companies which denied the existence of human-induced climate change and lobbied against legislation in this area.

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475 Riverside Drive
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New York
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USA

Case Study 6 Citibank and Islamic investment

Citibank and Islamic Investment are two of the organisations forming the Citigroup. Together, they offer customers a range of specialist products and services in the financial services industry.

Citibank established its first international branch in 1902 and currently manages significant sums for individuals and institutions in 57 countries. For the most part, it provides both individuals and businesses with services, resources or delivery channels not previously available to them.

Citibank and Islamic Investment add special requirements and preferences to normal investment procedures, according to their customers' Islamic beliefs, tailoring a coordinated array of financial services.

The bank's operations are supervised by a group of Islamic scholars who form its Sharia Board.⁶ The Board makes sure that all dealings and activities of Citibank and Islamic Investment comply with Islamic principles. The services provided are trade finance, structured trade finance, leasing finance, fund management and the introduction of new issues of Islamic securities to the Islamic banking market.

The guiding Islamic principles the bank uses derive from legal principles, laws and rules from the Qu'ran. Islamic banking procedures are founded on asset-based finance which is free from interest, deception and unfairness. Because charging and earning interest is forbidden in the Qu'ran, the bank applies this principle to its transactions. Another principle it employs is not to sell or trade what one does not have. The Islamic tradition says that renting money is condemned as a form of usury. Money can be exchanged, and can be invested in a business, but it is stressed that it cannot be rented. A guaranteed fixed return on an investment, regardless of the outcome of that investment, is forbidden. Islamic law requires the investor to share both in the success and in the failure of the project depending on the mutually-agreed contract.⁷

The bank invests its money according to Islamic principles, but the parameters are very broad and can vary. So to comply with the principle of Sharia, it will not invest in interest-charging companies such as commercial banks and insurance companies, nor in alcohol or tobacco companies.

The guiding principles the bank has set are:

- asset-based finance must be free from interest, deception and unfairness;
- no exploitation of a weak party is allowed in any dealing;
- charging and earning interest are forbidden;
- selling stock for quick profits should be avoided;
- one should not sell or trade what one does not have.

Investing according to Islamic principles means that some companies dealing with particular products are considered unacceptable investments. So financial institutions, tobacco and gambling enterprises, alcohol, pork and entertainment companies will not be considered as a proper investment.

Building upon the experience of the Islamic model, Citibank is now considering the possibility of other faith value tailored services. The bank realises that the ethical and religious integrity of investment and banking could be a rapidly expanding field.

Contact details: Citibank NA
41 Berkley Square
London W1X 6NA
United Kingdom

6 *Sharia* means: the road to the watering palace, the clear path to be followed. As a technical term, it is the canon law of Islam. Anything connected with the canon law, or anything in keeping with it, or legal is called *Sharia*. Definition by Gibb H.A.R. and Kramers J.H., 1974, *Shorter Encyclopedia of Islam*, E. J. Brill, Leiden, the Netherlands.

7 Khalid Fazlun and O'Brien Joanne (edd.), 1992, *Islam and Ecology*, Cassell, London, UK, p. 77.

Faith groups and charities alike have found themselves involved in investments which, upon closer examination, have directly conflicted with their own beliefs. This may have occurred because they were simply unaware of the ethical investment options available, or because they didn't realise that their reserves could conflict with their mission.

However, as can be seen from the few case studies presented here, many have adopted ethical investment policies, screen their investments carefully and use them as a tool for positive change. Adopting such a policy can deliver a positive message about the organisation and can cause a chain reaction of similar private action by individual members of the faith or charity. Furthermore, when an ethical policy is adopted it may be possible to further the aims of the group – a practice developed in the US and known as *mission-related investing*.

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AN OUTLINE OF CORE RELIGIOUS PRINCIPLES ON ECONOMICS, DEVELOPMENT AND THE ENVIRONMENT FOR BAHÁ'Í, BUDDHISM, CHRISTIANITY, HINDUISM, ISLAM, JAINISM, JUDAISM, SIKHISM AND TAOISM

IN 1998 ARC brought together leading members of nine faiths with the President of the World Bank. In preparation for this event, each faith was asked to write a study of their teachings on economics, development and the environment. These papers were published by ARC, the World Bank and the Archbishop of Canterbury's office in 1998 as *World Faiths and Development* and the complete book is available from ARC.

Ethics can be defined as 'applied faith'. It is therefore entirely appropriate for faith-based organisations to describe their attempts to invest according to their beliefs as ethical investment. Some of the papers developed for this event offered clear guidance and are believed to be extremely valuable in this context as a starting point for discussions surrounding practical ethical investment guidelines. We have included them here in order to open the door to the creation of faith-specific investment guidelines.

Bahá'í

Development, in the Bahá'í view, is an organic process in which 'the spiritual is expressed and carried out in the material.' Meaningful development requires that the seemingly antithetical processes of individual progress and social advancement, of globalisation and decentralisation, and of promoting universal standards and fostering cultural diversity, be harmonised. In our increasingly interdependent world, development efforts must be guided by a vision of the type of world community we wish to create and be animated by a set of universal values. Just institutions, from the local to the planetary level, and systems of governance in which people can assume responsibility for the institutions and processes that affect their lives, are also essential.

Bahá'u'lláh teaches that recognition of the fundamental spiritual principle of our age, *the oneness of humanity*, must be at the heart of a new civilisation. Universal acceptance of this principle will both necessitate and make possible major restructuring of the world's educational, social, agricultural, industrial, economic, legal and political systems. This restructuring, which must be ordered by an ongoing and intensive dialogue between the two systems of knowledge available to humankind – science and religion – will facilitate the emergence of peace and justice throughout the world.

Spiritually Based Indicators for Development: Initial Considerations

The idea of developing spiritually based indicators for development is timely. The initial ground is being prepared, in part, by a growing number of efforts to have

spiritual values and principles seriously considered in development. Moreover, the concept of spirituality and spiritual values, once almost taboo in most UN development-related deliberations, is now being articulated at the highest levels.

Spiritually based indicators assess development progress as a function of the application of spiritual principles. These indicators are based on universal principles which are essential to the development of the human spirit and, therefore, to individual and collective progress. These measures emerge from a vision of development in which material progress serves as a vehicle for spiritual and cultural advancement.

Spiritually based indicators help to establish, clarify and prioritise goals, policies and programmes. At the heart of their conceptualisation is the understanding that human nature is fundamentally spiritual and that spiritual principles, which resonate with the human soul, provide an enormous motivational power for sacrifice and change. Therefore, the peoples of the world will be much more inclined to support policies and programs that emerge from the development of indicators based on spiritual principles than they would be to endorse objectives and initiatives which are based on a purely material conception of life. The use of these measures could, thus, help to transform not only the vision but the actual practice of development.

Based on the vision of a just, united and sustainable global civilisation, five spiritual principles that are foundational to the realisation of such a future are presented. While they are by no means the only principles necessary to consider, it is felt that these five contain a sufficient diversity of concepts to serve as starting point for this effort. In some cases, two closely related principles are paired. As the intent of this section is merely to suggest some principles that might be explored, each is only cursorily treated. However, since these principles are the very basis of the indicators that would be constructed, it would be extremely important to clearly define them in the initial stage of the work. The five principles are

1. Unity in diversity;
2. Equity and justice;
3. Equality of the sexes;
4. Trustworthiness and moral leadership; and
5. Independent investigation of truth.

1. *Unity in Diversity*

The concept of *unity in diversity* is a way of expressing the principle of the *oneness of humanity*, as espoused by the Bahá'í Teachings. Unity in diversity stands in contrast to uniformity. It cherishes the natural diversity of temperament and talents among individuals as well as humanity's variegated experiences, cultures and viewpoints, inasmuch as they contribute to the human family's progress and well-being. In this regard, each individual needs to understand that, since the body of humankind is one and indivisible, each member of the human race is born into the world as a trust of the whole and that the advantage of the part in a world society is best served by promoting the advantage of the whole.

2. *Equity and Justice*

Equity is fairness, the standard by which each person and group is able to maximise the

development of their latent capacities. Equity differs from absolute equality in that it does not dictate that all be treated in exactly the same way. While everyone is endowed with talents and abilities, the full development of these capacities may require different approaches. It is equity that ensures that access and opportunity are fairly distributed so that this development might take place.

Equity and justice are the twin guardians of society. Equity is the *standard* by which policy and resource commitment decisions should be made. Justice is the *vehicle* through which equity is applied, its practical expression in the life of the individual and society. It is only through the exercise of true justice that trust will be established among the diverse peoples, cultures and institutions of an increasingly interdependent world.

3. *Equality of the Sexes*

The principle of the equality of the sexes is fundamental to all realistic thinking about the future well-being of the earth and its people. It represents a truth about human nature that has waited largely unrecognised throughout the long ages of humankind's childhood and adolescence. Whatever social inequities may have been dictated by the survival requirements of the past, they clearly cannot be justified at a time when humanity stands at the threshold of maturity.

The denial of equality perpetrates injustice against one half of the world's population and promotes in men harmful attitudes and habits that are carried from the family to the workplace, to political life, and ultimately to international relations. There are no grounds, moral, practical or biological, upon which such denial can be justified. Only as women are welcomed into full partnership in all fields of human endeavour will the moral and psychological climate be created in which peace can emerge and a just and united world civilisation develop and flourish. Therefore, a deep commitment to the establishment of equality between men and women, in all departments of life and at every level of society, will be essential to humanity's advancement.

4. *Trustworthiness and Moral Leadership*

Of the manifold virtues in Bahá'í Scriptures, which the individual is exhorted to cultivate, trustworthiness is of the first rank. Bahá'u'lláh states that the tranquillity and security of the world, the stability of every affair – of every human transaction, of every contract negotiated, of every endeavour promulgated – depends on it. Whether in the home, at work, in the community or in business or political affairs, trustworthiness is at the heart of all constructive interaction and engagement. It is key to the maintenance of unity between diverse peoples and nations. Therefore, every development effort must include as a prime objective the inculcation of trustworthiness in the individuals, communities and institutions involved.

5. *Independent Investigation of Truth*

Reality is one, and when truth is investigated and ascertained, it will lead to individual and collective progress. In the quest for truth, science and religion – the two systems of knowledge available to humankind – must closely and continuously interact. The insights and skills that represent scientific accomplishment must look to the force of spiritual commitment and moral principle to ensure their appropriate application.

Spiritually-based Indicators: Five Priority Policy Areas

This section briefly examines five policy areas in which the principles identified above might be applied to generate goals and, eventually, spiritually based indicators to measure progress toward these goals. As with the spiritual principles discussed, these policy areas are interconnected and, in some cases, overlapping. Therefore, initiatives in one area will require action in others. The five areas briefly considered below are

1. Economic development;
2. Education;
3. Environmental stewardship;
4. Meeting basic needs in food, nutrition, health and shelter; and
5. Governance and participation.

1. Economic Development

Central to the task of re-conceptualising the organisation of human affairs is arriving at a proper understanding of the role of economics. The failure to place economics into the broader context of humanity's social and spiritual existence has led to a corrosive materialism in the world's more economically advantaged regions, and persistent conditions of deprivation among the masses of the world's peoples. Economics should serve people's needs; societies should not be expected to reformulate themselves to fit economic models. The ultimate function of economic systems should be to equip the peoples and institutions of the world with the means to achieve the real purpose of development: that is, the cultivation of the limitless potentialities latent in human consciousness.

Society must develop new economic models shaped by insights that arise from a sympathetic understanding of shared experience, from viewing human beings in relation one to another, and from recognition of the central role that family and community play in social and spiritual well-being. Within institutions and organisations, priorities must be reassessed. Resources must be directed away from those agencies and programs that are damaging to the individual, societies and the environment, and directed toward those most germane to furthering a dynamic, just and thriving social order. Such economic systems will be strongly altruistic and cooperative in nature; they will provide meaningful employment and will help to eradicate poverty in the world.

2. Education

The development of a global society calls for the cultivation of capacities far beyond anything the human race has so far been able to muster. The challenges ahead will require an enormous expansion in access to knowledge on the part of individuals and organisations alike. Universal education will be an indispensable contributor to this process of capacity building, but the effort will succeed only to the extent that both individuals and groups in every sector of society are able to acquire knowledge and to apply it to the shaping of human affairs.

Education must be lifelong. It should help people to develop the knowledge, values, attitudes and skills necessary to earn a livelihood and to contribute confidently and constructively to shaping communities that reflect principles of justice, equity and unity. It should also help the individual develop a sense of place and community,

grounded in the local, but embracing the whole world. Successful education will cultivate virtue as the foundation for personal and collective well-being, and will nurture in individuals a deep sense of service and an active commitment to the welfare of their families, their communities, their countries, indeed, all mankind. It will encourage self-reflection and thinking in terms of historical process, and it will promote inspirational learning through such means as music, the arts, poetry, meditation and interaction with the natural environment.

3. *Environmental Stewardship*

Bahá'í Scriptures describe nature as a reflection of the sacred. They teach that nature should be valued and respected, but not worshipped; rather, it should serve humanity's efforts to carry forward an ever-advancing civilisation. However, in light of the interdependence of all parts of nature, and the importance of evolution and diversity 'to the beauty, efficiency and perfection of the whole,' every effort should be made to preserve as much as possible the earth's bio-diversity and natural order.

As trustees, or stewards, of the planet's vast resources and biological diversity, humanity must learn to make use of the earth's natural resources, both renewable and non-renewable, in a manner that ensures sustainability and equity into the distant reaches of time. This attitude of stewardship will require full consideration of the potential environmental consequences of all development activities. It will compel humanity to temper its actions with moderation and humility, realising that the true value of nature cannot be expressed in economic terms. It will also require a deep understanding of the natural world and its role in humanity's collective development – both material and spiritual. Therefore, sustainable environmental management must come to be seen not as a discretionary commitment mankind can weigh against other competing interests, but rather as a fundamental responsibility that must be shouldered – a pre-requisite for spiritual development as well as the individual's physical survival.

4. *Meeting Basic Needs in Food, Nutrition, Health and Shelter*

Issues of food, nutrition, health and shelter are central to the challenge of providing an adequate standard of living for all members of the human family. These issues cannot, however, be tackled solely as technical or economic problems. Eliminating hunger and malnutrition; establishing food security; providing adequate shelter; and achieving health for all will require a shift in values, a commitment to equity, and a corresponding reorientation of policies, goals and programs.

The technologies and resources exist to meet the basic needs of humanity and to eliminate poverty. Equity in the use of these technologies and resources, however, will come about only with certain understandings and commitments. While individuals must do their utmost to provide for themselves and their dependants, the community must accept responsibility, when necessary, to help meet basic needs. Access to development programs and their benefits must be ensured for all. The economics of food production and distribution will have to be reoriented and the critical role of the farmer in food and economic security properly valued. With regard to health – the physical, spiritual, mental and social well-being of the individual – access to clean water, shelter, and some form of cheap energy would go a long way toward eradicating

the problems that currently plague vast numbers of individuals and communities. It must be acknowledged, however, that some illnesses reflect unwholesome human behaviour. The inclusion of moral development in education would, therefore, help to reduce significantly certain current health problems.

5. Governance and Participation:

Good governance is essential to social progress. While governance is often equated with government, it in fact involves much more. Governance occurs on all levels and encompasses the ways that formal government, non-governmental groups, community organisations and the private sector manage resources and affairs. Good governance is necessary if communities are to maintain their equilibrium, steer themselves through difficulties, and respond creatively to the challenges and opportunities ahead. Three factors that largely determine the state of governance are the quality of leadership, the quality of the governed and the quality of the structures and processes in place. There is an emerging international consensus on the core characteristics of good governance, especially in relation to formal government. These characteristics include democracy, the rule of law, accountability, transparency and participation by civil society.

This consensus must be enlarged, however, to encompass an appreciation of the role that governance must assume in promoting the spiritual and material well-being of all members of society. Governance must be guided by universal values, including an ethic of service to the common good. It will need to provide for the meaningful participation of citizens in the conceptualisation, design, implementation and evaluation of programs and policies that affect them. It should seek to enhance people's ability to manage change and should offer opportunities to increase their capacities and sense of worth. It will need to provide mechanisms for equitable access to the benefits of programs and policies, to education and information, and to opportunities for lifelong learning. Moreover, it must help to ensure that the news media are active, vibrant and truthful. At the global level, a truly participatory system of governance will also need to be established.

Buddhism

The task of Buddhists is to create, sustain and exemplify a way of living that embodies Buddhist values. This is particularly important at a time when religious and spiritual values – simplicity, generosity, kindness – are seen by many as irrelevant to tackling the world's problems. Buddhists have the responsibility not only to keep alive but to make the flame of such values burn more brightly.

Wants and Needs

The Buddhist view of the kind of world we live in is based on an understanding of the nature and origins of suffering. The suffering we experience has its origin in the delusion of perceiving oneself as an isolated independent being, existing in a world of isolated independent things. Such a sense of separation of oneself from the world is the basis for the innate belief that by amassing quantities of things which one associates with pleasure, one will eventually secure a lasting and stable happiness. This

is the assumption from whence greed develops into an insatiable habit. It has as its corollary aversion to whatever is seen to stand in the way to such happiness. Since this selfishness and greed are based on an irrational basis (although this may be supported by sophisticated rationalisations), to undermine it requires spiritual practice. Although to adopt a world-view that sees life in this way will help, without committed practice it will have little effect on habitually entrenched ways of behaviour.

Buddhism seeks a middle way between sensual indulgence and the extremes of life-denying asceticism. To lead fulfilled lives, human beings require the provision of basic necessities: nutritious food, warm and dry housing, adequate clothing, medical care etc. It is only when one is driven by the insatiable demands of greed to believe that additional *wants* to these are in fact *needs*, that problems begin. Buddhism criticises consumerism on precisely these grounds: that the level of greed is stimulated to a degree that is not only unnecessary to meet one's needs but, contrary to its avowed claim to bring happiness, actually increases dissatisfaction, frustration and suffering.

Moreover, such a lifestyle is damaging to the natural environment, leads to exploitation of the underprivileged, and in the long term is unsustainable. At the time of the Buddha, the simple fact of accumulating wealth did not entail large-scale environmental destruction or social injustice. The Buddhist approach places greatest stress on enhancing the quality of life without damaging either the present environment or the prospects of others. This is not an appeal to poverty, but rather the advocacy of simplicity – a quality that becomes increasingly attractive the more one's life accords to the values taught by the Buddha.

Traditionally, Buddhism spoke of greed, aversion and delusion as the three mental poisons. In Asian agrarian economies, such poisons could largely be contained within the immediate environment of human beings. Now it is as though they have spilled beyond the borders of the human mind to poison, quite literally, the earth, the seas and rivers, the very air we breathe. A Buddhist economic agenda therefore emphasises a profound re-evaluation of needs over wants.

Action and Work

Action in Buddhism is understood by the often misconstrued term 'karma'. Work, or labour, as forms of action, are therefore to be understood in the context of Buddhist teachings on karma. The primary value of any action lies in its ethical consequences. For the way we act determines not only the future quality of life but also establishes the tendencies and habits which influence subsequent behaviour. Far from being a doctrine of fate, the teaching on karma insists on the centrality of choice. On many occasions the Buddha defined 'action' as 'intention.' But this does not mean that the value of an action is subjectively determined solely by the quality of one's intentions. Action is ethically evaluated by the entire context in which it takes place: the intentions behind it, its impact on others, the nature of the act itself, as well as whether or not it reaches completion.

a sense of ethical responsibility.

As principles of action, there are five basic ethical precepts in Buddhism: Refraining from (1) killing, (2) stealing, (3) sexual misconduct, (4) lying, and (5) intoxication.

These could also be interpreted as a framework for developing an understanding of economic activity. To refrain from intentionally taking life has implications from agricultural policy to military spending. From a Buddhist perspective harmlessness should characterise all human relations and all relations between humans and nature.

To refrain from stealing invites a reflection on the conservation of scarce resources for the benefit of others, including future generations, whose absence from today's markets cannot be interpreted as silent consent for high rates of present consumption.

As the world's population grows and its natural resources are depleted, to refrain from sexual misconduct demands that individuals and governments accept responsibility for planning the size of the global family.

Refraining from unskilful speech condemns the deliberate creation of wants by, for example, high-pressure advertising, and the unrealistic raising of economic expectations.

Likewise, to refrain from intoxication cautions against allowing consumer spending to become either a personal addiction or the single criterion for macroeconomic success.

Although traditionally phrased in terms of restraint, the precepts implicitly encourage the positive virtues of cherishing life, respecting the property of others, maintaining sexual integrity, being honest and truthful in one's dealings with others, and valuing clarity and coherence of consciousness.

Generosity, as the pre-eminent Buddhist virtue, is both a spontaneous expression of selfless, impartial concern for the well-being of others, and a deliberate means of enhancing the quality of one's own life. Melford Spiro, in his study of Buddhism in rural Burmese society, observes that the formal practice of generosity – particularly religious giving – is a powerful motive for work and for moderating one's own personal consumption. As savings are 'invested' in riskless religious generosity rather than in risky capital accumulation, so the rate of economic growth is held in check. Taken to extremes, this could prove an obstacle to economic development; the Buddha's advice, cited below, concerning the optimal proportions of saving, spending and re-investing one's income can thus be seen as a wise counterbalance.

Forgoing excessive present consumption in favour of long-term investment in artificial and environmental assets is an act of generosity to future generations. Generosity between nations, rich to poor, reduces inequalities in economic growth. As exemplified by the Edicts of King Ashoka, one of the classical virtues of a good king or government is to implement a compassionate welfare policy towards the most disadvantaged members of society. Finally, generosity is included among the *sanghavatthu*, qualities which make for group integration or social cohesion, together with *atthacariya*, voluntary service – so that paid and voluntary work have equal value – and *samanattata*, meaning equality, impartiality and participation.

Right Livelihood

Traditionally, right livelihood has been explained as avoiding those kinds of work that evidently entail harm being caused to oneself and others: working as a slaughterer, an arms-manufacturer, a publican, a dealer in poisons or a trader in human life. Today, however, as we live and work in a world of far greater complexity, where the apparently simple acts of buying and selling have repercussions on people's lives around the

world, the ethics of right livelihood must be accordingly re-evaluated. The implications of even driving a car or drinking a cup of coffee have social, environmental and economic consequences far beyond the limits of our immediate experience, which we are morally obliged to take into account. From this perspective, inner spiritual transformation is just as dependent upon the effect of our economic life upon the world as transformations in the world are dependent upon spiritual re-orientation.

The Buddha himself did not speak at length about the actual tasks of social change or economic reform. On many occasions, however, the Pali Canon – the earliest record of the Buddha's teaching – records how he gave advice about how to conduct one's economic relationships in a way that accorded with the *Dharma* (the essence of life). (For further discussion of Dharma, see section on Hinduism.) He said that in his or her work, a Buddhist should be energetic, industrious, diligent, skilful, proficient and prudent. People should protect their earnings, keep good company and live within their means. Wealth, he taught, provided that it is lawfully obtained, brings four kinds of happiness: economic security; having enough to spend generously on oneself and others; the peace of mind that accompanies freedom from debt; and the leading of a blameless life. Meeting one's material responsibilities to family, friends and employees is emphasised. Instead of squandering or hoarding wealth, a quarter should be used for consumption, a quarter saved for an emergency, and a half used for one's business – a very high rate of re-investment if taken literally. From such examples, it is clear that Buddhist ethics are not at all antagonistic to the development of material prosperity.

Buddhism and Economics

The key to understanding economic activity from a Buddhist perspective is the recognition of the inter-relatedness of all things, traditionally expressed through the doctrine of 'Co-dependent Emergence' (*pratityasamutpada*). Suffering comes about, on the one hand through a failure, both individually and collectively, to understand this fact, and on the other through the construction of a distorted sense of reality in which it is assumed that living beings and things are intrinsically unrelated. The frequently misunderstood doctrines of 'non-self' and 'emptiness' are pointing not to some transcendent void, entirely disconnected to the concerns of the world, but to the absence of a sense of a fictitious world of discrete, reified entities.

The concept of emptiness (*sunyata*) is a means to realise that one's limited ego is not the inescapable centre of the world in constant battle with other egos competing for the same impossible pre-eminence, but part of a network of relationships upon which it depends for its own unique identity. The ethical implications of emptiness likewise do not lead to world-denial but to compassionate participation in the plight of others, with whom one empathetically recognises a shared destiny.

Buddhism invites us to consider its claim that acquisitiveness originates as much in the root insecurity and anxiety of the human being as it does in physical needs. This is amply illustrated both by the conspicuous consumption throughout history of wealthy, privileged yet nonetheless discontented minorities, as well as by the compulsive behaviour found in our present affluent societies.

Buddhism emphasises the need to relate all human activity, including labour, to a

daily practice which can enable individuals to understand their inter-relatedness with every manifestation of the conditions around them and hence to find contentment at a more veridical level of experience. This practice is an on-going challenge to greed, hatred, and delusion since such traits of mind preclude a recognition of the interconnectedness of all life by reinforcing the individual's sense of isolation. The resultant view of life leads to a diminution of personal wants and to a higher valuation of simplicity for its own sake.

On The Indicators or Criteria of Development from a Buddhist Point of View

It is difficult to be sure that religious philosophical categories could be easily transformed into criteria of development. However, let us try to find some criteria which could be considered as indicators of development from a Buddhist point of view. The main intention of this paper will be the specification of the notion that the ultimate goal and the main indicator of the development is a human being according to Buddhist philosophy.

First of all, one criterion could be *the involvement of all interested subjects into a process of development*. This criterion is based on the notion of Buddhist philosophy about interdependence of everything and everyone. So from this point of view it could be concluded that qualitative development is possible only with the inclusion of as many as possible subjects into the very process of development.

Second, continuing the logic of everything's interdependence on each other, another criterion of qualitative development could be brought to attention. This is the understanding that any development in the modern time *cannot be at the expense of any human being, community or country*.

Third, Buddhist religion teaches that *there could not be any development based on passion*; that is on *hatred, violence, greed*. So if there is an economy or economic development, which is based to a great extent on the gambling industry, this phenomenon could not be called a development.

Fourth, the *concept of sharing* is very strong in the Buddhist philosophy. In a broad sense, it means sharing love, compassion with somebody and for somebody and at the same time-sharing one's sufferings. So if in a given society the favourable environment is created for the *flourishment of philanthropy*, and a *good social security net system* is introduced then this society could be considered as a developed society.

Fifth, if one continues developing the concept of sharing one inevitably comes to the problem of setting up a *good tax system* where there is a just sharing of profit. According to this logic a tax system that allows a single person (or a small community) to accumulate so much profit (wealth) that it is much more than necessary for the demands of a person or a community, this tax system should be improved according to the notion of sharing in Buddhist philosophy.

Sixth, *killing of any living creature is considered to be a sin* in Buddhism. Continuing this notion one could come to a conclusion that any economy directed at the production of the weapons of mass destruction, *any society with uncontrolled military expenditures could be considered as an economy leading to destruction*.

Seventh, Buddhist philosophy is very much concerned with the problem of keeping *purity of body, speech, and mind*. So the development which is friendly for the environment (body or outer side), for the mind (human beings or inner side), and for the speech (the means of development) is the qualitative one.

Eighth, it is interesting to observe a close *connection*, which exists between a *means* of development and the ultimate *goal* of the development. A good goal should and could be achieved only through and by a good means. So there could be a criterion of the connection of a good means with a good goal. Any attempt to achieve a good goal by bad means (violence, victims and so on) could not and should not be considered as development.

Ninth, the term development itself should be explained in a sense that 'development' is possible after a human being or a community has reached a certain level of living. For instance, in Buddhism a person really 'develops' only after he/she becomes a Buddhist, after he/she starts hearing the teaching of Buddha. So a nation/country 'develops' only after it solves the problem of actual hunger, the problem of actual war. Otherwise nobody (nation / country) pays attention to (or hears) what is considered as a qualitative development. So one can say that the development starts where the hunger, war, extreme poverty finishes, that is where the observation of *basic human rights* (right to live, right to express oneself and so on), of the *dignity* of human beings starts. This conclusion derives from the very heart of Buddhist philosophy. So this understanding could be considered as one more criterion of qualitative development.

Christianity

The Christian faith should not be seen as providing a detailed prescription for every human situation: it is, rather, a call to 'discovery in community'. Christianity is a dynamic religion: it continues to develop as succeeding generations of Christians gain new insights into the ways of God. They believe that it is God's Spirit who enables them to grow in their understanding of the nature of God, and their awareness of the divine presence and activity in the world. The raw material used by the Spirit in the nurturing and instructing of believers is a rich mixture of Scripture, tradition, reason, and experience.

In recent years, there has been growing concern that in the midst of economic growth there is increasing and evident poverty in inner cities, among minorities, and in households where women are the head. Groups that point to this social contradiction find themselves in conflict with establishment and lay constituencies, which have become increasingly intolerant of radical criticism of 'the way things are'.

Economics, at root, is about scarcity. Its basic assumption is that, given the current availability of resources, all the demands on these resources cannot be met, and the market is used as a mechanism for resolving competing claims.

By contrast, the Christian gospel is about generosity. Its basic assumption is that there is sufficiency in the world for all of human need, for the divine Creator has blessed it and filled it, and has given to human beings the inventiveness and skill to

release its wealth and potential. However, the over-exploitation of natural resources has led to the extinction of thousands of species, and the irreversible depletion, almost to the point of exhaustion, of vast amounts of primary materials.

Christians find grounds for celebration and hope in astuteness and initiative; in people that can be inventive in the face of a crisis, or alert and quick-witted, ready to risk wealth, reputation and convention for the sake of the Kingdom. These are precisely the qualities of the entrepreneur, and in market capitalism are rewarded by increased wealth. But Jesus reminded his followers that all human affairs, including that of wealth creation and accumulation, had to be ordered in the light of the human being's ultimate destiny in God.

The effectiveness of any economic system is, in Christian thinking, measured, not by the wealth that is acquired by those who gain most, but by the benefit to those who are disadvantaged and poor. In *Mater et Magistra*, Pope John XXIII wrote, 'it cannot be denied that in the plan of the Creator all of this world's goods are primarily intended for the support of the whole human race'.

The modern economy is a global system. Decisions taken in one nation can have important repercussions for the people at great distance. The divisions between North and South today symbolise the imbalance in power and resources between the industrialised nations and the poorer nations of the world. Human inventiveness and creativity needs to be applied to the shaping of future trading patterns, the future of aid, and international debt, as much as to the mastering of complex financial negotiations in the board room or Stock Exchange. The dream of 'just, participatory, and sustainable development' does not have to remain merely a dream.

Responsible Markets

Market capitalism is subject to fluctuating growth rates, which can have disastrous consequences for individuals and communities. The human cost of 'outplacement' and lost homes or lost savings as a result of the operations of the market need to be included in the balance sheet of economic activity.

If firms are allowed to operate freely they may be able to maximise profits by creating costs, which they themselves do not have to bear. Typical examples are the emissions from a factory chimney into the air or effluents poured into a nearby river; the cost of repairing roads subject to heavy goods traffic, and so on. It is clear that the market has not learned to deal with these social costs of economic activity. Out of its concern for the care of the whole creation, the Church must continue to press for the implementation of policies that will reduce this environmental damage, however unpopular such measures might be.

Entitlement and Justice

The vision of the welfare of the larger community calls for a system that places the notion of 'Entitlement' rather than the market at the centre of the analysis. A proper counterbalancing of market forces may be developed by acknowledging that all people have certain entitlements: these might include the right to participate in the market by offering one's skills, goods, or services, and to receive fair compensation.

This needs to be reflected at a Global level also. Economic decisions should aim to

safeguard the dignity of all members of the human family, and to ensure that they are treated justly. This could mean, for example, that the United Nations might be asked to raise a levy for trade and aid alongside the one it raises for its peace force.

Though lacking political power, the Church continues to use its influence to seek for changes in line with justice, peace, and care for the environment. The possibilities are the same as they have been in every age: There will be 'some Christians who must signal the soul-destroying dangers of great wealth by voluntarily adopting simple lifestyles ... Such Christians take to heart the call of Jesus to sell all and give to the poor; they know it is easier for a camel to go through the eye of a needle than for a rich person to enter God's kingdom. Christians will continue to pay special attention to the needs of the poor, the weak, the frail, and the little ones in society. Their plight will continue to concentrate prayer and action while there remains an 'underclass' in affluent societies, and while the common human home is cruelly demarcated between rich and poor. However, most Christians in the West, most of the time will be called to exercise their prophetic and critical ministry to the wealth creators in a context of 'gratitude' (Ethics of Wealth Creation).

Will the influence of this low-key approach be enough to bring about the transformation of society? For many Christians and churches, the complexity of economics and the scale of our global problems are such that transformation has been reduced to a level of application to individuals alone. Yet the heart of the Lord's Prayer, 'Thy Kingdom come, thy will be done on earth as it is in heaven', is a continued call to hope and to action. The Christian sees the Cross as pointing to a new definition of, and model for, power. In the eyes of Pilate, or in the estimation of the economically powerful, the Cross is foolish. Yet the way of suffering and self-giving 'in order that justice might prevail' has been shown again and again to be one of the most powerful forces for the transformation of individuals and social institutions.

The theme of Christian Hope (that is, God's purpose in human activity) is a key to understanding and interpreting history. With profound realism it takes account not only of the goodness and generosity of people, but of their irrationality and unpredictability, especially when under pressure, and of the power and intransigence of structures. But Christian Hope affirms the real possibility of change, for its inspiration comes from the One who promises to 'make all things new'. So Christians continue to work with God for the realisation of the 'Kingdom' (or as many prefer to say, the 'Reign of God') characterised by justice and joy, rooted in love.

Hinduism

Hindu Economic Values

Dharma – the Essence of Life

The Hindu tradition understands reality as a complete whole in which everything is made up of *brahman*, or spirit. The self within and the cosmos without, the observer and the observed, are in essence one and the same. Understanding life, therefore, is not

possible by scientific observation alone, which sets the observer apart. Truth cannot be reached by mere intellect; nor is it outside the searcher: it is discovered within. The Upanishads say 'tat tvam asi' – 'thou art that': the self is one with the Truth, as the fruit is one with the tree. To know that all reality is spirit, and that we are indivisible parts of that spirit, is to know that 'economics' cannot be set apart from the rest of life. Like all other activities, it is included in the one spiritual truth. In the Hindu tradition, therefore, economics is not a separate field, distinct from the fabric of daily life. All human activities are part of the sacred pattern of the universe.

This sacred pattern is called 'dharma', the essential nature. There is no English equivalent for this word; it describes the essence of things, the way they are. In human society dharma is the spirit of sacrifice, or sacred work. All human endeavours are part of the divine cycle of sacrifice, in which action is consecrated to the Supreme. Dharma is sometimes translated as religion, because it shapes the morals and behaviour of society, but it is more than this. It is the essence of life itself. The life of every member of Hindu society is influenced by dharma. Depending on whether a person's actions are in accordance with dharma, they bring either good or bad reactions. Therefore the chief end in Hindu society is not, and never could be, economic development. It is to uphold dharma.

Sacrifice brings prosperity, and is therefore the foundation of Hindu society. From it follows economic development, material comfort and, ultimately, spiritual fulfilment through detachment. This sequence is commonly expressed as the fourfold basic principle of human civilisation: *dharma, artha, kama, moksha* – 'religion, economic development, sense enjoyment and liberation'. According to this fourfold principle, dharma eventually leads to moksha, or liberation from the cycle of rebirth. But artha and kama, economic development and sense enjoyment, are part of this process. The way the economic problem is solved, and the way comforts and pleasures are provided, are both part of the path leading from dharma to liberation. It therefore becomes clear that artha, or Hindu economics, is central to the successful execution of human life. So what are the principles of Hindu economics? And how can they be practised in the modern age?

Sacrifice – Giving Back

The first principle of artha is not to take more than you need. In the words of the Isa Upanishad, 'This world is the home of God. He dwells in all things, moving and non-moving. One should therefore only take what one needs and leave the rest for others, recognising to whom it all really belongs.' The story is told of a sack of rice left in the forest. One after another, different birds and forest animals came and took what they could eat, leaving the rest for others. Then a man came and saw the bag. It contained enough to feed him and his family for a whole month. Unable to believe his luck he took the whole sack. Too often human supremacy in this world is marked by our ability to take more than we need, depriving nature, and even our fellow-humans, of a fair share.

Gandhi taught that a non-violent economy was one in which no one took more than they could use, because if they did they were in effect stealing it from someone

else. 'It is a fundamental law of nature,' he wrote, 'that nature produces enough for our wants from day to day; and if only everybody took enough for their own needs and nothing more, there would be no poverty in this world'. Therefore whenever we take something we must consider whether we have left enough for others: for God, for nature, for the poor and for future generations. This world does not belong to humans. It is the dwelling place of God, the creator, and as such is God's property. Nature therefore demands that we replenish whatever we take from her. We cannot simply take. We must give back. If we cut down one tree we must plant five more. This is the principle of sacrifice, or *yajna*, which is mentioned throughout the Vedas. To take the gifts of the world without offering anything in return is theft.

Gandhi insisted on this need for individual commitment and action, and ultimately for personal change. This is what he called 'Swaraj', self-rule or independence. For him it had a far deeper meaning than mere political independence. 'Swaraj is a sacred word,' he wrote, 'meaning self-rule and self-restraint, not freedom from all restraint which 'independence' often means'. If, therefore, we of the late twentieth century wish to gain our independence, not from the power of a single nation, but from the international web of financial exchange and industrial development which holds our world in economic thrall, forcing us to participate in its despoilment, we will first have to achieve 'self-rule and self-restraint'. We will have to learn a simpler way of life which does not demand consumption of the earth's resources at the present nightmare pace. Each of us will have to be prepared to work for our fair share of the world's resources.

Had there been an environmental crisis in Gandhi's day, there is little doubt what his response would have been. He would have called for a change in lifestyle in the extravagant West. He would also have called upon all to stop passively supporting such a lifestyle by their compliance. For example, the way to overcome British industrial might in India was to withdraw from participation in its wasteful, exploitative economy. The symbol of this withdrawal was the spinning wheel. He himself operated a spinning wheel for an hour a day, wherever he was, and he expected everyone to do the same. By that one hour a day, if everyone took it up, India could supply her own cloth and be freed from the tyranny of the cotton mill trade, which created dependence on Britain and mass unemployment in India.

The ultimate solution to economic problems, for Gandhi, was simple honest living:

I believe that if India, and through India the world, is to achieve real freedom, then sooner or later we shall have to go and live in the villages – in huts, not in palaces. Millions of people can never live in cities and palaces in comfort and peace.

The Hindu understanding of economic prosperity is a society in which all aspects of the individual – body, mind and spirit – are satisfied by placing God at the centre of all activities. This principle is expressed in the Bhagavad Gita in the words, 'Whatever you do, whatever you eat, whatever you offer and give away, and whatever austerities you perform – do those as an offering unto Me [Krishna].' [BG 9.27]

A society will be prosperous, according to the Srimad Bhagavatam [7.11.8–12], which

encourages the development of basic human good behaviour, called 'sadarcara', including 'Truthfulness, Mercy, Control of the mind and senses, Non-violence, Simplicity, Service to saintly persons, Gradually taking leave of unnecessary activities in human society, Food distribution to all living beings (both human and animal), Worship of God.'

An important proviso for any discussion of Hindu criteria for development is that modern large-scale industrial economy and the cities it creates are largely beyond the scope of Hinduism. These phenomena could never have arisen from within the Hindu tradition because the Hindu approach to life does not envisage the mass exploitation and manipulation of material nature to human ends. The Hindu scriptures make a virtue of accepting life as it is, and its conditions as God-given.

Hinduism has developed its own traditions of commerce and urban living, but they have always been closely allied to their agrarian base. The Hindu economic ideal is agrarian and based on simplicity. The introduction of large-scale industry has had a disastrous effect on the Hindu way of life because it has broken up this agrarian life-style and sucked huge numbers of people into cities where they have lost touch with their traditions.

A good example of the impact of modern life on Hinduism has been its effect on the Hindu tradition of Cow Protection. This tradition is more than a purely religious practise, nor is it simply utilitarian. The relationship between human and cow is both a symbol and a symptom of the state of humanity's relationship with the natural world. It embodies the ideal of natural living and harmony between species and has held a pivotal role in Hindu tradition and myth best illustrated by Krishna, the divine cowherd. Until not long ago it was common to see cows wandering all over cities in India, despite the fact that they were not designed to accommodate them. Increasingly, because of urban pollution and lack of facilities these cows have become at risk from disease, traffic and lack of adequate shelter. Now, with the rapid development of high-speed road systems, cities like New Delhi are simply clearing cows away, thus breaking an age-old Hindu tradition and increasing the alienation of the modern Hindu from his or her urban environment.

To the Hindu it is crazy to think that in modern life the only place for a cow is on a factory farm, yet this is where the cows of India are now being sent. Urban development that is sympathetic to Hinduism would take account of the need for Cow Protection and build into urban design extensive facilities for dairy farms, called 'goshalas'. The presence or absence of healthy cows should be seen as a clear indicator of Hindu development.

Islam

While Islam, historically, developed in different traditions, the basis of the Muslim faith, world view and ethic remains the Qur'an, supplemented by the *sunna*: the remembered behavioural precedents set by the Prophet Muhammad (Arabic *athar*), and his sayings or rulings (Arabic *hadith*). And the tone of the Qur'anic and Prophetic directives regarding wealth (Arabic *mal* or *rizq*), gain (Arabic *kasb*) and expenditure

(Arabic *infaq*) is basically approbatory. As viewed by the Qur'an, wealth is a *mut'ah*: like marriage and parentage, one of the comforts and delights of earthly life, whose enjoyment is fully legitimate provided it does not preclude (a) the heeding of spiritual and ethical dictates, and (b) consideration for the common welfare. 'Wealth and children are the ornament (*zinah*) of life in this world; but the good deeds that endure are better in thy Lord's sight for reward, and better in respect of hope.'

As depicted in the Holy Book of Islam, all wealth derives from God's bounty (Arabic *fadl*, or *ni'mah*), and success in its acquisition is a sign of Divine favour. (*Al-kasib habib Allah* runs the Islamic adage, meaning 'The gainer is the beloved of God.') Recipients of God's bounty must receive it and expend it with pious gratitude. According to the Qur'an, truly virtuous believers are those who, apart from being assiduous in worship, 'expend of that which We have bestowed upon them' (*mimma razaqnahum yunfiqun*) (2:3).

Of the many Qur'anic verses depicting wealth as a Divine boon, and commending the pious manner in which to expend it, some examples would suffice. 'Did [God] not find thee destitute and enrich thee? ... Therefore converse about the bounty (*ni'mah*) of thy Lord' (93:8, 11). 'This [valuable acquisition] is of the bounty of my Lord (*hadha min fadli rabbi*), that He may try me whether I would be grateful or not' (27:40). 'Eat and drink of that which God hath provided ...' (2:60). 'Forbid not the good things which God hath made lawful for you Eat of that which God hath bestowed on you as food lawful and good...' (3:87–88; cf. 16:114).

In a number of Qur'anic verses, as in the one already quoted about wealth and children being 'the ornament of life in this world,' the faithful are urged to maintain a balance between the enjoyment of earthly comforts and delights, and attendance to duties towards God, and towards society. In the search for wealth, as in its enjoyment, the faithful need to guard against excess and lack of consideration for others. For the greedy, avaricious and exploitative, as for the rich who are secretive about their wealth or make an unnecessary show of it by conspicuous consumption, the Qur'an has nothing but outright condemnation. 'They who hoard up gold and silver and spend it not in the way of God, unto them give tidings of a painful doom, on the day [their gold and silver] will be heated in the fire of hell, and their foreheads and their flanks will be branded therewith ...' (9:34b–35a). 'God loveth not such as are proud and boastful, who are avaricious and enjoin avarice on others, and conceal that which God hath bestowed upon them of his bounty. For [such] we prepare a shameful doom, as for those who spend their wealth in order to be seen of men ...' (4:36b–38a). 'Those who wrongfully devour the wealth of orphans, they do but swallow fire into their bellies, and they will be exposed to burning flame' (4:10).

The Qur'an, in short, draws a clear distinction between the natural human desire to acquire and expend wealth, which is commendable as being innocent and legitimate when exercised with piety and restraint, and excessive enrichment or indiscriminate spending without regard to piety, and at the expense of the common welfare, which elicits condemnation as an unpardonable vice, on spiritual as on social grounds.

In the Qur'anic view, the truly legitimate avenue for acquiring wealth is trade as a free commercial transaction between buying and selling parties on the basis of mutual

agreement and goodwill (4:29). And the Qur'an actually details the rules for commercial transactions.

God hath permitted trade and forbidden usury ... give up what remaineth [due to you] from usury ... [and] have your principal [back] without interest And if the debtor is in straitened circumstances, then [let there be] postponement until [repayment] becomes possible; and that ye remit your debt in charity would be better for you When ye contract a debt for a fixed term, record it in writing And call ... two witnesses ..., so if one erreth [by forgetting] the other will remember. And the witnesses must not refuse when they are summoned. Be not averse to writing down [the contract] whether it be small or great, with [record of] the term thereof ..., save only in the case when it is actual merchandise which ye transfer among yourselves from hand to hand. And have witnesses when ye sell to one another, and let no harm be done to scribe or witness. If ye be on a journey and cannot find a scribe, then a pledge in hand [shall suffice]. And if one of you entrusteth to another let him who is trusted deliver up that which is entrusted to him Hideth not testimony God will bring you to account for it ... (2:275-284).

The Qur'an addresses its directives regarding economic behaviour to the believers, individually or as a community, without touching on the question of economic organisation as a political function. In fact, contrary to the common depiction of Islam as a theocracy, the Qur'an presents no theoretical concept of the state as a political organisation, beyond depicting the faithful as a community 'whose affairs are a matter of counsel between them' (*wa amruhum shura baynahum*; 42:38), and commending that they obey 'those of you who are in authority' (*uli al-am minkum*; 4:59, cf. also 4:83). The only Muslim public institution for which the Qur'an explicitly provides is *zakat*: the tithe which the faithful are exhorted to pay to alleviate the conditions of the poor and needy among them, and to defray other communal expenses. This leaves the political economy of the Muslim community, and its public affairs in general, to be managed, as circumstances dictate, within the framework of the Muslim ethic prescribed by the Qur'an and the *sunnah*: an ethic in which the principal emphasis relates to fair-dealing and consideration of others, and of the general good. Beyond this ethic, there are no hard and fast rules governing collective Muslim behaviour politically or economically. This leaves abundant room for resilience and adaptation, as changing situations may demand.

Care of the environment, in its comprehensive meaning, is a duty of trusteeship which humankind owes by virtue of its vicegerency over creation. Each generation of people are described as both 'viceroys and successors in the earth', stewards over its resources for the benefit of all living beings. Profligacy, wastage and acts that corrupt the balanced order of nature, which is a sign of divine beneficence, earn a severe reproach. The evil that people do 'vanishes as jetsam and what profits men abides in the earth.' Hence, those who create wealth in its diverse forms, intellectual and spiritual, cultural and material, are raised to a position of honour, but only if they recognise and respect the element of trust in what they create. To squander in vanity or to withhold

in jealousy what they are able to create, amounts to usurping the rights of those, including the generations yet to be born, who need the fruits of their talents. Each generation is, thus, ethic bound to leave behind a wholesome, sustainable social and physical environment.

Those who control and administer resources for the benefit of others are bound by the duty of trusteeship. In Shia Islam, this duty is owed to the Imam. The Muslim tradition of religious law, thus, firmly grounds the ethic of governance in the principles of trust, probity, equity and accountability. The scripture, for instance, sternly warns corruptly inclined citizens and authorities against collusion to defraud others. Guardians of orphans and the weak are similarly warned not to compromise their fiduciary obligations, and to keep away from their wards' property 'except to improve it'. The tradition, hence, obliges administrators of a charitable foundation not only to maintain, but to seek to enhance, the value of its corpus and maximise its yield in order to sustain its charitable commitments.

Jainism

Prosperity in the world, in the Jain view, is a legitimate goal for a layperson in pursuit of the higher goal of renunciation as it affords the opportunity not only for earning a proper livelihood but also for offering gifts (*dana*) to those who follow the path of renunciation and extending charity and service (*seva*) to those who are in need. Prosperity is invariably joined with the ideas of purity in the means of its acquisition, integrity in the means of its investment, liberality in its distribution, and restraint in its enjoyment. Adopting a legitimate means of livelihood (*nyayopatta-dhana*) is extremely important for a Jain since the chosen occupation determines the degree to which violence can be restricted. As early as the sixth century, manuals were composed for the laity that contained long lists of occupations that were considered to be unsuitable for a practising Jain. These are livelihoods derived from

- the production and sale of charcoal;
- the destruction of plants including the sale of timber;
- construction and sale of carts;
- the use or rental of one's own animals for transporting goods;
- occupations that involve hewing and digging in the earth such as ploughing;
- trade in animal by-products such as ivory, bones, conch-shells, pelts, down, etc.;
- trade in lac and similar substances;
- trade in alcohol and forbidden foods;
- trade in slaves and animals;
- trade in destructive articles such as weapons, farming implements, poisons, etc.;
- the operation of mills and presses that crush sugar cane and seeds;
- livelihood from the mutilation of animals including gelding, branding, etc.;
- work that involves the use of fire such as clearing forests or meadows for cultivation;
- work that involves draining lakes for future cultivation; and

- work that involves breeding or rearing destructive animals such as monkeys, and so forth.

The rationale for such a list is based on the belief that souls exist in animals and plants; thus these life-forms are to be respected and not harmed. All living beings have the capacity of experiencing pleasure and pain and wish to live, and some souls eventually may take birth as human beings. Therefore, Jains have preferred whenever possible to engage in those occupations where harm to human beings, animals, and plants is minimised. However, when injury does arise in the course of performing one's occupation (*arambhaja-himsa*), it is thought to produce less severe negative karmic effects than acts of violence prompted by greed and anger.

The benefits of the acquisition of wealth by legitimate means on the part of the lay community has long been recognised within Jainism. In the eighth-century *Dharma-bindu* of Haribhadrasuri, there is a description of the qualities of an ideal layman (*shravaka-gunas*). The first and foremost of these qualities is being endowed with honestly earned wealth (*nyaya-sampanna-vibhava*), for wealth acquired by honest means not only brings freedom from anxiety in this world, it also leads to a happy reincarnation. Moral integrity in business is a necessary element in the long-term acquisition of wealth. Economic prosperity gained by dishonest means is transitory in nature. According to Acarya Hemacandra (1088–1172), the author of the monumental *Jaina Yoga-shastra*, honestly earned wealth is that which has not been acquired by treason, betrayal of friends, breach of trust, theft, false witness, false weights and measures, or deceitful speech. In our own times, the Anuvrata Movement, started in 1949 by a Jain mendicant, the late Acarya Tulsi (1914–1997), is founded on the commitment to observe ethical standards and restraint in all aspects of life. The code of conduct for this movement includes the observance of moral integrity, especially in business.

Judaism

The Talmud states that the first question that will be asked of those who enter the World to Come is: 'Were you honest in business?' This question should not come as a surprise, for the way that a person earns his living clearly affects and colours all of his actions and deeds. There is a vital principle in Jewish law that a justifiable end may never be achieved through unjustifiable means and no amount of religious laundering will ever make non-kosher actions (or money) kosher.

Judaism recognises that man has two essential inner drives one selfish (evil) and one selfless (good) and argues that there is an important role for the selfish/evil impulse to play. This role is clearly expressed in the Midrash: 'But for the evil desire, no man would build a house, or take a wife, or have children or buy and sell in business ...' Jewish thinking accepts that the world can only operate effectively if man's drive to acquire is not totally squashed, but, Judaism argues, it is clearly man's role to moderate and control this dangerous impulse. Bearing in mind the power of man's inherent selfish nature, Dr. Meir Tamari (an internationally respected scholar in Jewish Business Ethics) points out that:

You cannot have a moral system in economics unless you have a moral system in life generally ... Economic immorality has always existed ... In Judaism, the fight against immorality can never stop. The prophets list economic transgressions as a curse for God's displeasure, just as idolatry and adultery. We would like to argue that there are in (Jewish law) the tools to limit this immorality.

The Micro View – Issues Related to the Individual

Jewish law recognises that all commercial interactions ultimately involve actions and decisions on the part of individuals. It is not a company that is ethical or unethical, rather it is the individuals concerned who take decisions that are either morally right or wrong. Judaism therefore focuses its attention on the individual and requires exceptional ethical conduct of individuals involved in business. It is necessary at this stage to provide a brief insight into some of the ethical demands that Jewish law makes.

A. Openness

Jewish law demands a degree of openness in market conduct far beyond that dictated simply by the profit motive. The most basic example of this principle is the law that a sale is only valid if both the seller and the buyer are aware of the true value of the goods at the time of sale. The Babylonian Talmud brings a classic example of this principle in action: Rabbi Safra, a scholar and scrupulous merchant, was once in the midst of prayer, when a buyer offered to buy some goods from him. Not wanting to interrupt his prayers he refused to answer. His action was misinterpreted as an unwillingness to accept the offer and the buyer accordingly raised his bid. When Rabbi Safra finally finished praying he refused to accept the higher offer explaining that his silence had been misunderstood and that he had been willing all along to accept the lower price.

B. Profit Limitations

Jewish law takes a highly negative attitude towards price rises that are unjustified economically. Indeed, the Talmud compares profiteers and hoarders to usurers and short changers. Jewish law also applies strict profit limitations to what are known as 'essential items' a term generally applied only to basic foodstuffs. Flour, bread, oil, and perhaps certain milk products would nowadays come into this category. It may also be possible to argue that certain services are 'basic' and would therefore have to be price-fixed or at least have profit limitations applied. It has been suggested that such basic services could include funerals and services related to house-purchases, both of which are clearly basic necessities.

C. Ona'ah: A Just Price

The Torah prohibition of price fraud is termed 'Ona'ah', but a more accurate translation of the term 'Ona'ah' would be exploitation, and not fraud or theft. This is because it refers to cases where there is no defect in the object that has been sold, instead there exists a disparity between the price received and the going (market) price of the object. English law in particular places the onus of judging the value of an item on the buyer – *caveat emptor* (let the buyer beware) and will therefore only annul transactions if there

is very large disparity between the market price and the price paid. Jewish law however, expects both buyer and seller to be aware of the value of any item being sold in a transaction. Without this common knowledge the sale can often be invalidated.

The laws of Ona'ah are extended to include a further general law forbidding people from causing distress to other people. This has particular relevance in the field of business ethics. As an example, Jewish law rules that you are forbidden to ask the price of an item in a shop if you have absolutely no intention of buying that item. The explanation is that the shop-keeper who will have anticipated a sale will be distressed by this mode of action. The modern day application of this law is clear. The common practise of checking goods at a local (and more expensive) store and then buying them more cheaply at a mail order firm is seen as unethical.

D. Hin Tzedek – *Good-faith*

A central ethical principle, within interpersonal relations in general and in business relationships in particular, is the good faith imperative. The Talmud expresses the good faith imperative in the following way: 'Your *yes* should be sincere and your *no* should be sincere.' This is a command against hypocritical behaviour and a clear exhortation to fully carry out whatever one has committed oneself to, whether or not it has been written down, and whether or not it is strictly enforceable in a court of law.

E. Genevat Da'at – *Creating False Impressions*

Jewish law forbids the creation of any false impression, a concept known as Genevat Da'at (lit. stealing an opinion – such intangibles as ideas, sleep, feelings etc. can all be stolen according to Jewish law). The commercial examples mentioned in the sources include the prohibition of painting old utensils in order to sell them and pass them off as new items. This law would still apply even if they were being sold at their true low value, because the buyer would be under the false impression that he is getting a very special bargain. This could be described nowadays as the seller obtaining (or more correctly stealing) undeserved good will.

This law clearly applies to the vast area of modern advertising, where Judaism would argue that it is morally wrong to create an impression that cannot be backed up by the facts.

F. Lifnei iver – *Placing a Stumbling Block before the Blind*

'You may not curse the blind, nor may you put a stumbling block before the blind ...' The Biblical prohibition of placing a stumbling block before the blind clearly extends beyond the literal meaning. The famed biblical commentator Rabbi Solomon Yitzhaki (known as Rashi) points out that this prohibition applies in any case where one is giving advice to a person who is considered 'blind to the matter'. This would clearly apply to many modern cases involving financial and legal advisers. This law warns not to give advice to clients which may in fact be detrimental to them.

G. Lifnim Mishurat Hadin – *Beyond the Letter of the law*

Judaism demands that people act magnanimously in their relations with their fellows. This implies going beyond the letter of the law in one's financial dealings. The Talmud brings a classic example of this law:

Some porters broke a barrel of wine belonging to Rabbah b. Bar Hannah. (In response) he seized their garment; so they went to complain to Rav. 'Return their garment' he ordered. 'Is that the law?' (asked Rabbah b. Bar Hannah) 'Yes' he replied, (quoting a biblical verse:) 'That you should walk in the way of good men.' Their garments having been returned, they observed, 'We are poor men, have worked all day and are hungry. Are we to get nothing?' 'Go and pay them' he ordered. 'Is this the law?' he asked. 'Yes' he rejoined, (completing the verse) 'and keep the path of the righteous.'

Although there could be a claim against the porters for negligence (for which it must be assumed that they were liable) nevertheless the principle of going beyond the letter of the law prevented the carrying out of the claim.

Another element of this principle is the law of the Abutter, which appears to be unparalleled in other legal systems. In Jewish law, a person who wishes to sell his land, is obligated first to offer the land to any neighbour who holds adjoining property to the land that is being sold. The basic principle behind this law is that one is obligated to perform an act of kindness to another person if such an act involves absolutely no financial loss.

Ownership and the Correct Use of Wealth

In Jewish thought, wealth is considered as a gift from God, and man is viewed as a caretaker with responsibilities, rather than an owner with rights. The Book of Proverbs therefore informs us of the correct use for wealth: 'Honour your Lord with your substance.'

The Accumulation of Material Wealth

Although Judaism stresses the spiritual as the most important aspect of life, it still recognises the place of material needs, such as in this passage from 'The Pirke Avot' (Sayings of the Sages): 'Where there is no flour (material goods), there is no Torah (because poverty prevents one from studying the Torah and carrying out the divine commandments); and where there is no Torah there is no flour'.

Yet, although Judaism legitimises the involvement in business, as Maimonides points out, it disapproves of unlimited accumulation of material goods. 'One should not aim first at accumulating wealth and then devoting time to the study of the Torah. Rather, one should see one's study as permanent and dominant and one's economic endeavours as marginal and temporary.' The Sages appeared to express this very idea in their negative description of the behaviour of the ant which 'eats only two grains of wheat and lives for but one season, yet it labours to amass a fortune'.

Safeguards for the Poor

Judaism provides for a comprehensive systems of charity. Assistance to the weaker or impoverished members of society is not considered an act of kindness, but rather an obligation, both for the individual and for society as a whole. Indeed the Hebrew word used for charity, *tzedakah*, could be more accurately translated as 'justice'. The underlying principle is that one cannot escape one's obligations and responsibilities to other members of society. This concept is expressed in the statement of the rabbis: 'He

who says: "Mine is mine and yours is yours" ... some say that this is the trait of Sodom'. Such an attitude of 'mine is mine and yours is yours', would ostensibly appear decent and fair, but instead it is strongly condemned because such an attitude precludes all possibility of mutual aid. Indeed, the ancient city of Sodom was depicted in the Talmud as the archetype of the evil society, one in which charity was not only frowned upon, but even banned and punished by death.

Systems of charity as outlined in the Torah can be classified as either agricultural gifts, or assistance in the form of money and kind. It is particularly with regard to the latter that Maimonides suggests that there are eight levels or degrees of charity: The lowest level is when charity is given grudgingly. The levels then ascend in importance as the donor and more importantly the recipient become anonymous. The highest level however, does not even involve the giving of charity. It is that of providing for poor people by sending business their way or by setting them up in business. In other words, the highest charitable act is to give another person the means to become independent. The aim of Jewish law is not to just relieve poverty, but rather to enable the unfortunate person to escape and get out of the state of poverty.

Ecology

Modern economics cannot be divorced from ecology. Economic progress often goes hand in hand with ecological regress, and modern thinking is only now realising that the effect that progress has on the environment is in itself a long-term economic issue.

From its very first chapters, the Torah emphasises that man is given a crucial role in controlling this world. We read in the book of Genesis that Adam is told that he is to have dominion over the other species and that he is informed that he may exploit the world's resources for his own needs. There is, however, a proviso: He is warned against excesses: 'God took the man and placed him in the Garden of Eden to work it and protect it.'

The general tone of Rabbinic literature teaches that control of the environment is a privilege accorded to Mankind which must be used responsibly. A warning to this effect is found in the Midrash:

When God created the first man, he took him and led him round all the trees of the Garden of Eden, and said to him: 'Look at My works, how beautiful they are! Take care that you do not corrupt and destroy my universe; for if you destroy it, no one will repair it after you.'

Many modern industries work on the assumption that it is cheaper in the long run to create pollution and environmental damage and pay the fines imposed by the government rather than set up expensive but clean production methods. Dr. Tamari points out that Maimonides forbade such a practise when he stated that you are not allowed to cause damage on the assumption that you will pay for it afterwards.

The rabbis of the Talmud stress that all people have an equal share and responsibility in the world, and that anyone who causes pollution will ultimately suffer himself.

Individuals cannot ever be totally divorced from their long-term responsibilities, and they must always consider the effect of their actions on future generations. This point is made in the Talmud which describes a man named Choni who once saw a man

planting a carob tree and asked him: 'How long will it take for this tree to bear fruit?' The man replied: 'Seventy years.' Choni then asked him: 'Do you think that you will last another seventy years?' The man replied: 'I found fully grown carob trees in the world; just as my ancestors planted these for me, so I plant these too for my children'.

Sikhism

Sikhism cannot be comprehended properly by the usual label of 'faith' or 'religion'. Sikhs are not only a people with a unique faith and philosophy of God and life, but Sikhism is a particular way of life. Sikhism encompasses internal values and ethics, external code of conduct as an individual and as a member of society and also an exclusive exterior form that gives Sikhs a unique character and appearance among all the people of the world. This 'uniqueness' does not keep Sikhs outside or distant from the family of mankind. Rather, it binds a Sikh to be its saviour, server and a model. Major precepts of Sikh religion, both in the internalised value system and its actual expression in the living institutions, go hand in hand. The ideals, even where not followed, are accepted and cherished by the Sikhs today.

Economists have had too great a preoccupation with investment and technology as promoters of development. Issues such as education and skill formation were only added later as other factors of growth. In contrast, religion acts through values and attitudes. It changes for good or bad the human factor in development. Sikh religion not only sanctions material well being but promotes it at individual level as well as exerts positive pressure on distributional aspects, of course within the general framework of spiritual objective of life. Specific growth promoting values that emanate from Sikh religion may be enumerated as under:

- i It is better to struggle with holding in tension the life of a householder with that of the spiritual quest rather than become exclusively 'spiritual'. That kind of spirituality shuns 'Sewa' (service to others in society). Love of children and respect of parents is part of the basic principles of Sikh religion. This ensures family life and social responsibility.
- ii A Sikh must toil and earn to live. This ensures labour and enterprise.
- iii Labour to earn must be honest and truthful. This ensures labour loyalty and managerial responsibility.
- iv A true Sikh belongs to God. God and His grace have no fixed place and region. For workday life one can go and adjust anywhere. This ensures factor mobility and global commerce with a global view of earning opportunities.
- v Learning and education were promoted by Sikh gurus but education, it was warned, must not result in self ego. Analysis and logic, while welcome, must be subservient to the ultimate wisdom. It should not result in bragging cleverness that ridicules others or makes one feel 'haughty' and 'superior'. This ensures open-mindedness to skill-formation, further education and training.

- vi Never live by exploitation or booty. It ensures self-efforts and dignity of labour.
- vii Wasteful living and conspicuous consumption to show-off or denigrate others is strictly forbidden. Simple living with self-labour and dignity is welcome and earns special praise. This ensures saving and capital accumulation like in the case of English Puritanism.
- viii Gender equality is basic to Sikh religion in all matters – social, economic, political and religious. This ensures full participation of the skills of women folk in work-day life.
- ix In matters of food and drink, Sikhism sanctions all consumption but with two exceptions, (a) all narcotics, including alcohol and tobacco are strictly prohibited (b) as also 'Kuthha meat' which involves suffering for the animal. This ensures healthy living and a wide choice of wholesome food and soft drinks.
- x All trades, all professions and all economic activities anywhere and anyway chosen and adopted are equally welcome as long as they conform to the principles of individual living explained above. This ensures choice of profession and labour mobility.
- xi Sikhs have been specially encouraged and trained to live the life of a soldier, giving them a strange balance of healthy body and military discipline and openness to hazardous military training in 'new' fields. This ensures a Sikh as a fearless disciplined soldier who, in the name of God, is ready to take new assignments and responsibilities.

Taoism

Taoism is the traditional faith of China, founded upon the teachings of Lao Tzu and the classical text the *Tao Te Ching*. Taoism seeks to follow the natural way, the Way of Tao – which itself means the Path or Way. Taoism has on occasions ruled areas of China and had to develop handbooks for practical and spiritual guidance in statesmanship. The *Tao Te Ching* itself is a guide to good living and statesmanship.

'Equality and Affection' is the social ideal that is put forward in the Taoist scripture *Du Ren Ching* (Scripture of Redeeming the Dead). It is an expectation that socio-economic development will reach an ideal state in which 'the state is stable and the people are affluent, and everyone happily enjoys great peace.'

Taoism advocates the true equality in its classic *Tai Ping Ching* (Scripture of the Great Peace). It believes that all social wealth belongs to heaven, the earth and human society, and should not be possessed by a small number of people. Wealth should be distributed properly in society, ensuring that every member of the community has the essentials for life. For the circulation and distribution of wealth, Taoism upholds the principle of letting wealth circulate fully to meet the essential needs of everyone. Here are some practical ways:

Firstly, social wealth can be properly redistributed by the government through an appropriate financial policy, especially to ensure that the hungry have enough food

and the ragged have enough clothing. Secondly, those who are wealthy should distribute their wealth voluntarily to the poor. Thirdly, those with money should lend to the poor for their life's necessities without charging interest. If those with wealth fail to do this and thereby increase the suffering of the poor, or even cause their death, then the wealthy will be punished by the Universe.

Tao Te Ching (19) asks the people 'to show plainness and simplicity, to refrain from selfishness and desire'. Taoism believes that human beings are simple and pure by nature. Because of the constant emergence of desire and all kinds of inducements such as sensual pleasure, fame and gain, this simplicity and pureness have been clouded and even been lost. The result is that people become greedy and selfish, and their life is greatly threatened. Thus, Taoism reminds the people to resist temptation, to keep peace and quiet, to follow the Way of Virtue and return to their unsullied true Tao – their true nature. Especially for those who are cultivating themselves to be Immortals and True Men, they should differentiate themselves from people in the secular world: they should restrain themselves from fame and gain, from desire and temptation.

- a Development should be what is already there in the landscape, both natural and human, in the people and in the community. Development draws out what is possible, thus it acts with integrity by respecting the inherent integrity of the place, the time and the community. This means that the scale of the project must be appropriate to the resources available. The grand schemes that are unrelated to the local needs, resources and inherent nature of the area should be avoided.
- b Taoism believes that the only virtuous development project is one that ultimately benefits and includes all. Self-interest may temper people's vision or understanding but this should not stop schemes with long-term goals. However, when assessing whether a project has been a success or not, all those affected should be listened to.
- c Taoism believes that it is possible to develop both spiritually and physically. It is perhaps possible to see this as the work of *yin* and *yang* – the two opposing forces of the universe. One without the other creates a disastrous unbalance. To put both together will produce a dynamic unity of diversity. Taoists believe that it is possible in this life to develop spiritually and physically to a point at which both body and spirit become immortal. Thus Taoism can only conceive of the good development project that strives to fulfil both the spiritual and the physical ends.

Taoism does not oppose wealth, but teaches that the possession and grabbing of wealth bring greed and desire. It declares that ultimately all wealth is not someone's possession, but belongs to the Universe and to the Tao. The *Tai Ping Ching* makes this clear, and many peasant uprisings in China's history show the terrible consequences of the powerful and the wealthy seeking to seize wealth at the expense of the poor and the powerless. The dynasties went, but the wealth remained.

The Tao Te Ching says: 'The Heavenly Tao takes from those who have too much, and gives to those who have little or nothing.' (*Tao Te Ching* 77) Taoism believes that one obligation for the wealthy should be to lend money to the poor, interest free. However, Taoism makes a distinction between money lent to the poor for the improvement of their basic facilities, amenities and opportunities – e.g. housing, food, education, employment opportunities etc. – and money lent for the making of more money. The former should be interest-free, while the latter can be charged interest at a reasonable and realistic level.

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EPILOGUE

THE scope for faith-related ethical investment is enormous. In the UK there is some evidence that financial institutions are responding to demands to reform the way in which they invest. A recent survey by Control Risks Group, an international business risk consultancy, found that social and ethical issues have become more important within the City of London (the UK's financial centre)¹ – but 'action appears to be lagging behind perception'. The *Financial Times* newspaper covered this survey under the headline 'Pressure groups "have influence on investors"', and found that while 'only 6 per cent of respondents were prepared to state that pressure groups had a direct impact on policy, the survey suggests that the publicity surrounding their actions may be influencing a growing number of clients and shareholders'.

Ethical investment is one way in which we can collectively and individually take positive action. The capital markets are the very lifeblood of the global economy. That lifeblood must be made to flow in the right direction if it is to influence the global web of life for the better – because without diligence, it can contribute to the decline of the planet's environment and breach fundamental human rights. There is simply no argument about which is right and which is wrong. Now, it is up to the faiths of the world to play their part.

1 71% of those surveyed stated that these issues are more of a consideration than they were five years ago.

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THE emerging world of ethical investment is one in which a number of faiths have already played a significant role. Using their often substantial portfolios, they have helped raise the profile of environmental and human rights issues in the world of business and commerce.

This involvement by faiths is growing, partly in response to society's increasing ability to challenge and change economic practice, and partly because the faiths themselves are exploring how their resources can be better used to create a fairer world.

This introduction – the result of a joint project between the Alliance of Religions and Conservation (ARC) and WWF-UK – explores how faith communities are and can be active in this field. It also provides a good account of the world of ethical investment.