

New Academy Study

Corporate Responsibility: Beyond Regulation

In the wake of the scandals that hit the corporate world in 2001 and 2002, the American Academy of Arts and Sciences has initiated a new project on corporate responsibility in order to examine the causes of, and conditions surrounding, the malfunctioning of critical parts of the corporate system. Given its independence and nonpartisanship, the Academy is well suited to explore the institutional foundation on which public trust in our economic institutions is based and to contribute to the public discourse needed to restore that trust. The project's planning committee is cochaired by Martin Lipton (Wachtell, Lipton, Rosen & Katz), Jay Lorsch (Harvard Business School), and Larry Sonsini (Wilson Sonsini Rosati & Goodrich).

Large-scale enterprise, financed by stock and bond markets, dominates the American economy. This system has been hugely successful, but at its core lies an essential but fragile predicate: trust. Over the past two years, much of the trust upon which our capitalist system depends appears to have been badly eroded, as egregious instances of corporate misconduct have come to light. Moreover, various professions relied upon to help ensure ethical corporate behavior have disappointed the public, with some of their members themselves implicated in corporate misconduct.

The initial phase of the corporate responsibility project includes two workshops in the spring of 2003. The first, which took place at the House of the Academy on April 28, focused on a paper by John Reed regarding values and corporate responsibility. The second workshop, a series of panel discussions to be held in New York City on May 19–20, will consider the responsibilities of six professional and profession-like roles—auditor, lawyer, journalist, investment banker, corporate director, and regula-

tor—in relation to corporate conduct. The participants in each of the two workshops will include both academics and practitioners. The final product of this project phase will be an Academy Occasional Paper, which will include the papers presented at both workshops (as revised by their authors), written commentaries submitted by other participants, and the planning committee's own consensus statements and policy recommendations. The committee intends to circulate its findings to the corporate community, to regulators and legislators, and to the broad public.

Corporate Responsibility Planning Committee

Martin Lipton, *cochair* (Wachtell, Lipton, Rosen & Katz)

Jay Lorsch, *cochair* (Harvard Business School)

Lawrence Sonsini, *cochair* (Wilson Sonsini Rosati & Goodrich)

William Allen (New York University, Center for Law and Business)

John Biggs (New York City)

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Richard Buxbaum (Boalt Hall School of Law)

James Cochrane (New York Stock Exchange)

Michael Gellert (Windcrest Partners)

Amory Houghton, Jr. (US House of Representatives)

William McDonough (Federal Reserve of New York)

Douglass North (Washington University in St. Louis)

John Reed (New York City)

Mark Roe (Harvard Law School)

Felix Rohatyn (New York City)

John Rosenwald (Bear Stearns)

Damon Silvers (AFL-CIO)

Michael Useem (Management Department,
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Alfred Chandler, *advisor* (Harvard Business School, emeritus)

Leslie Berlowitz (American Academy of Arts and Sciences)

Andy Zelleke (American Academy of Arts and Sciences,
rapporteur)

New Publications

- *Thinking Strategically: The Major Powers, Kazakhstan, and the Central Asian Nexus*, ed. by Robert Legvold, MIT Press (cloth, \$48; paper, \$24)

The Academy, in conjunction with MIT Press, has established a new book series entitled American Academy Studies in Global Security. The volumes will feature the results of research conducted by the Academy's Program on Science and Global Security and its Committee on International Security Studies (CISS).

The first book published in the series is *Thinking Strategically: The Major Powers, Kazakhstan, and the Central Asian Nexus*. It is one of several volumes planned by CISS to address international security challenges posed by developments within the territory of the former Soviet Union.

Thinking Strategically analyzes how—systematically, ambitiously, and skillfully—the major powers have thought about and pursued their vital stakes in Central Asia. Edited by Robert Legvold (Columbia University), it focuses on the policies of China, Japan, Russia, Europe, and the United States toward Kazakhstan, a key country in the area. While the stakes of the major powers vary, all are concerned with oil production, the actions of Islamic movements, ethnic tensions spilling across borders, and Kazakhstan's military relationships and strategic choices. By examining a case study in detail, the book illuminates elements of cooperation and conflict among the major powers in Central Asia more generally.

Other volumes in the series will consider:

- the influence of economic factors on the national security policies of states in the region, with specific attention to a comparison of Ukraine and Belarus;
- the current military profile of Russia, including the evolution of its defense policy, the socio-economic condition of its military, its use of force in

regional conflicts, and its approach to nuclear weapons; and

- the impact of external and internal forces on the ways in which lesser post-Soviet states—Georgia and the three states of the Caucasus, Armenia, and Azerbaijan—are approaching the military component of national security. Adding complexity to the situation is the involvement of several external players—Russia, the United States, Turkey, and Iran—as well as the influence of oil politics.

To order *Thinking Strategically*, call MIT Press at 800-405-1619 or visit <http://mitpress.mit.edu>.

▪ ***The Consequences of Global Educational Expansion: Social Science Perspectives*** by Emily Hannum and Claudia Buchmann, an Academy Occasional Paper (print version free of charge to Academy members, \$6 for nonmembers; electronic version at www.amacad.org/publications).

The first in a series of Occasional Papers from the Academy's Universal Basic and Secondary Education (UBASE) project brings new cross-disciplinary empirical evidence to the study of the impact of educational expansion in the developing world. Among development agencies, conventional wisdom holds that educational expansion will promote economic growth, improve health, expand political participation, and reduce social and gender inequalities.

In this study, Emily Hannum (University of Pennsylvania) and Claudia Buchmann (Duke University) demonstrate that education, as it is currently implemented, is not an overall panacea for the problems of developing countries. Some of the expected relationships appear to be well supported by empirical evidence. According to Hannum and Buchmann, "countries with better-educated citizens tend to have healthier populations, as educated individuals make more informed health choices, live longer, and have healthier children." At the same time, they report, "research in social stratification and mobility does not provide evidence that educational expansion necessarily narrows social inequalities between advantaged and disadvantaged

groups.” Furthermore, the authors find that the relationship between education and democratization does not appear to be significant. These findings are critical for guiding future research to support the major educational initiatives currently being pursued by the international community. To attract the support of governments around the world, the costs and benefits of expanding education must be clarified through further research.

The UBASE study is cochaired by Joel E. Cohen (Rockefeller and Columbia Universities) and David E. Bloom (Harvard School of Public Health). Commenting on this initial report, Cohen observes that “this research presents us with both a challenge and an opportunity. From it, we see that the advantages of education are greater than anticipated. But it also demonstrates that we must invest in improving our understanding of the impact of basic and secondary education in less-developed nations. There are things we still do not know.”

To order *The Consequences of Global Educational Expansion*, contact the Academy’s Office of Publications (phone: 617-576-5085; fax: 617-576-5088). To obtain the electronic version, visit www.amacad.org/publications.

▪ ***Strong Religion: The Rise of Fundamentalisms Around the World***, by Gabriel A. Almond, R. Scott Appleby, and Emmanuel Sivan, University of Chicago Press (cloth, \$49; paper, \$19)

Since the terrorist attacks against the United States on September 11, 2001, religious fundamentalism has dominated public debate as never before. In the early 1990s the Academy published the five-volume Fundamentalism Series, a prescient study of anti-modernist, antiseccularist militant religious movements on five continents and within several world religious traditions. The authors of *Strong Religion* draw upon more than seventy-five case studies and comparative essays from that series, and upon subsequent publications, interviews, and personal experiences, to examine the varied social structures, cultural contexts, and political environments that have fostered fundamentalist movements.

Strong Religion deals with a range of fundamentalist groups, from the Islamic Hamas and Hizballah to the Roman Catholic and Protestant paramilitaries of Northern Ireland; from the Moral Majority and Christian Coalition of the United States to the Sikh radicals and Hindu nationalists of India. The book focuses on four sets of questions inherent to an understanding of different modes of fundamentalism. First, what local, regional, and global conditions have triggered the emergence of fundamentalist movements in recent decades and enabled them to gain momentum? Second, what characteristics do these movements share across cultural, religious, and political boundaries? Can fundamentalism be understood as a singular phenomenon, a genus encompassing various species? Third, are fundamentalist movements now capable of, and inclined to, carry the battle against their enemies far beyond their territorial borders, or is that a unique characteristic of Islam as a host religion for fundamentalisms? Finally, is fundamentalism, by whatever name, necessarily given to violence? To what extent is it a threat to human rights, security, and democratic forms of government?

The goal of the authors is to provide readers with a framework and foundation for understanding not only the crisis surrounding “terrorism” but also the events, trends, and conflicts that will shape the interaction between radical religion and politics for years to come.

To order *Strong Religion*, call the University of Chicago Press at 800-621-2736 (specify order number AD2500) or visit www.press.uchicago.edu.

Increase in Academy Dues

In January the Executive Committee of the Council approved a dues increase of \$25 for the fiscal year beginning April 1, 2003. This action stems from increases in Academy operating expenses, including costs associated with processing additional membership information, covering increased postal rates, and expanding outreach activities for Fellows across the country. The committee also approved a motion to review dues annually.