

## **NAME/TITLE**

### **Caux Round Table: Moral Capitalism at Work**

<http://www.cauxroundtable.org/>

**Date commenced:** 1986

## **Contributors, funders, political or ideological position**

Funded by donations and sponsorship

## **ABOUT/KEY MESSAGES (in its own terms)**

The Caux Round Table (CRT) is an international network of principled business leaders working to promote a moral capitalism.

The Caux Round Table (CRT) is an international network of experienced business leaders, who work with business and political leaders to design the intellectual strategies, management tools and practices to strengthen private enterprise and public governance to improve our global community.

Our VISION is for a free, fair and prosperous global society built on the twin pillars of moral capitalism and responsible government

**Does this initiative offer any compelling narrative for business leaders in particular, i.e. about the purpose and role of business and financial institutions, about values and ethics, about the relationship between business and society?**

See CRT Principles of Responsible Business (1994, updated 2010)

<http://www.cauxroundtable.org/index.cfm?&menuid=8>

1. Respect stakeholders beyond shareholders
2. Contribute to economic, social and environmental development
3. Build trust by going beyond the letter of the law
4. Respect rules and conventions
5. Support responsible globalisation
6. Respect the environment
7. Avoid illicit activities

## **WHAT QUESTIONS IS THIS INITIATIVE TRYING TO ANSWER?**

## **WHAT PROBLEMS IS THIS INITIATIVE ADDRESSING/ATTEMPTING TO SOLVE?**

The Caux Round Table was founded in 1986 by Frederick Phillips, former President of Philips Electronics and Olivier Giscard d'Estaing, former Vice-Chairman of INSEAD, as a means of reducing escalating trade tensions. At the urging of Ryuzaburo Kaku, then Chairman of Canon, Inc., the CRT began focusing attention on the importance of global corporate responsibility in reducing social and economic threats to world peace and stability.

## **HOW DOES THIS INITIATIVE IMAGINE CAPITALISM WILL BE DIFFERENT IN THE FUTURE?**

The ambition of the CRT is not small; it is to facilitate change for the better in humanity's ability to raise living standards, provide for social justice and realize the fullness of individual human dignity in all our days.

## **WHAT RECOMMENDATIONS DOES THIS INITIATIVE MAKE FOR THE VARIOUS ACTORS**

### **National governments/regulators**

It is the responsibility of governments, working with local and international business to see that the essential elements for development are brought into being. The task of developing a poor nation into a prosperous nation will not be achieved unless certain conditions exist. The various steps the poorer nations must take to attract investments are all things that help assure a return on that investment. As the elements are put into place, the opportunities for private business to create new wealth become more and more appealing. The private sector as the producer of goods and services must be able to flourish if a prosperous economy is to be created.

Therefore, the Caux Round Table offers the following Principles for Governments in the expectation that better government supporting the entrepreneurial endeavours of socially responsible businesses around the world will generate greater investment of private capital to create more wealth for poor people.

<http://www.cauxroundtable.org/index.cfm?&menuid=55>

### **Trading corporations/business leaders/collective business institutions**

The Caux Round Table believes that the world business community should play an important role in improving economic and social conditions. Through an extensive and collaborative process in 1994, business leaders developed the CRT Principles for Business to embody the aspiration of principled business leadership. [see page 1 above]

The CRT Principles for Business are a worldwide vision for ethical and responsible corporate behaviour and serve as a foundation for action for business leaders worldwide. As a statement of aspirations, The CRT Principles aim to express a world standard against which business behaviour can be measured.

The Caux Round Table has sought to begin a process that identifies shared values, reconciles differing values, and thereby develops a shared perspective on business behaviour acceptable to and honoured by all.

These principles are rooted in two basic ethical ideals: kyosei and human dignity. The Japanese concept of kyosei means living and working together for the common good enabling cooperation and mutual prosperity to coexist with healthy and fair competition. "Human dignity" refers to the sacredness or value of each person as an end, not simply as a mean to the fulfilment of others' purposes or even majority prescription.

### **Investors: individuals and institutional**

Wealth comes from earning a return on capital – human, financial, physical, reputational, social. Current wealth generates future wealth. A necessary use of wealth, therefore, is to ensure the creation of more wealth.

Wealth is a form of capital, constituting in particular the flexible ability to use and deploy finance capital. Both individual initiative and social institutions interact to produce all forms of capital, giving to capital a mixed character subject to the authorship claims of both individuals and society. Capital therefore arises out of kyosei, a process of living and working together for a common good.

Further, the highest and best use of any form of capital is to generate additional capital. Capital should not be used to hinder society's ability to create more capital for the benefit of others. Consumption is not the most responsible use of capital.

Second, proper use of wealth is necessary for the achievement of more gentle and happy social circumstances, for improvement of the human condition. Possession of wealth generates envy in others, leading to cultural and social tensions. Unequal distribution of wealth further gives rise to resentment, alienation and political conflict.

Third, use of capital to abuse one's power and position or impose one's will on others is not compatible with a respect for human dignity.

The following Principles are supplemented by more specific implementation standards and guidelines. <http://www.cauxroundtable.org/index.cfm?&menuid=102>

**Fundamental Principle:** The ownership of wealth entails stewardship.

The ends of holding wealth encompass more than meeting self-centred desires for dominion and indulgence. There is a fiduciary aspect to the ownership of capital. Wealth is to be consciously devoted to meeting the needs of society, of others, and the challenges of the future. Wealth should be of benefit to society.

### **Financial institutions**

The current crisis of global capitalism - first in financial markets and now in a recessionary downturn in consumption and production - reveals the dependency of business on an underlying social culture of trust and responsibility. Principles are needed to restore vitality to global financial markets and to guide business owners and managers.

Responding to this immediate need for clear and forceful principles for business decision-making, the Caux Round Table Global Governing Board has reformatted the CRT Principles for Business to make them more easily applicable to today's challenges. [see page 1 above]

### **International institutions**

CRT offers Principles for Non-Governmental Organisations, giving as examples: CARE, Oxfam, Save the Children, Medecins sans Frontières, Friends of the Earth, Greenpeace, Amnesty International, Transparency International, WWF.

<http://www.cauxroundtable.org/index.cfm?&menuid=101>

CRT also offers principles for Responsible Globalisation

<http://www.cauxroundtable.org/index.cfm?&menuid=103>

**Does this initiative have anything to say about major medium to long term economic and social issues**

- Supplies of the essentials of life: Food, Water, Housing, Energy and Transport
- Climate change, resource depletion, loss of biodiversity
- Population growth and demographic change
- Economic growth, innovation, employment, the distribution of income and wealth
- The governance of business and the financial system; public trust
- The respective roles of government and business
- The respective values of economic, social and environmental capital

CRT has published papers (among others) entitled

- The Ethical Leadership Profile and Our Financial Crisis (February 2009)
- Qu'ranic Guidance for Good Governance (February 2009)
- The Corporation in Modern American Society (May 2008)
- A New Paradigm for Labour and Capital: Moral Interdependence (October 2006)