

2011 Year in Review

The disenchantment with global capitalism, triggered by the collapse of credit markets in the fall of 2008, continued through 2011. Most notable was the severe market anxiety over the future of the Eurozone, given unsustainable public deficits in Greece and worries that public deficits in Spain, Italy and Portugal were similarly unsustainable. The beginning of the year brought forth prominent, public acknowledgment that capitalism was in “crisis.”

“Without internal forms of solidarity and mutual trust, the market cannot completely fulfill its proper economic function.” ~ *Pope Benedict XVI*

“I want [these difficult economic times] to lead to a socially responsible and genuinely popular capitalism. One in which the power of the market and the obligations of responsibility come together.” ~ *David Cameron, Prime Minister, United Kingdom*

“Liberals believe strongly in the virtues of the market. But only if it is a market for the many, not a market for the few.” ~ *Nick Clegg, Deputy Prime Minister, United Kingdom*

“A free market was never meant to be a free license to take whatever you can get, however you can get it.” ~ *Barack Obama, President, United States*

“On doit moraliser le capitalisme et pas le détruire (...) il ne faut pas rompre avec le capitalisme, il faut le refonder.” ~ *Nicolas Sarkozy, President, France*

The *Financial Times* concluded its series of commentaries on “Capitalism in Crisis,” with the following statement: “Since Adam Smith, intelligent defenders of free markets have known that capitalism works best when people’s free choices are also governed by moral values.” Smith’s understanding that sound markets cannot function without wise regulation and persons of good character affirmed, in full, the 25-year old vision of the Caux Round Table (“CRT”).

In 2011, the CRT turned 25 and has provided intellectual leadership for that many years since its first meeting in 1986 at Mountain House in Caux, Switzerland. Our current vision and mission, set forth below, sustains that original insight of the CRT’s founders that business and responsibility enhance one another and that self-interest need not turn us away from experiencing the delights of virtue.

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

Our MISSION is to put moral capitalism to work by ensuring business contributes to greater prosperity, sustainability and fairness.

Significant Accomplishments

1. Initiated a monthly newsletter – *Pegasus*.
2. Established a new Center for Sustainability Management at Sasin Graduate Institute of Business Administration at Chulalongkorn University in Bangkok, Thailand, to draw upon Theravada Buddhist teachings for the guidance of corporate social responsibility (“CSR”).
3. U.S. Department of Justice brought suit for recovery of property acquired through corruption, a vindication of the CRT’s advocacy of seeking recovery and return of corrupt assets.
4. CRT-Singapore published a local newsletter – *Singapore Pathways*.
5. Hosted a workshop on Chinese ethics, focusing on the thought of MoZi, at the Center for International Business Ethics in Beijing, China.
6. Customized the CRT’s Arcturus product for assessment of stakeholder relationships for Chinese ethics.
7. Initiated reliability tests for a decision styles inventory to support CRT Principles for Business and Government.
8. Strengthened our partnership with the International Islamic University, Malaysia.
9. Engaged with the President of the United Nation’s General Assembly on high level dialogues for reform of global capitalism.

Gustavo de La Torre Passes Away

In late 2011, Gustavo de La Torre of Mexico City and President of CRT-Mexico passed away most unexpectedly. Gustavo was a remarkable man of vision and persistence. He was so dedicated to the improvement of his country that he would brook no obstacle in the advocacy of CSR. Gustavo reached out to chambers of commerce, companies, intellectuals, lawyers, accountants, financial professionals and business associations to inspire them with vision and confidence that Mexican business could be high-minded and contribute to a better Mexico. Gustavo was instrumental in the formation of AliaRSE, a coordinating committee to advocate CSR in Mexico and in the initiative of the annual CSR awards, now in its 12th year. This award is one of the world’s best practices in encouraging companies to adopt CSR metrics in the definition of what it means to be a successful business. Gustavo’s work is being continued by Walter Zehle and others with CRT-Mexico.

Intellectual Initiatives

As an advocacy network seeking to have its ideas and principles implemented around the world, the CRT seeks to stimulate intellectual leadership on key points of action:

Chinese Ethics

The CRT, in cooperation with the Center for International Business Ethics at Beijing University, Renmin University and the Central School of the Chinese Communist Party, assembled a group of scholars to examine the thought of MoZi, a most influential, but often overlooked, Chinese philosopher of the Warring States period. MoZi lived after Confucius and rejected many of his core assumptions about human nature and his recommendations for ethical discipline. Despairing of human capacity for ethical self-reflection, MoZi advocated strict government

control of private activities, including official promotion of the cult of filial piety within families. He also advocated a form of altruism – *jian ai* – that would sublimate egoism under concern for community, so that self-interest would become weaker as a social force. To follow MoZi or to follow Confucius would lead to very different versions of social responsibility and capitalism.

Second, the CRT published an essay on the Taoist insights, set forth in the Tao Te Jing text as guidelines for CSR behaviors.

Third, the CRT examined the I Ching text of yin/yang confluences for possible use as a guide to business decision-making. It appears that if the 64 hexagrams – each one denoting a unique combination of yin and yang propensities – are arranged in a circular fashion beginning with full yang then fading to full yin and then growing to full yang, each hexagram provides advice on sound business decisions. Therefore, casting the I Ching, as the Chinese have done for millennia, provides arguably interesting considerations for action in business.

Pegasus

In previous years, the CRT distributed occasional essays, commentaries and position statements. At the decision of its Global Governing Board, the CRT commenced monthly publication and distribution of a newsletter - *Pegasus*. This newsletter has proven to be most appreciated. Its articles are circulated beyond the core CRT global network. *Pegasus* gives added impetus to the thought-leadership side of the CRT's mission. It permits more active use of ideas and insights to stimulate the emergence of new thinking and new action around the goals of CSR and ethical government.

In a time of great disappointment in elites and conventional wisdom, ideals can make important contributions. Vision and conviction precede action; shaping a vision of corporate responsibility and securing a conviction that it is right and proper are necessary preconditions for improving the outcomes of global capitalism.

Sample articles published in *Pegasus* were:

-**“Reflective Thinking for Principled Business Decision Making”**, by Stephen Dickinson, April issue

-**“Sustainability as an American Value”**, by Björn Fischer and John Friedman, May issue

-**“Surviving the New World Order: A New Paradigm for Business”**, by Noel Purcell, June issue

-**“MAIS Lecture - The World of Finance and the Public Interest”**, by Paul Volcker, August issue

-**“Doing Business in Different Cultures”**, by Stephen B. Young, September issue

-**“The Arab Awakening”**, by Raed H. Charafeddine, November issue

Customization of Arcturus

Additional steps were taken to customize Arcturus for alignment with Qur'anic guidance for good governance and with principles of Chinese ethics.

Center for Sustainability Management

The CRT, in partnership with CRT-Thailand, commenced support of a new Center for Sustainability Management at the Sasin Graduate Institute of Business Administration at Chulalongkorn University in Bangkok, Thailand. The Center will provide support for teaching CSR at Sasin, conduct CSR research and provide continuing education workshops and consultations for businesses in a new approach to CSR management. The Center will be unique in developing approaches to CSR that will include Buddhist understandings of right action and a middle way towards growth under conditions of acceptable risk.

Minnesota Initiatives

In Minnesota, the CRT initiated the Business and Public Policy Round Table (formerly called the Minnesota Round Table) to bring together local leaders to discuss the most important issues facing the state and country and to seek solutions to those problems that are in line with the CRT Principles. The topics and speakers included:

- “What Should the Governor’s Priorities Be?”** with former Governors Arne Carlson and Al Quie and former State Senate Majority Leader Roger Moe.
- “Tax Reform: To Tax or Not to Tax?”** with Mike Vekich, former Chairman of Governor Tim Pawlenty's 21st Century Tax Reform Commission and Tom Horner, 2010 Independence Party candidate for Governor.
- “Cutting the Cost of Health Care”** with former U.S. Senator Dave Durenberger, Founder and Chairman of the National Institute of Health Policy at the University of St. Thomas and State Senator John Marty.
- “Redistricting and Gerrymandering: What Can be Done?”** with Peter Bell, former Chairman of the Metropolitan Council and Roger Moe, former State Senate Majority Leader.
- “How Minnesota Can Encourage Leadership Across Sectors - In Politics, Business, Education and Civil Society”** with Marilyn Carlson Nelson, Chairman of Carlson; Mark Ritchie, Minnesota's Secretary of State; and Laura Bloomberg, Executive Director of the Center for Integrative Leadership at the University of Minnesota.
- “How to Restore Economic Growth to America?”** with Gary Stern, former President of the Ninth Federal Reserve District.
- “A Common Word: Reflections on 9-11,”** with Asad Zaman, former Executive Director of the Tarek ibn Ziyad Academy; Grant Abbott, former Executive Director of the St. Paul Area Council of Churches; and Dr. Terence Nichols, Professor of Theology and Co-director of the Muslim-Christian Dialogue Center at the University of St. Thomas.
- “Baby Boomers: At the Heart of America's Crisis of Leadership,”** with Steve Young, Global Executive Director of the CRT and Dr. Jerry Reedy, Professor Emeritus of Classics at Macalester College.
- “A Discussion Between Occupy Minnesota and the Tea Party about Economic Justice in America”** with activists Ben Egerman and Stephanie Brown; Walter Hudson, Chairman of the North Star Tea Party Patriots; and Marianne Stebbins, Minnesota Chair of Rep. Ron Paul's 2012 Presidential Campaign.

The initiative to stimulate corporate responsibility in the ethics of food and health care continued, as did facilitating more widespread recognition of the importance of character education in schools. Bipartisan support was obtained for legislation to create a new benefit corporation. In this instance, the CRT was able to, through advocacy of its principles, bridge the divide in American politics between progressive advocates of expansive government and free market libertarians.

Outreach Efforts

Global Dialogue

The 26th Global Dialogue was held at the U.S. Chamber of Commerce in Washington, D.C., in partnership with the Chamber's Business Civic Leadership Center. The Dialogue highlighted perspectives from Thailand and Turkey on corporate responsibility.

Internet Presence

The CRT's website was visited by close to 40,000 people during the year. CRT videos were placed on YouTube and new posts on relevant subjects were frequently added to our Facebook and Twitter pages. Mr. K.L. Lam of Cornerstone Ltd. in Malaysia provided the highest quality administrative and technical support for the site.

Citizenship Recognition Award

The CRT's annual Award for Outstanding Citizenship was presented to Mary K. Brainerd, President and CEO of HealthPartners, for her leadership in health care and personal response to community enhancement.

Singapore Pathways

Under the leadership of Michael Kwee of the Banyan Tree Global Foundation, CRT-Singapore published the first issue of *Singapore Pathways*, a new template for local CRT teams to engage opinion leaders in relevant CSR intellectual frameworks.

Global Pathways

In collaboration with the Convention of Independent Financial Advisers ("CIFA") and Private Banking.com, the CRT began planning for a new global publication called *Global Pathways*. The publication will focus on improvements to financial intermediation to protect investors by providing them with insights on sustainable valuations and warn them of conflicts of interest that could place them at risk.

Global Pathways will invite readers into an ongoing, interactive dialogue around ethical and sustainable, financial intermediation and facilitate conversation with the world's most advanced thought leaders and others not yet familiar to the general public. Drawn from an eclectic array of fields and disciplines, these visionary thinkers will be selected to appear in the pages of *Global*

Pathways due to the power of their analysis and willingness to venture beyond narrow thinking and conventional wisdom. Readers will not only listen in on this extraordinary dialogue, but will join it by commenting and convening as needed.

The initial readership will be the 500,000 finance and banking professionals linked by PrivateBanking.com. Subsequent readership will be offered to the over 500,000 individual members of CIFA's national associations. Readers among members of corporate boards, senior business executives and professionals will also be solicited.

- Social Networking:

In cooperation with PrivateBanking.com, social networking opportunities will be offered to the readership of *Global Pathways*. Surveys of opinions will be taken; proposals for reforms of financial markets will be circulated to the readership and assessed by them; and blogs and other opportunities for comment will further engage its readers. Editorial content will be guided by the requests and suggestions of the readership.

- Editorial Support:

Richard Broderick will be the editor of *Global Pathways*. CRT Fellows will provide core editorial advice and guidance and will review submissions for publication. An Editorial Advisory Board will be convened to supervise implementation of the *Global Pathways* mission and vision.

- Format:

Global Pathways will be published quarterly and distributed electronically. It will be adapted to ebook formats, as well. Each issue will have several modules which will include risk management, valuation, governance and current developments in finance and banking. The contents of each issue will be shaped around the concerns of the readership. Prior to publication of each issue, a significant sample of its readers will be surveyed to determine their immediate concerns and top interests.

- Distribution:

Global Pathways will be distributed digitally over the internet by PrivateBanking.com. Founded in 2002 and based in Toronto, Canada, PrivateBanking.com is a global company and leader in internet marketing, serving customers across the financial industry.

The publication will also be made available to PrivateBanking.com's Finance Lounge, an online community and marketplace that caters to the needs of high net worth individuals, bankers and financial service professionals. The aim of the platform is to foster business development, career building and opportunities in all areas related to the global private banking, investments and wealth management industries.

Global Pathways will also be distributed to member organizations of CIFA. CIFA comprises 50 national associations of various sizes. The aggregate number of individual members who belong to CIFA's constituent associations is several hundred thousand financial intermediaries, advisers and planners. The major association members of CIFA are the European Federation of Financial Advisors in Brussels with 180,000 members in the European Union; Financial Advisors Association of Canada with 11,000 members; Canadian Institute of Financial Planning with 17,500 members; Chartered Institute for Securities and Investment in the United Kingdom with 40,000 members; Society of Financial Service Professionals with 15,000 members; and Latibex, the stock exchange for shares in Latin American companies.

Presentations

CIFA:

The CRT was invited to present at the annual meeting in Monte Carlo, Monaco of the Convention of Independent Financial Advisers. Subsequently, the CRT and CIFA presented to the Authorities of Monaco a proposal to establish a special arbitration tribunal for disputes over international financial investments.

Fox School of Business, Temple University, Philadelphia:

Professor Steven N. Pyser of the Fox School of Business at Temple University adapted the CRT's Arcturus stakeholder assessment framework for a student competition in his classes. He also arranged for several CRT presentations to Fox faculty and students. The CRT looks forward to a more comprehensive relationship with the Fox School.

European Academy of Business in Society:

The European Academy of Business in Society invited the CRT to participate in a special workshop at Rutgers University, sponsored by Johnson & Johnson, to consider new challenges in the delivery of better health care globally. The CRT placed before the assembled opinion leaders in health care its concern for how food and diet is more and more through facilitation of obesity and diabetes driving up demand for health care, the costs of which must be spread over all consumers or taxpayers.

United Nations:

In collaboration with the Convention of Independent Financial Advisers, the CRT was invited to participate in the Fifth High level United Nations Dialogue on the financing of development and to the fourth annual meeting of the Alliance of Civilizations, held in Doha, Qatar.

Bentley University:

The CRT was invited to present at Bentley University's 7th *Global Business Ethics Symposium – Stakeholder Engagement in Practice: Global Challenges, Possibilities and Limitations* – held in Marseilles, France, at the EuroMed Management campus.

Servant Leadership Conference:

The CRT was invited to present its work on world religions and leadership values at the annual meeting of the Greenleaf Center for Servant Leadership in Dallas, Texas.