

# *Pegasus*



A newsletter for the Caux Round Table Network  
Looking at business above the clutter and confetti

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Moral Capitalism At Work

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# *Pegasus*

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## INTRODUCTION

This April 2012 issue of Pegasus brings you two reflections on the 25 year odyssey of the Caux Round Table, commentaries on the trials and tribulations of advocating principles of responsibility in an age of bureaucratic rationality and multiple personal moralities. These comments are followed by a CEO response to questions which frame the environment in which gains in corporate social responsibility must be made to happen. I am grateful to Charles Moore of the Committee for the Encouragement of Corporate Philanthropy for sharing the survey results with the CRT. Part of our socially-constructed business environment has a design aspect which Dean Tom Fisher explores in the context of employment and work. Finally, we bring to your attention the resolutions of last week's annual Forum of the Convention of Independent Financial Advisers (CIFA). CIFA and the CRT are building closer relationships based upon their mutual interest in the fairness and sustainability of financial services in the support of economic growth.

Stephen B. Young  
Global Executive Director

# 25 YEARS AND STILL VITALLY IMPORTANT

**Noel Purcell**  
Chair, Global Governing Board  
Caux Round Table

The business network that we all now know as the Caux Round Table (“CRT”) first met in 1986 in Mountain House, Caux, Switzerland. Much has passed in the 25 years since and it is timely to reflect on the achievements and future challenges for the CRT.

Right from the start, the CRT has had a rich heritage of strong and brave leadership. First convened by Frits Philips, head of his family’s firm Philips Electronics, and Olivier Giscard d’Estaing, a founder of the INSEAD business school in Paris, it immediately took on the challenge at the time of confronting escalating global trade and other tensions by initiating a frank conversations between senior American, European and Japanese business executives. Agreement was reached that the production of quality goods and services with fair wages and without harming the environment was the criteria for legitimate market presence anywhere in the world, as opposed to national origin or special relationships. Beyond the affirmation of free markets, the meeting was notable in its affirmation of the essential but too often neglected morality of capitalism.

The first meeting of the Caux Round Table at Mountain House brought with it a rich history of activism. Frank Buchman, an American Lutheran pastor, had founded the Moral Re-Armament Movement in 1938. The Movement bought the then dilapidated Mountain House at the end of World War II, renovated and improved it, and it became the home of the Movement. Buchman’s teaching centered on social and political justice and he believed that one needed to start with personal responsibility before casting blame or suspicion on others.

Buchman brought French and German leaders to Mountain House and encouraged them to look at their own prejudices before casting aspersions on each other. From this atmosphere of personal responsibility and growing mutual appreciation, came support for transnational administration of the coal and iron deposits lying in contiguous areas of France and Germany. The resulting European Coal and Steel Community, formed by treaty in 1951 was the beginning of the European Union – a momentous development in world history.

This tradition of personal responsibility, justice

and the morality of capitalism, combined with the practice of reconciliation, were brought to the tensions between Japan and the West in 1986 by Frits Philips and continue to underpin the CRT today.

Mr. Ryuzaburo Kaku, CEO of the Canon Company in Japan, became the convener of the Caux Round Table following the retirement of Fritz Philips. Mr. Kaku brought an explicitly moral philosophy of business which he called Kyosei – which conceived a company as a living organism contributing to and supported by a sympathetic natural environment. Kyosei, coming from Chinese concepts, literally means symbiosis – living, working and growing together. It remains a core value of the CRT today.

In 1992, after much discussion on the pros and cons of having a global standard for responsible business practice, the CRT agreed to draft such a set of principles for business. The effort took two years and a number of meetings. The Caux Round Table Principles for Business were finally published in 1994 and have been subsequently translated into some 16 languages and renamed the Principles for Responsible Business.

At the time, the leadership of the CRT had also been moved by the concerns and protests of the late 1990’s over the darker sides of globalization, especially the impact of global capitalism on poor countries. This brought home the importance of the first two CRT Principles for Business that business had an obligation to use markets to produce wealth for society and to do so with global communities in mind as well. As a result, in 1998, Win Wallin, the then Chair of the CRT, met with staff from the United Nations to encourage the Secretary General to adopt the CRT Principles as a global standard for responsibility in free market globalization and development of poor countries. This initiative was followed the next year by the Secretary General’s decision to propose the Global Compact – another important development in world affairs triggered by the CRT and its work.

During the CRT’s Global Dialogue, in London in September 2001, news of the terror attacks on New York City’s World Trade Center was received. It triggered much debate on what was wrong with the world and the role that business needed to play as part of the answer. Out of this it was agreed that

there was a critical need to develop a management metric to help companies implement the CRT Principles, thereby ensuring a more responsible and moral - and hence sustainable - capitalism.

The development and promotion of ethical principles for governments were to follow in 2002 in the form of the CRT Principles for Government. As pointed out by the CRT at the time, business cannot serve its function of promoting economic development unless governments create the proper policy environment and provide requisite public goods like security, rule of law, infrastructure, education and public health. This was followed in 2003 by the CRT, under the leadership of the then Chair George Vojta, analysing and ranking countries for the quality of their social capital.

Recognising the reality that government, business and civil society are mutually dependent on each other for their prosperity; the CRT also developed a set of ethical principles for non-government organisations (NGOs) which recognized the separation of their social function from that of business.

Much of this was brought together by Steve Young, the CRT’s current Executive Director, in his book Moral Capitalism which was published in early 2004. The book has subsequently been translated into Spanish, Japanese, Polish, Chinese, Croat, and Romanian. While Steve’s book did much to assist companies in applying the Principles for Responsible Business, it was clear that a management tool and metric to assist companies to implement the CRT Principles was needed.

As a result of extensive development work, a refined and flexible corporate risk management and value enhancing tool under the brand label Arcturus has been successfully implemented by the CRT in a range of corporate and different national settings.

In 2006, under the Chairmanship of Lord Daniel Brennan of the United Kingdom, the CRT responded to the serious flight of aid and development capital from poor and developing countries, as, to safe havens in wealthy countries or tax havens. With a grant from the Ford Foundation, the CRT convened a working group and developed a business plan to set up an entity to recover and return such corrupt



and illicit assets to the original jurisdictions in need.

Also in 2006, with support from the Smith Richardson Foundation, the CRT began a project of engagement with Islamic scholars on understanding the CRT ethical Principles for Government in light of Qur'anic guidance. This engagement demonstrated the relevance of the CRT Principles in Islamic cultures and provided a bridge of common purpose between Muslim and non-Muslim societies. This work continues and remains in great need given the current tensions in the world.

More recently, the CRT responded to the collapse of global credit markets in the fall of 2008 with seven recommendations for reform of business practices and regulatory oversight. In the main, these recommendations have been affirmed by the actions of governments in response to the crisis.

The CRT has also begun to greatly enhance its reach through the distribution of commentaries and working papers via its global network on important insights and discussions bearing on the challenges to global capitalism and on the practical implementation of the CRT Principles for Business and Government. The CRT has also recently successfully launched its Pegasus newsletter and is working on the launch of a new publication titled Global Pathways which will publish material aimed at enhancing professionalism across the board as it impacts finance, business, and government performance.

Despite this remarkable track record of achievements, the task in front of the CRT today remains as big and as challenging as ever. The free market system is facing a deepening crisis, drifting on the tides of fate without much of a leadership, ethical or values rudder. If our free market system is to survive and prosper, major reform and change is clearly needed. But, where will the needed leadership for change and reform come from?

The CRT believes that more enlightened business leadership holds the real key. But will business leaders see the light and lead beyond their corporate walls in addressing the threats to the future of our free market system? Will they rise to the challenge and deliver the new business models and behaviours necessary to chart a new paradigm for

responsible enterprise and shared prosperity in the emerging, new world order?

This has been the position of the Caux Round Table ("CRT") for 26 years, since its first meeting at Mountain House in Caux, Switzerland. Since then, the CRT has moved forward strategically and intellectually with principles and management tools to make such a moral capitalism more of a reality.

As we start our second 25 years, we will again follow tradition and seek to chart a path towards a more prosperous and sustainable global future, moral capitalism for business and political leaders to follow. At this year's CRT Global Dialogue, at Mountain House at the end of July, our determination is to develop clear recommendations on the actions for improving capitalism and to again provide guidance to our business and political leaders in taking them forward. And we trust that the outcome will be as momentous for the world as earlier CRT initiatives.

# THE CAUX ROUND TABLE AT 25

**Stephen B. Young**  
Global Executive Director  
Caux Round Table



Caux sur Montreux, Switzerland

Participants in the first dialogue of what was to become the Caux Round Table (“CRT”) met at Mountain House, Caux, Switzerland in 1986. Now that their vision has been sustained for 25 years, what lessons have been learned?

Though I have been personally responsible for coordination of much of the CRT’s work for nearly half that time and therefore any reflections on the past 25 years of the CRT will necessarily include consideration of my own shortcomings, I think some central observations can be offered on the occasion of this anniversary without fear of encountering serious contradiction.

First: the initial CRT vision of a capitalism with ethical characteristics of concern and respect for stakeholders has been time and again proven to be conceptually possible and practical. Moreover, the collapse of Wall Street and global credit markets in the fall of 2008, continuing scandals, and the need to scale human productivity appropriately for the global ecosphere have each created a demand for such an ethical or moral capitalism.

The CRT, therefore, is providing thought leadership for global capitalism. The work of the CRT can be defined as paradigm management for business, government, and civil society, moving from a failed paradigm of free markets to a sustainable one that promotes both wealth and social justice.

Second: the CRT has led the way in demonstrating affinities among all major religious and cultural traditions and responsible business practices. The standards of ethical business conduct grow out of many value orientations as a common aspiration of the entire human family divided into different and sometimes competing cultures. To speak of a global business culture of responsible and sustainable profitability is possible. It is part of the emerging new cosmopolitan culture of humanity centered on principles of the United Nations, human rights with respect for human dignity and subsidiarity, and the alliance of civilizations.

Third: the CRT has successfully developed internationally. It spans cultures and religions. It has drawn forth people of insight and good will from every part of the world. It must, therefore, reflect in its principles and products what is real and true

for many people. It illuminates a common way forward that can be the basis for commitment without regrets and successful leadership. The work of the CRT has reflected perhaps the point of the American Martin Luther King that “the arc of history is long, but it tends towards justice.”

Fourth: the CRT intellectual effort has proven to be practical and not just idealistically conceptual or emotionally driven. Its Principles for Responsible Business have stood the test of time and provided workable guidance for business owners and managers far more concretely than the UN Global Compact, the Global Reporting Initiative, and the more recent ISO 26000. The CRT stakeholder management metric of Arcturus has been customized successfully in different cultural settings and for different stakeholder relationships. CRT workshops and round tables have helped train members of boards of directors and resonated with both academics in business schools and hands-on managers in companies.

Fifth: on the disappointing side, good ideas and good will are insufficient to achieve success. Our global community seems to be approaching a paradigm shift: people are uncertain of what is to come and so hold on to the comforting habits of thought and action from the past. Innovation in thought carries risks of failure and so first movers are hard to find, especially in establishments. Business executives are more comfortable being managers than leaders; academics are more comfortable writing within peer circles; governments are in dysfunction or disarray nearly everywhere. Those with wealth are apt to be risk averse.

Those with money, power, and celebrity status attract interest and support as they can provide the reassurance of proven success in the minds of the public. In the short run, they provide a safe haven against risk and possible failure. In the long run, they are the problem as they prefer to steer away from more fundamental changes in the current paradigm.

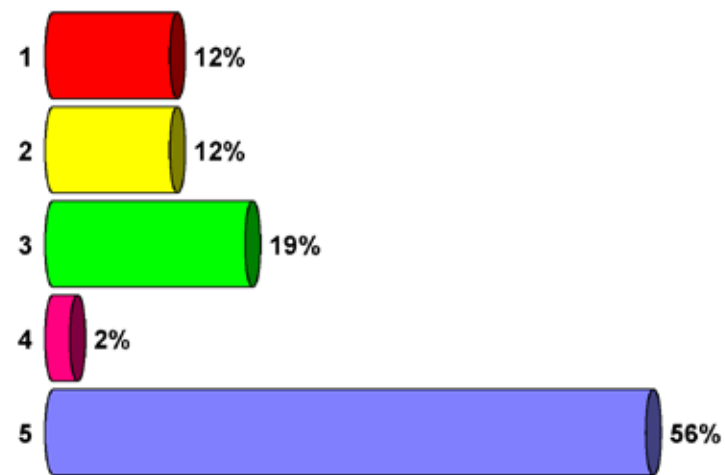
The current culture of seeking reassurance in changing times is a challenge to the CRT and its friends. However, since there is a convergence between the course of events and virtue over time, the mission of the CRT will not fail.

# CEO SURVEY

*In preparation for its annual meeting of CEO's, the Committee for Encouragement of Corporate Philanthropy surveys CEOs with respect to their views on corporate responsibility dynamics. The survey questions are straight forward and the results easily understood. We are grateful to **Charles Moore**, President of the Committee for sharing the results of his survey with us. Included below are some of the relevant survey questions with responses.*

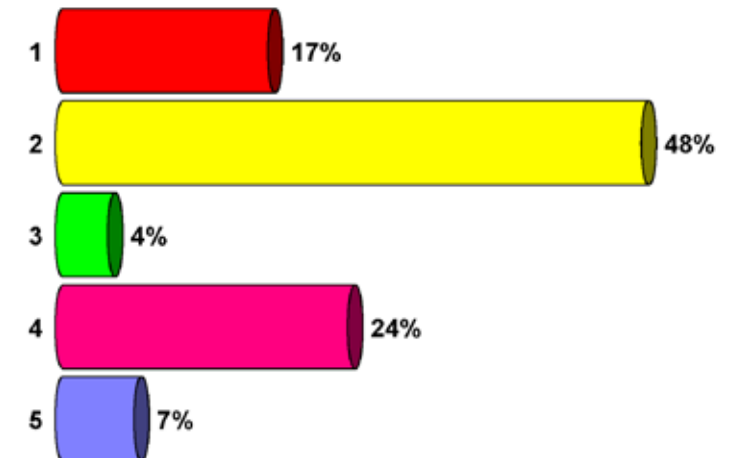
QUESTION 1: In what region is your corporate headquarters located?

1. Asia and the Pacific
2. Europe
3. Latin American and the Caribbean
4. Middle East and Africa
5. North America



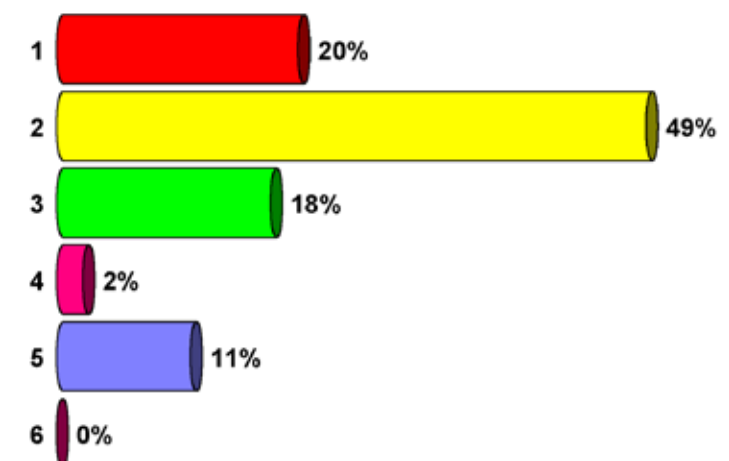
QUESTION 2: What is the **most** significant obstacle your business faces in embracing more socially-sustainable business practices?

1. **Shareholder** pressure for short-term returns.
2. **Competitive** pressure to drive down costs.
3. **Consumer** pressure for greater convenience.
4. **None**, we face no significant obstacles.
5. Other.



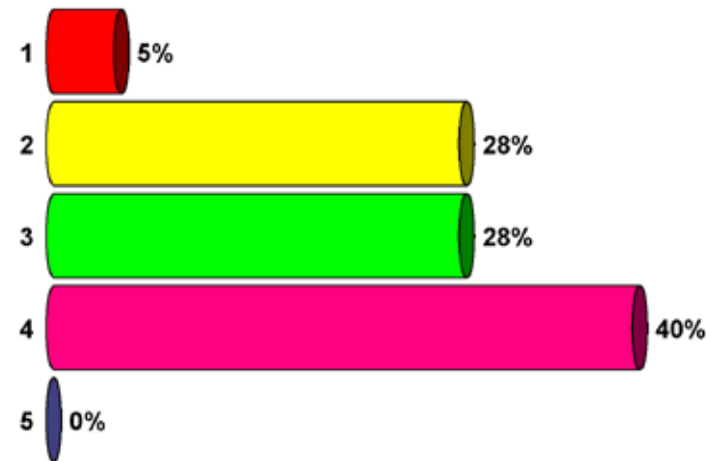
QUESTION 3: Are your company's community engagement efforts **rewarded** by its consumers?

1. Yes, and we can measure it.
2. Yes, we believe so but we cannot measure it.
3. Unsure.
4. No, our measurements show there is no reward.
5. No, we don't believe so but we haven't tried to measure it.



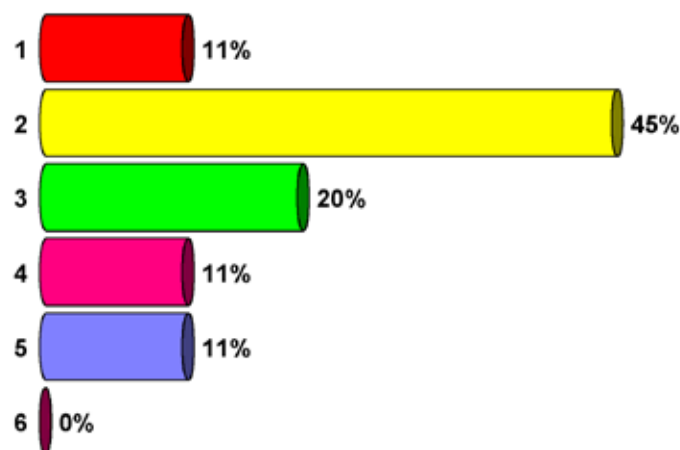
QUESTION 4: What is the most significant barrier preventing consumers from making more socially-sustainable buying decisions?

1. They don't believe that their individual actions make a difference.
2. They haven't been educated on the full negative impact of their purchasing habits.
3. They are too stuck in old habits and switching their habits is hard.
4. More sustainable choices are often not as affordable or convenient.
5. Poor product quality means consumers need to continually replace what they buy.



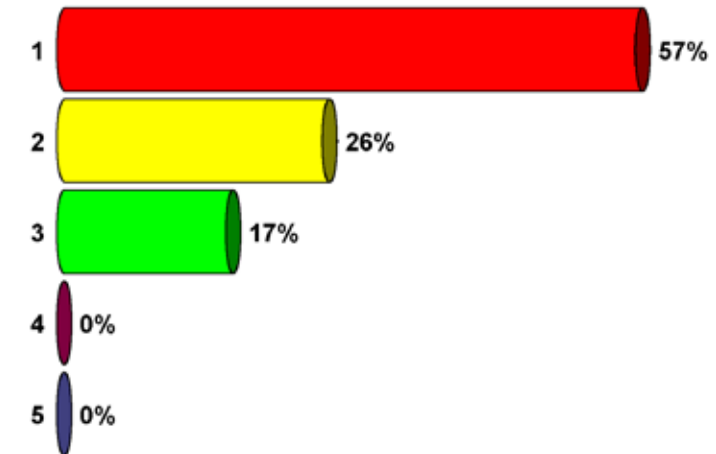
QUESTION 5: Have your company's community engagement efforts been rewarded by its shareholders?

1. Yes, and we can measure it.
2. Yes, we believe so but we cannot measure it.
3. Unsure.
4. No, our measurements show there is no reward.
5. No, we don't believe so but we haven't tried to measure it.
6. No, we see a negative return on our community engagement efforts.



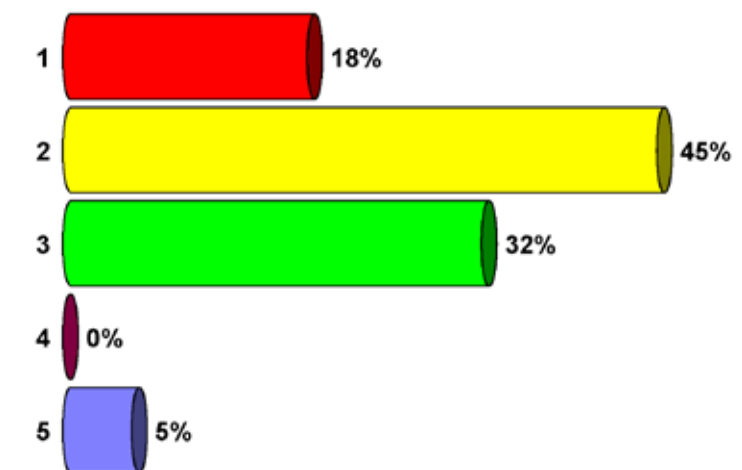
QUESTION 6: What are your company's plans for integrating information that reflects its social and environmental actions with its traditional financial reporting (i.e. integrated reporting)?

1. Doing it already.
2. Intending to implement it in the next 2-5 years.
3. Exploring it but not committed to practicing it.
4. Have no interest in it.
5. Have never heard of it.



QUESTION 7: In the marketplace, **who will lead** progress toward long-term societal well-being?

1. **Government:** A regulatory intervention is needed to create a more sustainable playing field.
2. **Companies:** The role of business is to deliver products and services in a socially-sustainable way.
3. **Consumers:** Consumers dictate the sustainability standard to which competitive companies conform.
4. **Investors:** A company's investors must recognize and reward socially-sustainable business practices.
5. Other.



# GETTING READY FOR THE NEXT ECONOMY

*Tom Fisher is the Dean of the College of Design at the University of Minnesota. He approaches ethical issues from the perspective of design - balance and proportion, function and form, the power of aesthetics to shape our spirit and our understanding of what is good and true. Design concepts seek to avoid misuses of energy and structure; like ethics they are concerned with outcomes of constructive benefit for others. The architect is a steward for the well-being of those who will use the built environment.*

*Dean Fisher in his essay herein reflects on “design changes” in the capitalism we are heading into.*

The economy in which we now work has changed in fundamental ways and hoping or pretending that it hasn't will only delay the inevitable and make it harder for us to adapt when we find ourselves forced to change.

To understand how this economy differs from the one we have known, consider just one statistic: analysts following small businesses see the number of “contingent” workers – the self-employed, free-lancers, or “accidental entrepreneurs” laid off from fulltime positions – growing to 40 to 45 percent of the workforce by 2020 and becoming a majority by 2030.<sup>1</sup>

The rise of a large, contingent workforce has a more optimistic side to it, however, since it reflects the emergence of what some have called “the next economy,” fueled by the digital revolution. In this next economy, workers will have much more flexibility in terms of how, when, and where they work, and they will have, over the course of their careers, many “gigs” and maybe even several careers rather than the long-term, relatively permanent employment of the old economy. Global competition has driven this, in part, by forcing employers to keep fixed costs low and to staff up or down quickly, whenever and wherever needed. But equally important has been the ability of people in the Internet age to work from their homes, with colleagues locally or around the world, offering products or services that they believe in and get satisfaction from providing.

For the private sector, the rise of a sizable freelance workforce will transform what we think of as “the office.” As Dana Shaw, a Senior Vice President for Staffing Industry Analysts, sees it, “Currently the average mix of contingents in the Fortune 100 is 20-30% of the workforce, but it will evolve to 50-50%” by 2020.<sup>2</sup> People will still work for companies, large and small, but as contingent employees, they will have a lot of mobility, little security and a good deal of instability in their jobs. That will, in turn, increase the burden of the public sector, since contingent workers will lack the protections and safety nets that the private sector once routinely provided its fulltime staff. In some ways, public sector costs will go up, but in other ways, they will likely go down as a result of this, and so understanding the nature of the next economy has become critically

important in making the right policy decisions today.

Unfortunately, much of the political discussion in the U.S. seems oblivious to this tectonic shift in the economy. Apart from leaders such as former Secretary of Labor, Robert Reich, who has written insightfully about this, most U.S. politicians talk as if we were still in the last century.<sup>3</sup> For example, the Obama administration's efforts to enhance manufacturing jobs, while very much needed, seem focused on boosting an older model of large-scale, “heavy” industry. In the next economy, “manufacturing” may more-often occur at a micro scale, with free-lancers 3D printing in their back bedroom or the self-employed laser-cutting products in their garage. The skills such workers need will be less about manual labor and more about operating computer-controlled equipment or developing their craft abilities.<sup>4</sup>

The paradox here is that, while some people want to hold onto the old economy in hopes of not losing their jobs, that old economy has also been very good at shedding jobs in the name of efficiency, replacing people with machines or sending jobs overseas to lower-cost countries.<sup>5</sup> Why hold onto something that eliminates jobs in hopes of protecting jobs?

As the philosopher Hannah Arendt reminds us in her writing about the human condition, jobs and the labor that we do as part of them constitute a necessary part of life in that it enables us to meet our biological needs for food, clothing, shelter, and the like, but rather than minimize this labor to the point where it meets our minimal needs, we have let it take over our lives in pursuit of material abundance.<sup>6</sup> This has led some people to become not “workaholics” so much as “job-aholics,” laboring so much that they become slaves to their jobs, even as many other people who have lost their jobs become outcasts in a society that values people according to the labor we do. Instead, as Arendt argued, what makes us most human is our work, what we do to create “permanence, stability, and durability” in the world.<sup>7</sup> While others can take our jobs away from us, no one can take away the work we have to do, the work that means the most to us and that benefits others the most.

In a recent report, the Kaufman Foundation, which

publishes an annual survey of new business creation in the U.S., has seen entrepreneurship rise to its highest rate in 14 years. And most of these new start-up businesses, according to the survey, have occurred as “lifestyle businesses” more focused on what people care about and want to do with their lives, than with making a lot of money.<sup>13</sup> Such surveys show how we have entered an era in which people have begun to redesign work in ways that makes it more meaningful and satisfying, and at the same time, more resistant to the outside forces that have made the disappearance of well-paying jobs a reality for people around the world.

Indeed, resiliency, affordability, and quality of life may become three of the public sector's most important economic development strategies in the future. Because contingent workers can often live where they want, they seem ready to choose to live in places that can provide them the access and flexibility they need to do their work, along with the features that make a place hospitable for workers who often lack an office to go to or colleagues to work with. It may become more important, for example, to provide wide-bandwidth wireless service, flexible live-work housing, and walkable communities with plenty of gathering places nearby than to offer the traditional economic incentives of tax breaks, financial incentives, and minimal regulation. What worked in the old economy can completely backfire in the new one.

Look at zoning, for example. With the rise of the contingent workforce, people may live and work in ways we haven't seen for a very long time. We have developed our cities based on the old economy, with residential, commercial, and industrial areas kept separate and “pure” through single-use zoning. That made sense in an economy that divided our work lives from our private lives, and that spawned large-scale noxious industries that no one wanted nearby. The next economy, though, may look more like the way in which people lived and worked prior to the industrial revolution, in which home, office, and shop co-exist in some combination of physical and digital space. This may require rethinking our zoning laws to allow for a much finer-grain mix of uses and repurposing buildings designed for single functions that will have no tenants or buyers if they remain that way.





The next economy may also demand a very different K-12 educational system than the one we have now. Classrooms focused on the conveying of information and the giving of tests remain geared toward preparing graduates for an industrial or bureaucratic work world rapidly disappearing. The next economy doesn't demand employees who repeat facts and follow orders; it needs just the opposite: innovative, entrepreneurial individuals able to see an unmet need and to provide a product or service that addresses that market, whether it exists locally or across the globe. This will require an education that emphasizes creativity, independent thinking, self-directed work, and openness to experimentation and risk, with teachers who encourage students to explore what most interests them in the ways that they learn best. At the same time, education will need to become something that doesn't just happen during the school day in a school building, but instead as part of everything we do, wherever we do it, across our entire lifetime.

We can already see the impact of the next economy in the retail sector, with iTunes forcing the closing of many record stores and Amazon prompting the

bankruptcy of many bookstores. With e-commerce growing at double-digital rates and expected to account for nearly \$300 billion in sales in the U.S. by 2015, it has given many individuals and small businesses access to a global marketplace for specialized products and services that the old economy could never have sustained.<sup>5</sup> The trend of e-commerce to replace activities that once occurred in bricks-and-mortar does not mean that we won't need buildings anymore, but it does suggest that we will increasingly use buildings for what we can't get any other way, such as face-to-face conversation in the company of others. Indeed some activities, like coffee shops, may become even larger and more pervasive, as the consuming of beverage becomes more of an excuse for the self-employed to get out of their home office to be with and work among others.

This post-industrial, post-Gutenberg world is not a new idea. But the growing fluidity of the global economy, the dramatic disruptions of the digital revolution, and the radical empowerment of individuals through mobile computing and micro-manufacturing have all made that idea a reality for an increasing percentage of the workforce. If this

new economy is to thrive, we will need the same degree of flexibility, adaptability, and creativity in the public sector. It seems likely, for example, that the public sector will experience the same growth in contingent workers, able to do specific tasks at a lower cost without the long-term commitment of fulltime staff. Many communities, of course, utilize volunteers for a number of activities and that will likely grow as the number of retired people increases. But a contingent workforce in the public sector also opens up opportunities for greater flexibility in how citizens engage with their government. People who have more time than they do cash, for example, might be able to work in lieu of paying some taxes or in a barter arrangement, providing some services in exchange for others.

The next economy, of course, is not "next;" it's already here. Go to the nearest Starbucks and look at the number of people sitting for hours working and you will see how much the next economy has already arrived. So how do we embed that fact into day-to-day public decision-making? One rule of thumb might be useful here. If a public investment involves continuing to do what a community has done for decades – extending roadway infrastructure, expanding bridges and highways, approving more suburban tract developments, enforcing single-use zoning codes, bonding to add to schools – stop and ask if the way it's been done in the past will serve people well in a future that already looks so different from what we knew in the last century. Will we need the same kind or level of investment if half our workforce is at home, with more flexible time constraints, greater need of a social safety net, and higher quality of life expectations? Where might we need more investment and where can we do with less? If nothing else, pausing to ask such questions will enable communities to do what we all need to do these days: thinking more creatively and imaginatively about a future that will increasingly reward those who think in exactly that way.

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*Thomas Fisher is Dean of the College of Design at the University of Minnesota. A shorter version of this article first appeared in The Huffington Post entitled, "The Next Economy and the Next Politics."*

# 10TH ANNUAL CIFA FORUM

*The Caux Round Table finds itself in alignment with the **Convention of Independent Financial Advisers (CIFA)** in seeking a more sustainable global financial system that reflects high standards of fiduciary conduct. Lord Daniel Brennan, CRT Chair Emeritus, and Stephen Young, CRT Global Executive Director, attended the 10th CIFA Forum on April 26, 27 and 28 in Monaco. Upon the conclusion of the Forum, the following resolutions were accepted for presentation at the forthcoming High Level Thematic Dialogue on the State of the World Economy held by the General Assembly of the United Nations.*

The 10th Annual CIFA Forum makes the following recommendations:

FIRST, because there can be no growth without financial investment, our global financial markets must - above all else - facilitate and encourage the movement of liquid funds into the productive sector of the economy.

SECOND, those who provide investment funds and those who provide financial services must be rewarded, but only in proportion to their contributions to real economic growth. Compensation for use of funds and for services related to financial investments should vary with the quality of what is brought to market. Shoddy services and harmful products deserve no reward.

THIRD, national governments have a responsibility to maximize the capacity of financial markets to promote equitable growth. Sovereign states have a responsibility to promote economic growth. They are trustees for those under their authority.

FOURTH: financial intermediaries carry out their responsibilities to their clients in the private sector beyond the reach of many government rules and regulations. Their unregulated private behavior can facilitate or can hinder achieving positive outcomes of prosperity with justice. Just as governments have a responsibility to regulate for the common good, so too do private individuals and firms have responsibilities to avoid harmful outcomes for those who must rely on their prudence and good will. Financial intermediation is a profession, not just a business. Financial intermediaries would complement prudential public regulation by living up to an equivalent of the Hippocratic Oath: "I will make recommendations for the good of my clients according to my ability and my judgment and never do harm to anyone." Such professionalism will moralize financial markets.

FIFTH, information and informed judgments about financial products are public goods which shape sustainable and responsible markets. Financial market regulation and financial industry best practice standards must promote sustainable valuations of financial instruments. Financial intermediaries must not promote investment in fictitious estimates of value. The information provided by rating agen



cies about financial products should not be subject to conflicts of interest or superficial methodologies. CIFA endorses the recommendation of the Bertelsmann Foundation to endow a not-for-profit rating agency using new criteria to assess sovereign debt obligations.

In addition, CIFA calls for research into new methodologies of sustainable valuation and the formation of new rating companies offering valuation assessments according to such innovative criteria.