

## The Caux Round Table

### Proposed

## Principles for The Ownership of Wealth

### Preamble

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.

Fundamental Principle:

### **The ownership of wealth entails stewardship.**

The ends of holding wealth encompass more than meeting self-centered 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.

General Principles:

**1) Wealth should be used to enhance other forms of capital: finance, physical, human, reputational, and social.**

First, wealth should be used to sustain and improve the institutions that permit the creation of wealth. Accumulated over time, wealth can influence the future. Wise use of wealth avoids immediate consumption and invests in the creation of better outcomes for future generations. When wealth is invested in the creation of additional finance capital, it should invest in those businesses and productive enterprises that adhere to the Caux Round Table Principles for Business. In particular, the current wealth of advanced industrial countries (some US\$79 trillion) should be increasingly directed towards the creation of conditions for sustained economic growth in poor, developing and emerging market nations. Wealth should be used to enhance all forms of capital formation in nations that adhere to the Caux Round Table Principles for Governments.

**2) The desires of owners for self-satisfaction should be balanced against society's need for robust accumulation of new capital in all forms.**

Philanthropy is incumbent upon those who possess wealth. The social function of wealth is to finance a greater good. Those who are to inherit wealth should be expected to assume the fiduciary responsibilities of stewardship that accompany the possession of wealth.

**3) Wealth must support the creation of social capital.**

Social capital – the reality of the social compact incubating successful wealth creation and permitting the actualization of human dignity – is created over time by governments and civil society. From the rule of law to physical infrastructures, from the quality of a society's moral integrity and transparency of its decision-making to the depth and vitality of its culture, social capital demands investment of time, money, imagination and leadership. Wealth should pay its fair share in taxes to support public programs enhancing social capital and should invest in the private creation of social capital through philanthropy.

**4) Wealth should be invested in institutions enhancing human capital.**

Education and culture can be funded from public budgets on a consumption basis, but wealth should shoulder the principal responsibility in a society of providing permanent endowments for institutions of education and culture.

**5) Private wealth should supplement public expenditures for the social safety net.**

Private charity and philanthropy should respond to the health and human services needs of the less fortunate.

**6) No one is morally entitled to the use and enjoyment of wealth procured by fraud, corruption, theft, or other abuse of power.**

Those who control such wealth should make restitution of such wealth to public bodies or civil society. Use of private property rights to shelter such wealth is ethically suspect.

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