In our new age of cultural anxiety, growing economic inequality and political distemper, we seem foolishly to be losing confidence in the power of good ideas. We settle for small fixes as our goals, a pragmatism which is unbecoming and not up to the needs of our time.

It says in the Book of Proverbs in the Judeo-Christian tradition that “Where there is no vision, the people perish.” (Proverbs 29:18)

Here is where the Caux Round Table for Moral Capitalism (CRT) sought to maximize its contributions during 2018.

At the annual meeting of the Fondazione Centesimus Annus Pro Pontifice at the Vatican, a lay foundation launched by Pope John Paull II to advocate Catholic Social Teachings for business and finance, we presented our statement of Protestant Social Teachings. Our hope was to commence an effort among Christians to collaborate on standards of stewardship which would have a claim on the consciences of believers and others to act responsibly in business and finance.

We then sponsored a round table in Kyoto, Japan to bring together scholars from China and Japan to draw forth from their traditions principles which would complement ethical sensitivities from other cultures to contribute to higher standards of conduct in today’s global economy. Finding harmony through intellectual collaboration would also enhance mutual respect between China and Japan.
In China, we co-hosted a book launch with the Institute for Global History, Beijing Foreign Studies University, on the ethical thinking of an ancient Chinese activist, MoZi. MoZi preferred the use of state authority over culture and society with rewards and punishments as the means of achieving conformist behaviors among the people. His vision raises a challenge that perhaps individuals can’t be fully trusted in private markets and politics to work for the common good.

We also presented our thoughts on another ancient Chinese text, *The Doctrine of theMean*, at a December conference in Zhengzhou. Centuries ago, in 544 BCE, one of my favorite Chinese leaders, Zi Chan, was Prime Minister. When criticized for making the laws public for all to read on the grounds that it would only spur dissensions and arguments over how to interpret them, he replied “As to your point, I have nothing to add. My only attempt is to save the present age.”

He also refused to punish an old man rambling about the villages criticizing the government, saying it is important for the government to know what the people are thinking.

We drew attention to the *Doctrine of the Mean* text on the grounds that it speaks to human universals, though seeking to understand the Tao and its preferences for harmony.

Then, in Thailand, our appreciation for the middle way as an ethical standard of mindfulness and due care in how we use our powers in this life lead to a collaboration with the World Federation of Buddhists and Venerable Anil Sakya, a descendant of the Buddha through his cousin Ananda, in highlighting Buddhist insights as helpful to living sustainably. A book of essays presented at a conference will be published in 2019.
Our Global Dialogue was held in St. Petersburg, Russia in collaboration with St. Petersburg University’s Graduate School of Management. We presented a very important research paper prepared for us by Oxford Analytica looking at how our financial experts put a value on companies. The valuation of companies and securities, an asset approach to capitalism, is now out of date. It has not been modernized to incorporate the production factors in post-industrial capitalism which create wealth, factors such as reputation, customer goodwill, intellectual property, productive and knowledgeable employees.

If we devise a method to calculate the contributions to value of intangible factors such as governance, risk-management culture, social capital and human capital, we will incorporate into the pricing of capital assets moral factors reflecting stakeholders.

This is a very big idea which can better guide the future of capitalism.

Secondly, we looked at the ethics of migration and immigration, social forces which are destabilizing the U.S., European Union and societies wherever migrants and refugees are generated by state failure and harsh conditions. We proposed a statement of ethics to supplement laws and emotions focused on the right to live in a new homeland. We considered the ethics of hosts and guests, of friends and of citizens as standards for how residents and newcomers should respect one another.
Increasing Recognition for Moral Capitalism

Polarization between right and left and between populists and cosmopolitan elites became more pronounced during 2018. David A. Bell, writing for the New York Review of Books, observed the rise of extremes and the collapse of the middle in our culture, economics and politics. He noted:

“Around the world populist politicians on the right are winning elections by warning demagogically that representative democracy and human rights policies are too weak to protect hard-working, native-born families against threats from beyond their national borders – especially terrorists and migrant hordes. At the same time, a resurgent socialist left is gaining support by warning that liberal social democracy is too fragile to protect ordinary people from the ever more disruptive forces of capitalism.”

Moral capitalism – the principles advocated by the CRT for business, government, civil society organizations and owners of wealth – might be chosen to fill the void between extremes.

Former Croatian President Ivo Josipovic told our Global Dialogue that he has recommended to his Social Democratic Party in Croatia the vision of a moral capitalism as its program for reform in Croatia.

In the U.S., Congressman Joseph Kennedy III, the grandson of Robert Kennedy, has taken up the concept of moral capitalism as a balance of interests between the productive forces creating wealth for society and all those who stand to benefit from such activity.

Similarly, the CRT proposed in Mexico that the principles of moral capitalism could ratify in mutual agreement the common interest in a prosperous future for Mexico held by both the business leadership and the new administration of President Andres Manuel Lopez Obrador.
The initiatives started by the CRT in 2018, as noted above, were to prepare for round tables discussing Christian social teachings and devising new approaches to the valuation of companies. The seminal report on valuation prepared by Oxford Analytica was co-sponsored by the Convention of Independent Financial Advisors. The initiative was encouraged by Unilever CEO Paul Polman and will build upon the report of The Embankment Project in London looking at long-term perspectives on a company’s financial performance.

A third initiative begun in 2018 evolved from our long engagement with Qur’anic guidance. Alerted by Islamic scholars in our network, we took an interest in the covenants made by the Prophet Muhammad with Christian communities as a paradigm for ethical engagement among religious communities, especially between Christians and Muslims. Accordingly, we arranged a round table in Rome for January 19, 2019 among Islamic scholars, Catholic ethicists and inter-faith activists to consider the contemporary relevance of these covenants.

Unexpectedly, a justice of the Supreme Court of Pakistan in early November 2018 held a concurring opinion that the covenant of the Prophet Muhammad with the Christian monastery of St. Catherine in Sinai, Egypt is still binding on all Muslims.

Fourth, we coordinated with three other Minnesota think tanks on public policy to publish a set of essays on reducing conditions of poverty in the state. We participated in a joint effort to draw together ideas from the right and the left in common cause. The CRT’s contribution was to highlight the importance of social capital and human capital in the process of wealth creation on the grounds that more wealth is needed to fund higher living standards and delivery of more public goods.
Magni Global Asset Management Recognized for Use of Moral Capitalism Standards in Investing

Several years ago, the CRT licensed to Magni Global Asset Management LLC use of criteria for assessing the alignment of company results with value standards. One set of criteria reflects standards of Islamic stewardship. The Magni Islamic Stewardship Index and Portfolios include both an exclusionary Shariah-compliance screen and allocations determined by alignment with Islamic guidance per the Maqasid.

In using these criteria to create investment portfolios of companies with high stewardship track records, Magni was recognized for its contributions to the global Islamic economy.

As part of receiving the award, Magni was designated among 2018’s ISLAMICA 500 members. The ISLAMICA 500 is a premier independent business guide that assesses the momentum of the Islamic economy. Published annually, it provides hard-to-find biographical details for 500 of the world’s most prominent and influential personalities in the Islamic world and economy.

Working closely with the CRT, Magni has become a leader in corporate governance research on both countries and companies. Magni developed the Sustainable Wealth Creation principles to evaluate country-level governance. The principles are based on widely accepted economic concepts regarding the accounting, legal, regulatory, adjudicative and economic infrastructures of countries. Countries with strengths in these areas provide environments conducive to effective corporate governance. Magni’s extensive database contains research on countries across 280 qualitative factors over 17 years.

For its innovation in analysis of company governance in line with value standards, Magni was invited to open an office in Tokyo to provide support for Japanese asset managers. For more information, please visit www.magniglobal.com
New Book Series

Conversations with colleagues has led us to the observation that many good thoughts go unpublished. Academics, business professionals, graduate students and consultants, from time to time, present papers and give remarks which do not fall within the criteria for publication as articles in peer-reviewed journals or in book form. Thus, we have expanded our experiment with online publication. Our first book, titled *Ethics*, was published on Amazon Kindle in e-book format. We will revise it for print-on-demand as a paper back.

We are planning to publish two more books of CRT commentaries in 2019 and have three other book projects under discussion.

In this way and very inexpensively, we can bring excellent ideas, proposals, insights and thought commentaries to a global audience in furtherance of our educational mission.

Business and Public Policy Round Table Discussions

We held round table events on the following topics:

- "1968 - 50 Years On"
- "Recalling the Financial Crisis of 2008"
- "Steele Dossier and Public Trust"
- "Should Big Tech be Regulated?"
- "Karl Marx at 200: What is His Legacy?"
- "American Capitalism: Who's on Board? Who's been Tossed Overboard?"
- "Should There Be Free Trade?"
- "The Accountable Capitalism Act"
- "A Discussion with the American Enterprise Institute and Brookings Institution about Poverty in Minnesota"
- "Should There be a Minimum Wage?"
In 2018, we published 12 issues of Pegasus, our monthly newsletter.

Public Office Public Trust Workshops

We offered two workshops for political candidates and public officials around our ethical Principles for Government. Our thesis for the principles and the workshops is that public office is a public trust.

CRT Co-Chairman Tunku Adbul Aziz presented the principles at a conference in Ho Chi Minh City, Vietnam.

Celebration of John Brandl and His Uncommon Quest for Common Ground

For ten years, the CRT has affiliated with other think tanks in Minnesota to collaborate on an annual program putting forward common concerns and aspirations. These annual events have been organized in honor of the late John Brandl, former Dean of the Humphrey School of Public Affairs at the University of Minnesota. This year, the collaboration produced a set of essays on how to reduce poverty in Minnesota. The collaborating groups advocated policy ideas from the right and the left. Our common objective in this collaboration is to demonstrate the good that comes from collaboration and the scope of common engagement.

New Website

We began the design of a new website which we hope will be more useful and accessible to site visitors. It will launch in early 2019.

Social Media

We increased the number of commentaries, tweets, Facebook posts and videos.
Leadership and Organization

Board of Directors:

Brad Anderson, Co-Chairman – United States
Tunku Abdul Aziz, Co-Chairman – Malaysia
Louis DeThomasis – United States
Doran Hunter – United States
Paul Magnuson – United States
Mark Ritchie – United States
Steve Young – United States

Advisory Council:

Brian Atwood – United States
Daniel Brennan – United Kingdom
Karel Noordzy – The Netherlands
Anand Panyarachun – Thailand
Noel Purcell – Australia
Heribert Schmitz – Germany

Frank Straub – Germany
Herman Wijffels – The Netherlands
Domingo Sugranyes Bickel – Spain

Senior Fellows:

Ronald Baukol – United States
Kevin Cashman – United States
Morihisa Kaneko – Japan
Bob MacGregor – United States
Fred Senn – United States
Fellows:

Abdullah Al-Ahsan - Malaysia  
Michael Bates – United Kingdom  
   Yury Blagov – Russia  
Jose Luis Fernandez Fernandez – Spain  
David Grayson – United Kingdom  
   Stephen Jordan – United States  
   John Knapp – United States  
Michael Labrosse – United States  
Alexandra Lajoux – United States  
   Baocheng Liu – China  
Lester Myers – United States  
Chris Pierce – United Kingdom  
   Steven Pyser – United States  
Robert Scarlett – United States  
   Recep Senturk – Turkey  
   Kazuhiko Togo – Japan  
Ibrahim Mohamed Zain – Malaysia

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Patrick Rhone, Director of Technical and Internet Support – United States  
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