BOOK REVIEW

Moral Capitalism

by Stephan Young

Berrett-Koehler Publishers; 1st edition (Oct., 2003)
ISBN-10: 1576752577
ISBN-13: 978-1576752579
Hardcover, 226 pages

Although almost seven years have passed since it was published, the significance of Stephen Young's *Moral Capitalism* is becoming more and more profound and far-reaching, which is closely connected with the fact that it does not only admit the reasonable necessity of seeking private interest in the modern global context, but also reconciles it with public good. It gives a new insight to the issue of maximizing private interest as the necessary goal of a business on the one hand, and doing public good as a social responsibility for a corporation on the other hand.

The entitlement of the author in writing on the topic of moral capitalism is obvious. Stephen Young, as Global Executive Director of the Caux Round Table, has direct contacts with many top trans-national companies and the experience of making deep-going researches on them. His academic background of law, management, and philosophy has provided him with extensive knowledge and a penetrating insight to analyze capital, capitalism and the combination of capitalism and morality.

According to Karl Marx, capital comes dripping from head to foot, from every pore, with blood and dirt. The rationality of such a judgment lies in the fact that capital, no matter in the stage of its primitive accumulation or in mature capitalism, always seeks the maximization of profit, by the way of expansion, plunder, and conquest. Stephen Young holds that the capitalism taking survival of the fittest as the fundamental principle is brute capitalism. Early industrialization in the form of brute capitalism produced great wealth for a few capitalists and miserable working conditions for a new class of proletarians. Now another form of brute capitalism has made American economy pay great costs, and brought a violent assault to the world market.

But the regular development of economy and finance depends none the less on capital. Capital is so important in the development that we cannot do without it if we need to keep going a modern civilization, as well as a modern society to match it. Capital itself contains something that requires development to be sustainable. Any shortsighted profit making runs opposite to a stable long-termed development. As Stephen Young says, "To sustain our profits over time, we need to replenish the capital we invest in the business. That capital comes in five different forms: social capital, reputational capital or 'goodwill,' finance capital, physical capital, and human capital. These forms of capital are the essential factors of production." (p.2)

When a decision is to be made or a plan of development is to be designed, all these factors should be taken into consideration, which all together constitute the foundation of the moral capitalism Stephen Young and his colleagues of the Caux Round Table advocate as something totally different from brute capitalism. If modern civilization is not able to change the nature of capitalism which is to seek maximum profitability through brute ways, the quick development of economy will not eliminate poverty, it will even make the gap between the rich and the poor greater, and at the same time, curb market economy, which will cause stagnancy of economy. Then, to explore the possibility of that capital in five different forms and advocate moral capitalism as mentioned by Stephen Young in his book comes to the foremost.

He expounds the seven general principles of the Caux Round Table, the advocate for moral capitalism, and the stakeholder ethic they forthrightly embrace. He specifies the concept of stakeholder as containing six relevant groups: customer, employees, owners and investors, suppliers, competitors, and community. To treat these groups with virtues and put the relationship with them in a win-win situation under the guidance of the governing ideals, which come from faith, and values, able to be commonly shared by whole mankind, such as the idea of *kyosei*, is the social responsibility of a corporation.

In his analysis of relationship between a corporation and these six relevant groups in terms of CSR, Stephen Young attempts to throw away the simple pattern of a corporation in profit-making, and change thoroughly the position of these groups in the mind of the management of a corporation, making them stakeholders in the right sense. The responsibility assumed by a corporation to them is not only morally but also has a far-reaching significance for their and the corporation's current and future benefit. Confucius says: "Now the man of perfect virtue, wishing to be established himself, seeks also to establish others; wishing to be enlarged himself, he seeks also to enlarge others." This way of treating others with perfect virtue in dealing with the reciprocal relationship between a corporation and the stakeholders is the basis for moral capitalism to replace brute capitalism necessarily, making all corporations and their stakeholders benefit from market economy.

That the moral capitalism advocated by Stephen Young and the Caux Round Table has such a necessity is because its principles are never utopia in lack of practical values. They have two kinds of universality as their firm support. Firstly, they are principles that can be universally accepted by all corporations and their stakeholders, and the Caux Round Table has a set of ways of assessment that can be operated effectively as well, to urge a corporation to do better in terms of CSR. Secondly, they are based on the universal values commonly shared by Christianity, Buddhism, Confucianism and all other religious and secular communities, representing the common pursuit for universal values by all people in the context of globalization.

Moral capitalism as a great ideal is now changing into reality. The challenge faced by it from the old ideas of brute capitalism cannot stop the great efforts to put moral capitalism into practice when people realize at last its values, to the understanding of which, this book of Stephen Young contributes a lot.

Professor Hengda Yang,
Renmin University, Beijing China