

49

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Essay Review

CAPITAL FOR PURPOSE 2019 EXECUTIVE SUMMARY ESSAY REVIEW

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The participants in this year's St. Gallen Wings of Excellence Award of the 49th St. Gallen Symposium were asked to consider how the use of capital can solve complex challenges and address substantial changes, be it by individuals, civil society, businesses, or governments. A select group of promising young people from all over the world, so-called Leaders of Tomorrow, discussed the question, "Is it as good as it gets? – What approach would you suggest to change the current purpose of capital?". Notably, even though the participants had to address the same question, there is a remarkable diversity in the contributions' foci, contexts, perspectives.

WHICH PURPOSE?

The contributions relate to different new purposes of capital that, following the Leaders of Tomorrow, should be considered. The first set of essays suggests changing the purpose of capital to human and social purposes through shifting values, norms, and benchmarks, as well as by launching technological and institutional initiatives. The second set proposes changing the purpose of capital to ethical and sustainability purposes by redefining capital through regulation, as well as by overhauling financial markets and educational systems. The third set proposes changing the purpose of capital to inclusive and intergenerational purposes by shifting capital's purpose from short to long-term, as well as by favoring social exchanges and empowering individuals. Overall, the Leaders of Tomorrow advocate moving away from a mere economic perspective on the purpose

of capital, and to complement it – or even replace – it with other, especially social and environmental perspectives. The positive outcome would be a much more comprehensive and inclusive view on the purpose of capital than the one that still prevails today.

WHAT APPROACH?

To achieve this goal, the Leaders of Tomorrow develop broader conceptual ideas, as well as they propose specific initiatives that may facilitate the change of capital's purpose. On the one hand, the Leaders of Tomorrow suggest rethinking the purpose of capital by shifting values, norms, and benchmarks. They argue that today's economic systems, institutions, and policy making are characterized by a mostly economic orientation, which limits their contribution to society. Accordingly, the Leaders of Tomorrow propose a variety of new values and norms in order to unearth the social potential of businesses, economies, and institutions. Interestingly, they also consider redefining the purpose of capital through new global regulations, for example, by including Sustainable Development Goals (SDGs) in firm's reporting. An issue that the Leaders of Tomorrow frequently address is the need to move away from a short-term to a long-term orientation of capital by, for example, developing intergenerational contracts that would enable retirees to finance educational expenses of the young generations in return for retirement funding.

On the other hand, the Leaders of Tomorrow propose specific initiatives that may facilitate the change of capital's pur-

pose. They suggest launching technological and institutional initiatives that would foster a change in perspective. For example, they recommend using virtual reality simulators to put ourselves in the shoes of others and create awareness for the consequences of our actions. In addition, the Leaders of Tomorrow develop ideas on overhauling financial markets and educational systems while focusing on the development of sustainable initiatives, such as a global fund that would invest into companies and initiatives that comply with strict ethical and sustainability purposes, as well as a new, completely circular economic model. Finally, they advocate favoring social exchanges and empowering individuals, for example, by building on digital technologies to develop a new global digital currency that offers equal access for all countries. In sum, the diversity of ideas and initiatives the Leaders of Tomorrow put forward in their contributions is remarkable and promising to disrupt and change the still dominant economic perspective on capital.

This student essay review was written by Prof. Dr. Markus Menz and Aïda Darouichi from the Geneva School of Economics and Management at the University of Geneva, in cooperation with Swiss Re and the St. Gallen Symposium. Markus Menz is Scientific Advisor to the St. Gallen Wings of Excellence Award.