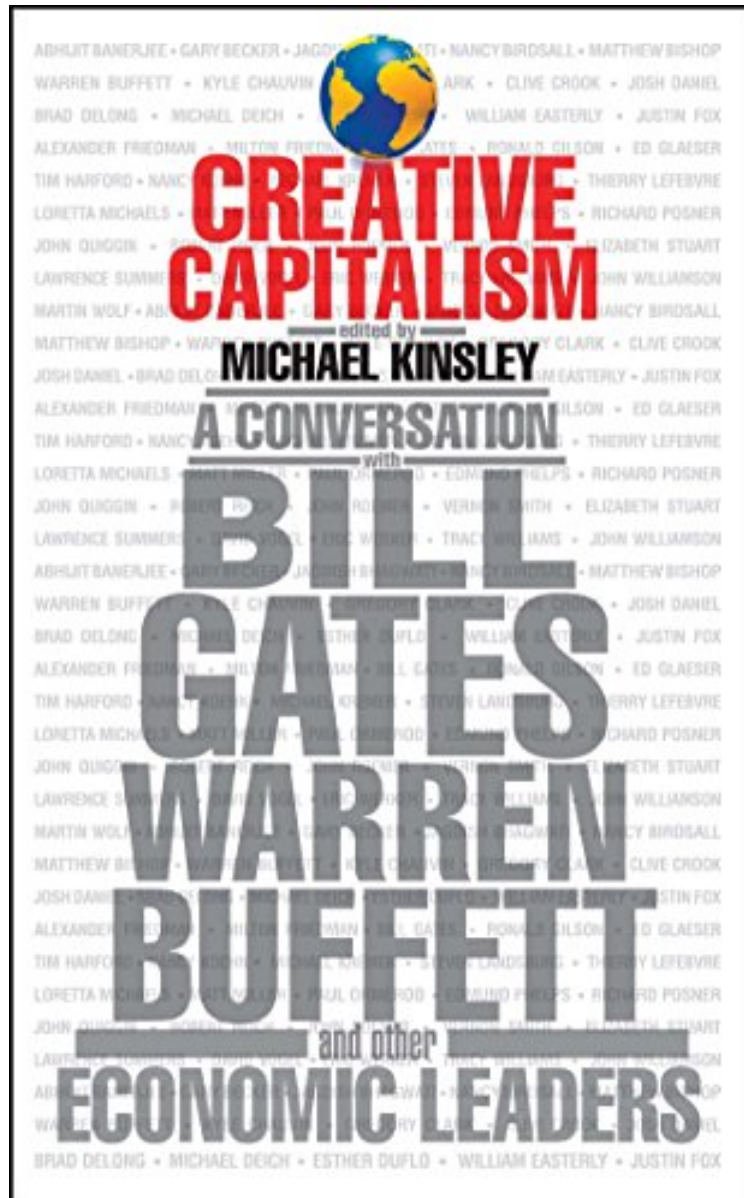


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Creative Capitalism: A Conversation with Bill Gates, Warren Buffett, and Other Economic Leaders

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praised Creative Capitalism: A Conversation with Bill Gates, Warren Buffett, and Other Economic Leaders:

1 of 1 people found the following review helpful. Great discourse on a cutting edge topic by brilliant minds
By The Dude
This was an easy read with short readable chapters. The discourse was smart and witty and the contributors consist of some of the most brilliant minds of our time. This was a great book to read for business people, entrepreneurs, and politicians. I truly enjoyed the dialogue, the format, and the subject matter, and it gave me a lot to think about.
0 of 0 people found the following review helpful. excellent
By Diane C. Santucci
I received this book long before the expected date of delivery. It was in exactly the condition that I was told it would be. This was excellent.
1 of 1 people found the following review helpful. Noble effort that fails to converge on ideas...
By Michael Harrington
There are basically two teams in this match of ideas, with several participants trying to referee. On one side are the economists by trade, who are very skeptical about non-market criteria in economics. On the other side are the non-economists who believe the art and science of economics needs to be broadened, but are unclear on how this can be accomplished. Notably, I found the most refreshing approach of the many experts participating in the blog offered by perhaps its youngest contributor the student Kyle Chauvin who argued how we need to expand the reach of traditional, or profit, capitalism, not only around the world but to the overlooked corners of the developed world as well. Unfortunately, the two sides never really converge in this debate and I suppose that may be why the conversation disappeared from public discourse (only 7 reviews?). Both sides accept some common premises that need to be challenged in order to break out of the box we find ourselves in on these issues. These premises derive from the neoclassical school of economic theory that laid the foundation for general equilibrium theory in macroeconomics. Specifically, actors within the economy are classified according to a loose application of factor analysis, so we have workers, entrepreneurs and small business owners, corporate firms and managers, investors, savers, lenders, borrowers, consumers, and political actors. Then we lump these categories into producers, savers, and investors on one side versus consumers, workers, and borrowers on the other. The consensus seems to settle on the idea that some people produce and so policy should empower this production. Then successful producers can be taxed by political actors, and/or encouraged by philanthropy, to redistribute the wealth to non-producers for reasons that range from compassion to demand stimulus. Capital accumulation and equity ownership in capitalist enterprise is an essential form of participation in the modern global market economy. Concomitant with ownership is the question of control in governance and risk management as the flip side of profit. But instead of focusing on how wealth is created and distributed through these market structures and institutions, we insist on dividing capital from labor and then try to redistribute the outcomes by political calculus, or by corporate largess. This is industrial age capitalism and such a mode of production will never accomplish what we hope to through creative capitalism. (I do agree with Clive Cook that we need a better term maybe Inclusive Capitalism or the Singularity, to borrow from Ray Kurzweil.) The problems that corporate social responsibility (CSR) seeks to address are rooted in the skewed distribution of productive resources across society, widening the gap between the haves and the have-nots. But taxing the haves to give to the have-nots is a self-defeating form of compassion. We should try to adhere to the Chinese proverb about teaching a hungry man to fish so that he eats for a lifetime. This can be put most plainly by asking the following question: If corporations work solely to enrich shareholders, then why aren't we all shareholders? To widen the economic net even more, why aren't all enterprise stakeholders shareholders? Equity participation may also be the most viable way to promote recognition as a complement to profit maximization, as stakeholders have a broader range of interests, of which immediate profits is only one. This idea also focuses our attention on the real problem of free societies: agency failures and governance. Market economies depend on a multiplicity of agent-principal relationships in economic enterprises and political institutions. The abuse of these relationships is the mark of cronyism that dominates public attitudes toward undemocratic capitalism these days. This is not an easy problem to solve, but suffice to say equity ownership, control, and risk management must be as open, transparent, and competitive as possible. This is the only way to confirm that these relationships are accepted as just. The only sustainable solution to world poverty and the skewed distribution of resources is the creation of a worldwide, self-sufficient, productive middle class. This is as necessary for democratic politics as it is for economics. For the middle class to grow, it needs access to resources, mostly financial capital and technology these days. We can point to the history of land homesteading that built the American Midwest, and just recently, the idea floated by Michigan's governor to promote homesteading in Detroit for foreigners. Society's resources need to be spread far and wide in order to reap the benefits of innovation and adaptation, while maximizing the utilization of these resources. The financial imperative of capital is to maximize return, but the socioeconomic objective seeks to do so by combining capital with labor. This flies a bit in the face of the efficiency argument that some people are better at managing risk and creating wealth, so specialization of function should favor the risk managers on Wall Street. The problem is that we never know where to find the successful entrepreneurs and job creating small businesses of the future, only those of the past. And Wall St. only considers those who manage to squeeze through the narrow access door. Without angel capital provided by family relations who merely saved and accumulated their personal wealth, many enterprises would never see the light of day. At the early stages, venture capital money is too costly or unavailable. This story is repeated across the economy, yet today's

concentration of capital in venture firms, hedge funds, private equity, buyout firms, major bank holding companies, etc. narrows capital access to those who already have it. The proliferation of ideas must be forced through this bottleneck, to what end? Better that individuals, families, small group networks, etc. are empowered by policy to accumulate their own capital to put at risk in entrepreneurial ventures. After all, sometimes the idea is not so sexy and may be nothing more than a new restaurant idea or a better mousetrap. In a world where the future is unknown, we can't lock ourselves into narrow investment models built on the past. Likewise, we should not underestimate the ancillary growth Microsoft seeded by enriching its own shareholders. The key point, which cannot be overemphasized, is that broad capital accumulation achieves double the impact of other policy options. First, it helps finance ideas, innovation and entrepreneurial risk-taking that will increase labor utilization, spreading the risks and benefits of economic growth. Second, accumulated financial assets, or savings, help mitigate economic risks of unemployment, health, and retirement through self-insurance. This reduces political demands on the state's safety-nets and the tax and redistributive policies on productive effort that hampers economic growth. Essentially, policies that promote broad-based capital accumulation are a win-win for all citizens of a democratic capitalist society.

Bill Gates is more than the world's most successful capitalist; he's also the world's biggest philanthropist. Gates has approached philanthropy the same way he revolutionized computer software: with a fierce ambition to change the rules of the game. That's why at the 2008 annual meeting of the World Economic Forum in Davos, Switzerland, Gates advocated a creative capitalism in which big corporations, the distinguishing feature of the modern global economy, integrate doing good into their way of doing business. This controversial new idea is discussed and debated by the more than forty contributors to this book, among them three Nobel laureates and two former U.S. cabinet secretaries. Edited by author and columnist Michael Kinsley, *Creative Capitalism* started as a first-of-its-kind online conversation that brought together some of the world's best minds to engage Gates's challenge. From Warren Buffett, who seconds Gates's analysis, to Lawrence Summers, who worries about the consequences of multiple corporate objectives, the essays cover a broad spectrum of opinion. Judge Richard Posner dismisses Gates's proposal as trumped-up charity that will sap the strengths of the profit-maximizing corporation, while journalist Martin Wolf maintains that the maximization of profit is far from universally accepted, and rightly so. Chicago Nobel laureate Gary Becker wonders whether altruistic companies can survive in a competitive economy, while Columbia Nobel laureate Edmund Phelps argues that a little altruism might be the right prescription for a variety of market imperfections. *Creative Capitalism* is not just a book for philanthropists. It's a book that challenges the conventional wisdom about our economic system, a road map for the new global economy that is emerging as capitalism adapts itself once again to a changing world.

From Booklist The content of journalist, editor, and author (The Best of Slate, 2006; Please Don't Remain Calm, 2008) Kinsley's fifth book is somewhat of a novelty in its physicality and its subject matter. The content was generated after the creative capitalism speech by former Microsoft CEO Bill Gates at the 2008 World Economic Forum in Davos, Switzerland, via a series of responses, rejoinders, and reviews threaded through a blog. Interesting, too, is the actual substance and the timing of this publication; the question is, after all: Should a corporation do good and still own up to its fiduciary responsibility of maximizing profits? The conversations here are wide-ranging and fluid, captured from contributors with no small credentials—Harvard and MIT professors, former U.S. government officials, at least one Nobel Prize winner, and other foundation heads. Although no conclusions are reached, the dialogue is stimulating and the questions numerous: Isn't regular capitalism good enough? Does being recognized as a good citizen make a difference? Yet timing plays a huge part in the answers: How will the current economic downturn impact these do-good inclinations? --Barbara Jacobs
About the Author Michael Kinsley is a noted journalist and political commentator. He was one of the most successful editors of *The New Republic* magazine. He was the host of CNN's *Crossfire* and founded *Slate*, the nation's first online magazine. He also served as the editorial page editor for *The Los Angeles Times* and has written for *The Guardian* and *The New Yorker*. He is a regular contributor to *Time* magazine. Michael currently lives in Seattle, Washington with his wife Patty Stonesifer, CEO of the Bill and Melinda Gates Foundation. Conor Clarke is a fellow at *The Atlantic Monthly* and a former editor at *The Guardian*.