

<b>Committee:</b> Policy and Resources	<b>Date(s):</b> 13 October 2011	<b>Item no.</b>
<b>Subject:</b> Sponsorship of Henry Jackson Society project on Capitalism in the 21 <sup>st</sup> Century ‘Better Markets, Better Values’		
<b>Report of:</b> Director of Public Relations	<b>For decision</b>	
<p style="text-align: center;"><b><u>Summary</u></b></p> <p>The Henry Jackson Society (HJS) is undertaking a major project on Capitalism in the 21<sup>st</sup> Century. ‘Better Markets, Better Values’ will bring together business leaders, politicians and the media to foster debate around the financial crisis and produce a report that will be publicised at a series of events in London, Washington DC, New York and Hong Kong.</p> <p>The project will be led by a high level working group whose co-chairs will be Lady de Rothschild, CEO of EL Rothschild and Dominic Barton, Global Managing Director of McKinsey. Other members include the former Secretary of State for Business, Enterprise and Regulatory Reform Lord (John) Hutton, Monetary Policy Committee Member Adam Posen, Director of the Hudson Institute Irwin Steltzer and former Editor in Chief of the Wall Street Journal Europe Baroness Wheatcroft.</p> <p>The Henry Jackson Society have advised that the total cost of the project is £100,000, financial support from McKinsey is confirmed and in addition KPMG and Clifford Chance have indicated they are very interested in supporting the project, HJS are therefore seeking a further £25,000 to help complete the funding package.</p> <p style="text-align: center;"><b><u>Recommendation</u></b></p> <p>This report recommends that the City of London part-sponsor the project ‘Better Markets, Better Values’ at a cost of £25,000 funded from your Committee’s Policy Initiatives Fund 2011/12 and charged to City’s Cash.</p>		

## **Background**

1. The Henry Jackson Society (HJS) is a cross-party, British-based think-tank with an interest in fostering a strong British and European commitment towards freedom, liberty, constitutional democracy, human rights,

governmental and institutional reform and a robust foreign, security and defence policy and transatlantic alliance. Henry Jackson was a US Democratic Senator from Washington State (1953-1983). The pursuit of a robust foreign policy was one of Henry ‘Scoop’ Jackson’s most central concerns. This was to be based on clear universal principles such as the global promotion of the rule of law, liberal democracy, civil rights, environmental responsibility and the market economy. The western policies of strength and human rights, which later hastened the collapse of the Soviet Union, owed much to Henry Jackson’s example.

2. The HJS believe that Henry Jackson’s legacy is as relevant today as his policies were during the Cold War; indeed, perhaps even more important than at any time previously. The HJS follow a number of principles that include; liberal democracy, maintenance of a strong military, unity between the world’s great democracies, and supporting capitalism.

HJS is dedicated to researching and debating these issues. They do not represent any specific political party or persuasion, but aim to provide a forum for those who agree with their guiding principles, or who wish to learn more about them.

There are a number of high profile signatories to the HJS’s statement of principles including Rt Hon Michael Gove MP, Rt Hon David Willetts MP, Greg Hands MP, Chris Bryant MP, Lord Powell of Bayswater, Sir Richard Dearlove and Prof Vernon Bognador.

3. Following the financial crisis of 2008, the Western capitalist system has been perceived to be in crisis. Although the financial recovery is now underway in Europe and America, albeit unevenly and in some cases with the risk of further adjustments, the legacy of the sudden nature of the crash lives on. Politicians, business leaders and the general public alike have had to wrestle with complicated issues such as moral hazard, the nature of the balance between risk and reward, and the relationship between private profit and public good. With this debate having occurred across the backdrop of a credit crunch, the drying up of liquidity and the unravelling of complex institutional leveraging and international interdependence, arrangements that threatened economic growth and financial stability, the fabric of the capitalist system has come in for protracted scrutiny.
4. The temptation in such times is for governments to confuse the need for reasoned and rational change in the way that financial and business transactions are conducted with the desire to punish those deemed responsible for having caused the crisis. This simple depiction of

capitalism and corporate excess does not provide for a coherent explanation of the way capitalist transactions underpin society, their relation to trade, prosperity and the political freedoms associated with them.

5. Without research that can clearly analyse and denote a more nuanced view of society and the exchanges that generate its income, the capitalist model is liable to have the freedoms and ideology essential to its success corroded. Without such observations, and their inclusion in mainstream debate, there is a risk that, as a society, we will be led down a policy path of increased regulation and greater state control of institutions, businesses and the people at the heart of them, which will fatally cripple the very system that has been responsible for economic prosperity.

## **Proposal**

6. The Henry Jackson Society has therefore launched a ‘Better Markets, Better Values’ taskforce project in order to influence political and business opinion to take the issue of the future of capitalism more seriously. The formulation of a working group to discuss these issues will result in the production of a high level report with an accompanying set of guidelines to advise on reform. By the time of its completion, ‘Better Markets, Better Values’ will aim to have:
  - Elevated the public debate on capitalism with MPs, business leaders and media figures;
  - Re-evaluated the centrality of economic liberalism within the founding principles of the market and the societal transactions commonly defined as trade and business;
  - Addressed the long term sustainability of a capitalist model of financial government, its risks, economic advantages and social responsibility;
  - Highlighted the role that strategic philanthropy can play in disseminating the benefits of capitalism;
  - Explored the implementation of government regulation and the future role of the state in market and business transactions;
  - Examined the public crisis of confidence in the banking system and wider financial governance and the market;
  - Reviewed the policies necessary to encourage entrepreneurship and long term wealth creation for the UK and wider global economy.
7. The working group’s report and guidelines will be delivered to top policy makers, business leaders and the media. A three-pronged strategy will

ensure the widespread delivery of ‘Better Markets, Better Values’ research:

- Bloomberg, the financial media outlet that makes up one third of the \$16 billion global financial data market, will host a major one day conference which will be the first of the public events surrounding the publication of the group’s findings in London.
  - A media campaign that seeks to engage major outlets including the Financial Times, the Wall Street Journal, The Times, the New York Times, the Guardian, the Washington Post, the Daily Telegraph and online media will engage reporters on the future of capitalism and the recovery of the economy.
  - Members of the Henry Jackson Society will host events in the UK Parliament and travel to New York, Washington DC and Hong Kong to encourage partnership on perspectives on economic reform.
8. The co- chairs of the Working Group will be Lady de Rothschild, CEO of EL Rothschild and Dominic Barton, Global Managing Director of McKinsey. Other members include the former Secretary of State for Business, Enterprise and Regulatory Reform Lord (John) Hutton, Monetary Policy Committee Member Adam Posen, Director of the Hudson Institute Irwin Steltzer and former Editor in Chief of the Wall Street Journal Europe Baroness Wheatcroft.
9. The HJS have advised that the total cost of the project is £100,000, financial support from McKinsey is confirmed and in addition KPMG and Clifford Chance have indicated they are very interested in supporting the project, HJS are therefore seeking a further £25,000 to help complete the funding package. This report therefore recommends that the City of London part-sponsor the project ‘Better Markets, Better Values’ at a cost of £25,000.
10. The work of the HJS and this project in particular accord well with the role of the City Corporation in promoting debate on key policy issues that affect the City and London. The relationships with this key think tank on this project will allow for high level interaction with a number of the City Corporation’s key audiences and work that links well with key elements of the community strategy. If the City Corporation were to sponsor the project it would be acknowledged on all publicity and Guildhall would host one of the meetings of the working group.

## **Financial and Risk Implications**

11. Although sponsorship is being acquired from other sources for this initiative, the contribution from the City Corporation will form an important part of the overall funding package. There is no possibility of meeting the proposed financial support from existing local risk resources, because this proposal entails a substantial one-off item of expenditure, for which no provision has been made in the Public Relations or other local risk budgets. It is proposed that the required funding of £25,000 is drawn from your *Policy Initiatives Fund* 2011/12, categorised under the “Research” section of the Fund and charged to *City’s Cash*.
  
12. The current uncommitted balance available within your Committee’s *Policy Initiatives Fund* for 2011/12 amounts to some £181,933, prior to any allowance being made for any other proposals on today’s agenda.

## **Conclusion**

13. The work of the Henry Jackson Society, and this project in particular, accords well with the role of the City of London Corporation in promoting debate on issues that affect the City of London and also gives the City Corporation access to a pool of guests and speakers which it would find more time consuming to access on its own. The sponsorship of this project with the HJS will allow for high level interaction with a number of the City of London Corporation’s key audiences and links well with key elements of The City Together Strategy: The Heart of a World Class City 2008-2014.

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