

The Future of Capitalism and Social Entrepreneurship

By Lee Won-Ki

The brunch-lecture of the People for the Earth Forum was held at the Anglican Church of Korea, located near the Seoul Metropolitan Government, on May 21, 2016. This time, Mr. Lee Won-Kee, the former CEO of Eastspring Investments, gave the lecture: “the Future of Capitalism and Social Entrepreneurship,” on behalf of Mrs. Kang Keum-Sil, the representative of the People for the Earth Forum and Mrs. Lim MiJung, Professor of Hansei University. More than twenty Earth Forum members attended his lecture, which was composed of three sections: 1) the two faces of Efficiency and Capitalism, 2) the two faces of inequality and the capital-markets, and 3) Capitalism for the people.

In the first section, Mr. Lee offered a skeptical view of Capitalism despite his splendid career in South Korea’s financial district. He analyzed how the force that drives the Capitalism is selfishness and human desires and the blossoms of the Capital Economy are profit maximization for stock-shareholders and corporations. Rewards from the successful process of profit maximization takes the form of capital and the vicious cycle of this process creates the mechanism underpinning a winner-take-all society based on the survival of the fittest. The emergence of polarizing inequality is thus inevitable as a socio-economic phenomenon.

In the second section, he addressed how South Korea’s modern capitalism is not exempt from the polarization of inequality. The social phenomena of Success-Supremacy, Materialism, and Results-Preference are prevalent and the inequality between socio-economic classes has increased. The US, the world-leading state of Capitalism and Democracy, experienced the negative consequences of capitalism much earlier than us and its citizens have sought solutions to resolve these. On the one hand, people in the Elite group and the upper-class have made an effort in the form of civic organizations in the US to reduce inequality through policies of education, welfare, economics and politics in keeping with the culture of Protestantism. On the other hand, Mr. Lee somehow believes that the South Korean government policies and politics don’t suggest any direction or methods to reduce the widening gaps of inequality which are prevalent in South Korea. As the CEO of several companies in South Korea’s financial district, he said that South Korea companies’ policies governing social corporate responsibility (SCR) have the means to reduce taxation on their profits and to transform the image of companies to an altruistic model. The Economist article, ‘True Progressivism’ (*the Economist*, October 2012), discusses the importance of the spirit inhabiting “the true-progressives”, those whose economic/social class is extremely high but who support equality for people of the lower classes, because without their pure efforts to change the social/economic status of the people, class-mobility is impossible, as currently. For Westerners, these ideas are not new, but in South Korea, it is another story for those of privilege. Lee criticized the lack of this spirit among the privileged. They sometimes criticize the taxes imposed by the government and fail to respect the value of equality. The worst part is persistent stereotypes toward the poor, as it is an outcome of laziness and lack of effort on the part of the wealthy.

In the last section, Mr. Lee showed the silver lining of our society, the current emergence of Social entrepreneurship, which starts with the elites and includes “conscious capitalism,” “compassionate capitalism”, etc. Social entrepreneurship is different from Non-Profit Organizations (NGOs), as it seeks to realize profits, but its underlying goals are similar to those of NGOs, which empower citizens and resolve the social problems arising from inequality. He introduced the world-renowned example of social entrepreneurship. His first example is India’s Aravind Eye Care systems (Aravind Eye Hospitals) which applies differential payment policies, whereby patients pay according to their income, while doctors treat only according to the patients’ health needs. In partnership with Aravind Eye Care Systems, Aurora-lab(?) was founded to sell pharmaceuticals and medical supplies at cheap prices. Another example was Professor Muhammad Yunus’s Grameen-Bank founded to remedy the fact that poor farmers have difficulty obtaining loans and making payments. The crux of the situation is a lack of credit among poor farmers that would permit them to seek a loan from a bank and their inability to repay their loans, even when they have good credit. To resolve this, he initiated a program of small loans and re-payment of grouping for individual farmers lacking banking-credit. In his town, it was successful for those farmers’

Brunch-lecture Summary by Seung Hee Hong (2016. 06.23)

repayment, while recovering its credits from the bank. This is the beginning of his special policy, which is known as “Microcredit and Microfinance” worldwide. Across the world, the World Bank and UN development programs have used his policies and programs in poor countries, to empower the poor and to develop their countries. He was a recipient of the Nobel Peace Prize in 2006. Mr. Lee also introduced many other social entrepreneurship innovations, such as Altrushare, Toms, Terra cycle, and the Ashoka foundation.

The significance of his lecture was to introduce the possibility of transforming South Korea toward equality through collaborative efforts among citizens, elites, etc. in the future, via successful social entrepreneurship that respects the legal system. In particular, some participants had never had a chance to hear about social entrepreneurship, which was created to address the social problems of capitalist society. The graceful part of his lecture is that, by introducing the process of establishing social entrepreneurship, Mr. Lee inspires participants from all different backgrounds and experiences.