

A Market for Values As An Instrument to Renew and Democratize Capitalism

by Marco Senatore

Abstract

This article elaborates on my previous proposal to establish a market for values, as an instrument aimed at reconciling the paradigm of economic utility, followed by companies and individuals, with responsiveness to social preferences. This proposal is contained in my article ‘A Market for Values and Metavalues’ (*Philosophy for Business*, Issue 79).

A market for values would offer individuals the opportunity to interact with the rest of society beyond their role of voters, consumers and workers. This market would imply the circulation of documents, whose structure I describe in greater detail here compared to my previous article.

Moreover, I discuss the main benefits of a market for values. Beyond facilitating individual autonomy – i.e. the condition whereby values inspire social roles instead of simply being instrumental to fulfilling such roles -, the transactions I propose would foster the spread of some values across society, and the gradual transition from mere societies to communities.

Here I deal only with a market for values, but, as I mentioned in my previous article, similar transactions could involve metavalues, meant as particular inner attitudes of individuals towards their own values.

Cycle of power and cycle of money

Currently, individuals can only participate in collective decisions through the assumption of two roles: voters and consumers. By electing their representatives, voters contribute to form local and national assemblies that take very important decisions in areas such as healthcare, culture, social policies. Through buying goods and services, consumers indicate to firms their own preferences, and influence the dynamics of prices, among other variables.

If power and money are the two media that coordinate actions in the political and economic systems, as argued by Jürgen Habermas, then we can define two cycles. The first, the cycle of power, is the sequence of phases through which voters designate representatives, the representatives take decisions, the decisions produce effects on voters, and the voters designate again their representatives. The cycle of money is the sequence through which, as already argued by Karl Marx in his *Capital*, firms invest their money in means of production,

the means of production are transformed into goods and services, the goods and services are sold in exchange for money.

The two cycles are not fully independent, as politicians and companies influence each other in significant ways, for instance through regulation and lobbying. At the same time, it may well be that the same citizens, who endorse certain environmental policies, like driving big, polluting cars. Or that someone, who supports certain private initiatives, votes for a party that hinders them. Indeed, in what Habermas called “lifeworld”, self- and mutual-understanding can be difficult. But what if we allowed all citizens, and not only consumers of certain goods, to influence directly and “politically” the behavior of companies? And what if also companies and individuals, as well as parties and assemblies, could take “political decisions” by way of influencing how the public perceives some general choices? A market for values might be a viable solution.

Hegel highlighted, in his *Phenomenology of the Spirit*, that consciousness and self-consciousness are necessary steps of the path of spirit. But our societies do not perceive themselves, because they are divided into segments (law, economy, politics, etc.) that do not have a full knowledge and understanding of each other, as Niklas Luhmann argued in his theory of differentiation.

Money is the only universal means of exchange and a Weberian instrumental reason is the only form of rationality shared by all society. Therefore, a systemic social change, or at least a debate about where society wants to go, is only possible through using that institution that connects virtually all individuals: markets. Markets should be the form, the procedure for change. The essence, the content of change, on the other hand, should consist in its aims and, in particular, in hopes, ambitions and projects of individuals who find that a social change is needed.

A market for values

Through a market for values, individuals and companies would have the chance to adopt organizational, moral and cultural values that are not merely instrumental to their social roles (e.g. workers and producers in certain sectors). Individuals and companies would instead invest in values that are able to inspire innovative, autonomous choices, and the assumption of new roles. For instance, individuals would choose a profession taking into account not only wealth and status, but also other values, and a rational expectation of how these values will be perceived by society over time. Companies would adopt certain strategies and invest in some products not only on the basis of financial indicators such as the expected ROI, but also taking into account the possibility that other companies will make similar choices, and how the whole society will assess some values.

Here, I will offer an example of how a market for values would operate. A given company A in the construction sector may have experienced the importance of innovation, by

way of developing self-healing concrete. This product may have improved the company's reputation due to lower carbon emissions. If the company A wanted to attest to the benefits of innovation, in order to allow other companies to make similar choices, it may describe these benefits in a document (let's call it "experience descriptor"), together with the actions that the company has undertaken. In exchange for the experience descriptor, the company A might receive from a company B that operates in the same sector, a description of the importance of another value: inclusivity towards minorities. After analyzing the strategy undertaken by A, the company B, that already produces self-healing concrete, may decide to innovate through offering solar products that are easy to install and using natural materials.

After experiencing benefits such as better reputation and higher demand linked with savings on energy bills, the company B might decide to transfer the experience descriptor on the market. In exchange, the company B might receive from a company C, that operates in the shipping industry, a description of how it is important to be present in many international markets. The company C might then decide to innovate through a process of digitization. For instance, it might introduce digital data streams (a continuous digital encoding and transmission of data, describing the location, direction and speed of a ship) and green routing (a system that computes routes by using automatic identification system data on current sea traffic, environmental conditions and characteristics of the ship). Through these innovations, company C might experience a higher level of resource utilization, less requirement for capital investment and a lower environmental impact.

Company C might want to add these experiences in its experience descriptor, before transferring it to a company D that operates in agriculture, and so on.

In each moment, the price of the experience descriptor would be given by the price of the relevant experiences referred to innovation, times the number of experiences contained in the document. Each relevant experience would be certified by a third party (e.g. a specialized company) on the basis of commonly agreed indicators, and priced on the basis of supply and demand.

Fig. 1 represents the experience descriptor after being exchanged by companies A, B, C and D. Examples of experience descriptors referred to other values (inclusivity towards minorities, environmentalism and social justice) are provided at the end of the article (Figures 2, 3 and 4, respectively).

The experience descriptors could be acquired and transferred also by individuals or also by groups of firms and of individuals. Each document would be exchangeable not only with other documents, but also with goods and services: values would be a means of exchange. Thus they would have a monetary value, and not only a value in terms of other documents.

Fig. 1: Experience descriptor 1 – value: propensity to innovation

| Relevant experiences referred to propensity to innovation | Individual/ company experiencing propensity to innovation | Action(s) carried out by the individual/ company, inspired by propensity to innovation | Benefit(s) obtained through the action(s) | Indicator/proof of the application of the value | Values exchanged with propensity to innovation (value given in exchange for the document/ value received to transfer it) |
|--|---|--|---|--|--|
| 1 | Company A in the construction sector | Development of self-healing concrete | Better reputation associated with lowering carbon emissions | Percentage of investments in the innovation | Inclusivity |
| 2 | Company B in the construction sector | Production of solar products that are easy to install, use of natural materials | Better reputation, savings on energy bills for customers | Percentage of investments in the innovation | Inclusivity/ international openness |
| 3 | Company C in the shipping industry | Digitization (digital data streaming, green routing, connected shipping) | Higher level of resource utilization, less requirement for capital investment, lower environmental impact | Percentage of projects related to green touring and connected shipping | International openness/ environmental. |
| 4 | Company D in agriculture | Use of real-time satellite data to track water productivity | More reliable crop yields, water and energy savings | Percentage of land cover | Environmental/ inclusivity |
| Total price of the document = 4 x price of each relevant experience referred to propensity to innovation | | | | | |

Benefits of a market for values

For each company or individual, undertaking new activities (for instance, changing one's products or job) could imply a monetary loss in the short term. But this loss might be compensated by an increase in the price of the experience descriptor, also due to adding new experiences to it. And these exchanges would provide an opportunity to be more responsive to the desires of society that would be expressed by the demand of some given values. Indeed, economic rationality would be reconciled with responsiveness to social preferences. This would mean taking into account not only the needs of economic counterparts (customers for companies and employers for individuals), but also those of all individuals who participate in the market for values. Moreover, values would be recognized for what they are: a form of capital, along with the three Marxian forms of money, commodity and productive capital. And along with cultural capital, a notion that includes only social values (in the sense that society considers them important), but not also individual values.

These exchanges would also have at least three other benefits.

First, they would allow each individual to acquire and concretely apply values that are independent from his social role. As I have noticed in my book *Exchanging Autonomy. Inner Motivations As Resources for Tackling the Crises of Our Times*, this would mean fostering individual autonomy, and therefore, true individuality. Anybody would be able to invest time and energy in some values, and inspire his personal and professional activities with them. To the extent that the price of those values may have a sharp increase, acquiring them would be a form of investment. And if an individual wanted to add his own experiences to a given document through his profession, he might also decide to leave an alienating job in order to pursue a more meaningful career. There would be more individuality, as freedom to choose one's aims, beyond mere individualism as freedom to choose means (the only aim being economic utility).

Second, through these exchanges it would be possible to transmit some values from parts of society and sectors of economy where they are abundant to parts of society and sectors of the economy where these values are rare. Empathy and tolerance would not be confined to NGOs and traditionally progressive communities. They might be endorsed – without renouncing utility – also by individuals and groups who have always opposed such values. For instance, this would make it possible to endorse environmental policies in areas where coal industries thrive. The economic decision to invest would be reconciled with the decision to widen one's perspective on the world. The same would happen with values that are more conducive to organizational and cultural change, such as learning by doing and interdisciplinarity. There would not be a public discourse outside the market, like proposed (overlooking the strength of the Weberian iron cage) by Habermas, but inside and through markets.

Third, societies would also have the possibility to become communities. As companies and individuals would not consider their values as a mere reflection of their social roles, they would contribute to a public debate on those values, possibly to generalize them. Therefore, society would not be simply a contract aimed at allowing companies and individuals to coexist while they pursue their private aims. Society would be a community, that is to say, a collective entity that has an intrinsic dignity and not a merely instrumental role. Values, along with money and power, would connect individuals and companies, while allowing them to express their own organizational, moral and cultural identity. And in choosing their values, individuals would adopt the Smithian perspective of the “impartial spectator”, because they would take into account also the expected dynamics of the prices, and, therefore, social demand of values. Rationality would enter the same definition of aims. And a public discourse about the latter would take place not in spite of economic utility, but through it.

Fig. 2: Experience descriptor 2 – value: inclusivity towards minorities

| Relevant experiences referred to inclusivity | Individual/ company experiencing inclusivity | Action(s) carried out by the individual/ company, inspired by inclusivity | Benefit(s) obtained through the action(s) | Indicator/proof of the application of the value | Values exchanged with inclusivity (value given in exchange for the document/ value received to transfer it) |
|---|--|---|--|---|---|
| 1 | Company E in the financial industry | Promotion of gender diversity | Lower turnover rate, better reputation | Presence of female in the board of directors | Social justice |
| 2 | Company F in the construction sector | Promotion of ethnic diversity | Broader range of knowledge and experience, more complementarities, improved reputation | Share of minorities in the labor force | Social justice/ environmentalism |
| Total price of the document = 2 x price of each experience referred to inclusivity towards minorities | | | | | |

Fig. 3: Experience descriptor 3 – value: environmentalism

| Relevant experiences referred to environment. | Individual/ company experiencing environment. | Action(s) carried out by the individual/ company, inspired by environment. | Benefit(s) obtained through the action(s) | Indicator/proof of the application of the value | Values exchanged with environment. (value given in exchange for the document/ value received to transfer it) |
|---|---|--|---|--|--|
| 1 | Individual A | Use of car sharing and public transport | Financial savings, greater security | Percentage of distance covered through car sharing and public transport | Social justice |
| 2 | Individual B | Environmental volunteering | Socialization, self-esteem | Percentage of time dedicated to volunteering | Social justice/ flexibility |
| 3 | Company G in agriculture | Use of precision agriculture to refine irrigation schedules and conservative agriculture based on strip cropping | Better use of nutrients and chemicals, enhanced productivity due to use of farm machinery in closer array | Percentage of investment dedicated to precision and conservative agriculture | Flexibility/ international openness |
| Total price of the document = 3 x price of each experience referred to environmentalism | | | | | |

Fig. 4: Experience descriptor 4 – value: social justice

| Relevant experiences referred to social justice | Individual/company experiencing social justice | Action(s) carried out by the individual/company, inspired by social justice | Benefit(s) obtained through the action(s) | Indicator/proof of the application of the value | Values exchanged with social justice (value given in exchange for the document/value received to transfer it) |
|---|---|--|--|--|--|
| 1 | Individual C | Volunteering in a charity | Greater sense of participation, socialization | Time dedicated to volunteering | Flexibility |
| 2 | Individual D | Writing petitions for minimum wage | Greater sense of participation | Number of petitions written | Flexibility/propensity to innovation |
| 3 | Company H | Contrasting child labor | Better reputation | Investments in campaigns in poor countries | Propensity to innovation/environmentalism |
| 4 | Company I | Fostering good working conditions | Better reputation, higher productivity | Investment in daycare, increase in wages | Environmentalism/international openness |
| Total price of the document = 4 x price of each experience referred to social justice | | | | | |

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