

Value Capitalism

A pragmatic concept for restructuring the global economy for the benefit of all people

- The negative effects of capitalism can be redirected to the benefit of all
- This becomes possible through the implementation of values as a production factor
- A value capitalism [a value market economy] is emerging.
- This can be implemented practically via a value guardian

1. Introduction

For many years, there have been various considerations about global economic development. This is characterized by a capitalist economic system whose weaknesses¹ are often criticized, but which, on the one hand, appears to have no alternative² because of its firm roots³ and, on the other hand, also because of its successes. Nevertheless, many an unattractive plant grows from the seed of capitalism, which also tends to proliferate wildly. Undoubtedly, some states are trying to counteract this, for example by steering classical production capitalism into more

¹ For example, the accumulation of capital and power or the participation in the emergence of inequality.

² For example, free-market reforms in China from the late 1970s onward led to a massive decline in poverty. At the end of 2020, the last counties were removed from the national poverty list. Although reports from the national news agency Xinhua must be handled with caution, the country's economic development is unmistakable despite everything.

Quelle: http://www.xinhuanet.com/english/2020-11/24/c_139538338.htm

³ This rootedness is occasionally ignored by critics of capitalism, who instead suggest that an attempt to "abolish" it - however propagated - would fail because of a small minority. In fact, however, the entrenchment is far deeper than is often claimed, would meet with massive resistance, and also fails to find majorities, as is shown concretely in election results, which most clearly reflect the will of the people, on the one hand, but also in polls, on the other:

<https://de.statista.com/statistik/daten/studie/70793/umfrage/meinung-zum-kapitalismus-in-ausgewaehlten-laendern/>

However, as the linked survey also shows, this does not mean that there is no willingness to reform.

manageable paths with the help of appropriate legislation, ⁴but these means already seem to fail in the case of financial capitalism, which only entered the public consciousness again with the financial crisis⁵, and there is as yet no recipe for the increasingly strong behavioral capitalism⁶. Contrary to many claims, capitalism is - still not - perishing, but it is shifting ⁷and new branches are outgrowing the main trunk,⁸ taking on an ever greater influence. The possibilities of state or institutional⁹ intervention therefore seem to have either reached a limit or the adaptation to a dynamic time driven by the changing times ¹⁰is simply too slow, because they can act far less actively than the economy.

⁴ Typical products of such interventions would be, for example, the social market economy, the welfare state per se, but also the "night watchman state" is already a necessary act of state action.

⁵ This refers to the banking and financial crisis as part of the global economic crisis starting in 2007 and its consequences. Basically, the causes and consequences have not yet been resolved, even if the media focus has turned its back on the issue.

⁶ Behavioral capitalism refers to a variety of capitalism in which human behavior becomes the central factor in the production and provision of goods and services.

Definition according to:

Herteux, Andreas. (2020). *Grundlagen gesellschaftlicher Entwicklungen im 21. Jahrhundert - Neue Erklärungsansätze zum Verständnis eines komplexen Zeitalters*, Erich von Werner Verlag, Karbach, 4. Auflage, DOI 10.5281/zenodo.3932355, ISBN 978-3-948621-16-2 At this point, it should also be noted that behavioral capitalism has once again gained significant power during the Corona pandemic, i.e. large behavioral capitalists are direct beneficiaries of the crisis. However, Covid-19 is not the cause of this, but it is definitely an accelerant.

⁷ A loss of competitiveness in Europe, as is to be expected for the next few years, is not a failure of capitalism, but simply a creeping defeat in free-market competition, because a parallel positive development in Asia, especially in China, is already foreseeable. The future ranking of world regions will therefore also be China, USA and India/EU.

⁸ An example would be the behavioral capitalism already mentioned here cf. also

Herteux, Andreas. (2019). *First Foundations of Behavioral Capitalism: A New Variety of Capitalism Gains Power and Influence*. Zenodo. <http://doi.org/10.5281/zenodo.3469568>, ISBN

⁹ E.g., by central banks or institutions such as the European Union.

¹⁰ A change of times is understood as a temporal period in which its individual elements dynamically influence each other in such a way that they can bring about a reordering of the previous (global) balance of power.

These elements are:

- Dealing with technological progress (e.g. digitalization, behavioral capitalism, homo stimulus, biotechnology, AI, human optimization),
- Rise of new competitors in world markets (e.g. Asian countries),
- Weakness of the Western world (e.g., due to instability, dwindling confidence in existing orders, loss of competitiveness, or the political rise of China),
- Change in environmental conditions (e.g., due to climate change, pandemics, resource depletion, or environmental degradation),
- Lack of prospects among a portion of humanity (e.g., due to overpopulation or unmet basic and security needs).

Some critics may now insist on the abolition of the capitalist system as a solution, despite the general experience with socialist realizations, and yet this is simply an illusion with the existing anchoring, which is presented in cosy and convivial salon rounds, but apparently can never be successfully implemented. On the one hand, for lack of realistic alternatives, on the other hand, because the broad range of interests would never allow such a thing. But this does not mean that pragmatic reforms are not necessary and possible. The ¹¹way to fight the negative developments of capitalism is therefore not to be seen in unrealistic utopias or in the hope of a zero point, but in beating the free market economy with its own means.

Why not redirect the elemental force and power of capitalism, like a raging torrent? Why not transform the destructive flood that takes everything with it into a beneficial water that provides fertile soil? Nothing less is at stake in the idea of value capitalism. An idea that wants to correct, rein in and redirect the free economy for the benefit of all people.

2. Basic Ideas

Value capitalism is based on the idea that values can occupy such a position in economic life that successful economic activity is made significantly more difficult without them. Or, to put it more simply, values should become an indispensable factor of production. At ¹²first glance, this may sound like utopia, but the statements will be made more precise in the following pages. It should be noted at the outset that value capitalism could develop in various forms in reality, which must also vary according to the situation. It is a pragmatic, adaptable idea and not an ideological, rigid construct in which only a pure form could theoretically work.

At this point, a distinction must also be made between a basic and an extended definition of value capitalism. The first describes the requirements of a value-based market economy. The second describes the concrete manifestation, i.e. a way how such

¹¹ Especially in difficult times, characterized by the change of times, lurching from crisis to crisis, the awareness and receptiveness for thoughts of change, should be particularly high.

¹² Rough: A factor of production is an element required for the production of tangible or intangible goods.

an economic system can be installed in the current situation with the current and future challenges. However, it remains fundamental for the reader to know that other real implications would also be conceivable.

3. Basic Definition

Value capitalism [the value market economy] is an economic system in which values become a factor of production.

Values thus complement the economic production factors of labor, land, capital and behavior and represent a basis for successful economic activity. Without this production factor, profit maximization becomes more difficult. It is important to understand that values in this model are not an imposed foreign factor that would not play a role in the "normal" framework of "natural" capitalism, but they become an elementary part of the production process: ¹³

Values - in the sense of value capitalism - are defined rights, standards and duties in the legal sense.

Objective norms are used, often worked out over decades, which can be formed and extended through constant discourse.

For companies, therefore, standards are coming into focus such as:

- Fair remuneration
- Operational co-determination
- Positive working conditions
- Fundamental employee rights
- Environmental Awareness
- Duties of care for the employee
- Transparency obligations

For example, states should be encouraged by value capitalism to adhere to the following values and commitments:

¹³ Therefore, there is no state or other external intervention, but values become part of the DNA of capitalism.

- Safeguarding personal rights, such as:
 - Right to life
 - Right to physical integrity
 - Prohibition of torture
- Guarantee of liberty rights, such as:
 - Right to freedom
 - Right to property
 - Right to safety
 - General freedom of action
 - No state interference in privacy
 - Freedom of expression
 - Freedom of thought, conscience and religion
 - Freedom of travel
 - Freedom of assembly
 - Freedom of Information
 - Democratic participation
 - Data autonomy
- Securing judicial rights
- Protection of nature and livelihoods
- Ensuring a social, economic and societal infrastructure

The list is not exhaustive, and the inclusion of other standards such as environmental protection would also be conceivable.¹⁴ Each "value" can therefore be clearly defined, tracked and legally formulated as a contractual clause. This is also the basic requirement. Why this is relevant will be shown in the following.

¹⁴ However, "measurability" remains relevant. Values of the zeitgeist or fashion trends are not. Value capitalism is the completely wrong level for their enforcement, because it is not a means of the milieu struggle, or of the vague, but of the concrete.

4. Extended Definition

The extended definition of value capitalism, which includes the basic one and at the same time outlines its functions, is to be carried out as follows:

- **Value capitalism [the value market economy] is an economic system in which values become a factor of production.**
- **It is an evolution and a corrective of the capitalist system and is based on utility maximization through value-based action.**
- **It uses market mechanisms.**
- **The goal is global peace, freedom and prosperity.**
- **He is transforming capitalism by democratizing key industries of the future and then adapting them to the market situation on a market-based, value-driven basis.**
- **It does not exert coercion on market participants, but redirects their desire for profit and utility maximization in such a way that the desired optimum can best be approached when this is value-based and for the benefit of all.**

This description may sound abstract at first glance, but it is to be crystallized more clearly in a possible form of implementation, which, however, does not claim absoluteness for itself.

5. Practical implementation

The introduction of value capitalism is conceivable in various ways. A pragmatic variant adapted to realities will be presented here. It could rein in capitalism and steer it in new directions, but it is only one possibility (**corrective function**). For this it is on the one hand necessary to ¹⁵set up a value fund (**value guardian**), ¹⁶by liberal-democratic-ordered states, on the other hand with this central technological fields, to occupy, i.e. to invest into these¹⁷ and to let the consequences of the new market power

¹⁵ The liberal democratic order is a basic prerequisite for participation. How could value capitalism also want to implement values credibly if the participating states show deficits at this point?

¹⁶ One example of such a fund is the Norwegian sovereign wealth fund.

¹⁷ Here, a small percentage in the single-digit range of the GNP would be conceivable.

radiate on all further ranges of the economic life (**fire function**). But what is the guardian of values?

The value fund (value guardian) is a democratically-legitimized, politically independent institution owned by the citizens, which on the one hand tries to take a dominant role in the field of key technological industries and on the other hand strives to implement values - in the sense of value capitalism - via contractual constructs.

The value fund is at the same time a regular market participant and is subject to the laws of the market.

The fields to be filled are: ¹⁸

- Modern information technology
- Robotics and CNC machines
- Aerospace Systems
- Sea technology systems and high-tech ships
- Advanced rail transport systems
- Energy-saving cars and cars with alternative drive technology
- Energy Systems
- Agricultural machinery
- New materials
- Biomedicine and medical devices

The value guardian, capitalized by the free democratic participating states, is now trying to gain strong shares in these markets and is active on the market (**market function**).¹⁹ Accordingly, the fund, which is organized like a stock corporation, with the member states holding the non-tradable shares and the supervisory board being

¹⁸ Attentive observers will see here a parallel - hardly surprising - to "Made in China 2025" or the strategies of the large technology groups. What other fields should also be occupied in order to be able to exert a corresponding influence?

¹⁹ At the same time, its core operations are no different from those of a large technology group. Here, for example, we should remember Alphabet Inc. which is probably better known to the general public as Google. Google itself was only founded in 1997, but it now occupies an almost market-dominating position in Western countries. If this can be achieved by a private company "out of nothing" in a very short time, how much faster, bigger and stronger would an independent and democratically legitimized institution be that would be capitalized by the states many times over?

democratically legitimized, makes ²⁰targeted investments in corresponding resources **(investment function)**.²¹ The resulting technological research and development products²² are offered as licenses **(licensing function)**.²³ Values are implemented as a production factor via these contracts **(implementation function)**, because licensing is not possible without acceptance of the corresponding contract clause. Companies or even states will therefore accept the value clauses out of self-interest, because otherwise profit maximization would be endangered.

The value guardian therefore does not impose anything on any state or company, but offers new opportunities for profit maximization. It is therefore an incentive system which, by creating a new factor of production, curbs capitalism to a large extent.

The licensing companies operate normally in the market and are subject to competition, as is the value fund itself. By relying on modern technologies and licenses, they have a competitive advantage over value deniers. However, it tends to be unlikely that such advantages will exist permanently; the companies will continue to behave selfishly, i.e. economically, and will want to bring about maximum benefit for themselves. Now the success factors have changed, because now profit maximization is most easily achieved by adhering to values (e.g. working conditions, wages, co-determination).

Values thus become a factor of production like labor, land, capital and behavior. Therefore, companies will adapt voluntarily. Not for moral reasons, but for calculation. Greed thus creates the good. They do not act out of conviction, but out of self-interest. The forces of the market are thus steered in a positive direction. The

²⁰ The guardian of values is democratically legitimized, but not a state institution. Even the members of the Supervisory Board are ideally not determined by the member states, but elected by the peoples. The Fund's Board therefore acts in an entrepreneurial and independent manner. In terms of its basic understanding, the guardian of values is a dynamic group, acts as such, and needs maximum expertise in the strategic and operational areas, which it obtains through the market.

²¹ The value guardian acts like a company here and also strives for strong cooperation with state institutions such as universities.

²² The term covers technologies in the above-mentioned fields. However, the actual product development is then left to the market.

²³ Ultimately, this is business practice as usual. Only the licensor is now a different one.

invisible hand of education works, without any coercion and without any regimentation.

Nations should be seen in an analogous light, because there is now a real incentive to strive for massive reforms in the direction of a liberal **democratic order (democratization function)**, because otherwise embargoes on certain technology patents are conceivable. ²⁴

With this business, the value guardian in turn collects funds, which it reinvests on the one hand and distributes to the donor countries on the other (**financing function**). The accumulated profits now serve the general public and open up manifold possibilities for financing the state system. Many elements that previously failed to be financed now become possible. ²⁵

In this context, the guardian of values is obliged to provide maximum transparency and is democratically legitimized (**transparency function and co-determination function**).

What the whole thing will cost the people? Nothing, because practical value capitalism is oriented toward states and companies (**laissez-faire function**). It touches neither culture nor identity, knows no coercion, demands no abolition of nations or takes away possibilities of democratic co-determination. In contrast to other ideas, it simply does not focus on people. ²⁶

That, then, is the basic idea. In the best case, therefore, we have a prosperous and better earth in which prosperity, freedom and peace prevail. In the worst case, a counterweight to the future power of authoritarian systems will emerge to match it. Power over technology is taken out of the hands of corporations and autocracies and

²⁴ Such states should, of course, be brought closer to a state in the long term so that they themselves become participants in the guardian of values. To abandon them would mean to strengthen the influence of authoritarian states. However, value capitalism is not an ideological but a pragmatic concept, and therefore, depending on the stage of development, there will be a variety of programs to bring the respective state closer step by step.

²⁵ Practically everything from environmental protection issues to safeguarding the social system can be listed here. The welfare state would not only be saved, but could even be expanded. However, the use of funds is not a matter for the guardian of values, but for the states. In fact, the accumulation of capital thus takes place partly in the coffers of the general public and no longer in the private sphere. The fundamental capitalist principle does not change, but does it have to if it has been diverted accordingly?

²⁶ A statement that should be underlined several times with this remark: Man is not an object of education or even manipulation in value capitalism. Rather, it starts with the market forces.

placed in those of the people (**protective function**). It is democratized, capitalism is restrained.

6. Conclusion

The transformation of capitalism with the help of the production factor values to a value market economy could solve urgent problems of the economic system and furthermore contribute to freedom, prosperity and peace. The practical implementation via a value guardian can be discussed in this context.

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