

BUSINESS

IN A DIFFERENT

WAY?

15 August 2019

Feeling Europe Foundation

BUSINESS IN A DIFFERENT WAY?

Feeling Europe Foundation fosters and guides values and affairs, aiming to improve living conditions as well as human condition. The desk:

- brings European values and affairs in front;
- takes position as nexus between citizens and institutions;
- delivers resonance, builds, informs and connects;
- is doing research.

Changing moral standards and values did stimulate to share European values and affairs. This is done via the website www.feelingeurope.eu, social media, campaign material, the network, and by taking part in gatherings focused on all learning disciplines of life. The desk is an outgrowth from the conferences '[Europe: A Beautiful Idea?](#)' (5th) and '[The Sound of Europe](#)'.

The next centres are committed: The Nexus Institute, Center for European Policy Studies (CEPS), Bruegel, Dutch Chapter of the European Movement International, Dutch Society for International Affairs, the Royal Dutch Economic Association, Caux Round Table for Moral Capitalism, Odyssey, Convention of Independent Financial Advisors.

The founder lives and is trained in the Netherlands. He worked for decades in several professions and business at financial institutions, mainly within the internal control sector, and from managerial positions. He got involved in the different stages of the classic financial bubble.

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“What an extraordinary episode in the economic progress of man that age was which came to an end in August 1914! The inhabitant of London could order by telephone, sipping his morning tea in bed, the various products of the whole earth, in such quantity as he might see fit, and reasonably expect their early delivery upon his doorstep.

But, most important of all, he regarded this state of affairs as normal, certain, and permanent, except in the direction of further improvement, and any deviation from it as aberrant, scandalous, and avoidable.”

(John Maynard Keynes, *The Economic Consequences of the Peace*, 1919)

This edition is from the series '*On Values and Affairs*'. Previously published:

- **'Take care of it'**
- **'21st Century: Beyond the Shock, Homo Humane?'**
- **'A ROADMAP FOR THE EU - Europe has a territory, what now?'**
- **'The Case of Moral Capitalism - The Long and Difficult Road'**

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BUSINESS IN A DIFFERENT WAY?

FOREWORD

The late 2000s and early 2010s, a period of general economic decline was observed in world markets, culminating in the Great Recession. A large number of factors were the cause of this: faltering financial and economic systems, rulers from that time, the ever-more flexible regulation and legislation and powerlessness to timely correct, have ensured that societies derailed. The crisis also clearly demonstrated how we are strongly interconnected.

Megalomaniac and mania behavior by the private sector, public administration has remained too far away?

August 9, 2007, French bank BNP Paribas had sent the financial world into a frenzy when it announced it wouldn't let investors cash out of two of its subprime funds, because the bank had no idea what they were worth.

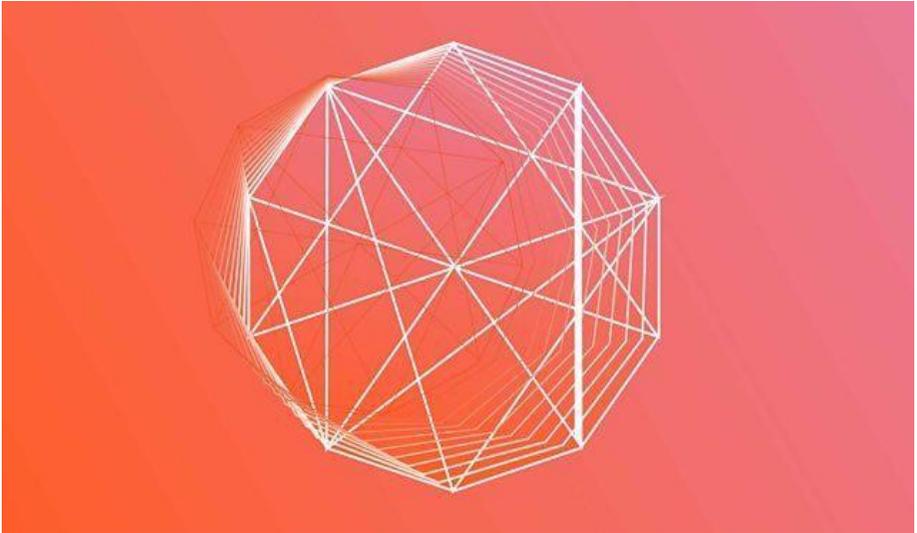


Nobody would buy, and when that happens, the "price" is pretty much zero. Valuation became meaningless.

After having worked unsuspectingly for a long time in the stealth phase of the financial mania and have seen appear the awareness phase, it became clear what all was going on. The time came to repair and renew, under the motto 'never waste a good crisis'.

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Key points in the document are the view of business on dealing with operations (objectives, social interests, sustainability, compliance, thinking from the customer's mind) and 'sharing', which we cannot escape in the future. Also be discussed are preconditions for the business community to thrive and the impact of neoliberalism and capitalist values in its current form.



With the Great Recession in mind, disruptions within financial economic and social systems, lessons learned, the repairs, and the current paradigms shifts, this document is also meant to be used for further thought about solutions.

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PRECONDITIONS for DOING BUSINESS

Humanity is woven in a dance, called life: we design, join or try to keep out (r)evolutionary industrial, technical, cultural and social changes. But which changes are involved? And why? What are the consequences in the short and long term? Cui bono? What will be the social impact? People seek satisfaction, set themselves independently, but also require certainty. What characteristics for a society that wants to meet the broadest needs and desires of people? Humanistic? Hobbesian? Ethnic distancing, religious separatism? And which needs and desires are we talking? Material? Spiritual? Is reaching **the SDGs** (partly) the answer?

International relations are read as the historical succession of philosophical moments of the worlds of Locke and Kant (liberalism / democracy / peace) and of the worlds of Hobbes (war of all against all), Nietzsche (identity confirmation) and Marx (class struggle, developed and underdeveloped worlds).

The greater part of business activities thrives and is being exercised within a financial economic system of capitalism, often in combination with a liberal economic model and a free market. They exist to produce goods or to provide services. Objectives usually consist of serving the customers' needs and desires, making a profit, to let raise capital and to survive.

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MATERIAL NEEDS and DESIRES, VALUATION

Capitalist values lived on through the dissemination of libertarian ideas, in particular through the highly popular novel of Ayn Rand's bestseller *Atlas Shrugged*, "a capitalist manifesto" that depicts an utopian picture of capitalist, transforming society as a whole and reduce all interpersonal relations to money trade in contrast to human capital, the stock of knowledge, habits, social and personality attributes, including creativity, embodied in the ability to perform labor so as to produce economic value.

The economic theory behind neoliberalism initially stems from the monetarism that the Chicago economists adhered to in the 1970s, which has two key points:

1. valuation by supply and demand. This also applies to labor, so that its market value is the real value;
2. the efficiency of the free market. The expectation was that a market without government intervention would automatically come into equilibrium and come to full employment, because the market does not tolerate waste. Inflation was only expected from government intervention.

Meanwhile we noticed added value is concentrated in ever smaller clusters at the expense of the widest layers of the population, allowing races to the bottom into terms of wages.

Technological change, globalization, and policy reforms have influenced industries, regions, and ultimately people in very different ways. Entire sectors have lost importance and many occupations are under threat of disappearing. Sloppy and misleading valuation of enterprises and un-redeeming core values in many firms occur regularly.

"There had to be a mistake in the belief that the free market can better regulate itself than any government supervision would do" (Alan Greenspan, 2008 for a committee of the US Congress).

Experts argue functioning of the current form eats the welfare of the people and ultimately itself through the structure in which it is set up.

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This decade:

- Silicon Valley engineers fear they've created a monster;
- gig-economy companies like Uber and Instacart are on the verge of overtaking the traditional economy;
- democracy is threatened by popular frustration about the lack of economic benefits deriving from the establishment of a democracy, from the malicious use of technology. The power of the automotive, digital world, health sector, weaponry, fast food-, oil- and financial sector lobbies is so strong, they operate along and sometimes without the law and let politics represent their interests;
- Free Trade **(1)** Agreements are under pressure, turning into warlike trade disputes, there are cyber attacks, currency battles, and aversions to multilateralism.

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GENERAL INTEREST FIRST?

At particular times a great deal of stupid people have a great deal of stupid money At intervals the money of these people - the blind capital, as we call it, of the country - is particularly large and craving; it seeks for someone to devour it', and there is a "plethora"; it finds someone, and there is "speculation"; it is devoured, and there is "panic" (Walter Bagehot).

Investors want to invest where there is trust, future expectations and sufficient ROI. In a capitalist market economy, investments are determined by private decision and the parties to a transaction typically determine the prices at which they exchange assets, goods, and services.



THE NEED FOR "THE PHILOSOPHER"

"The Theory of Moral Sentiments", Ancient Philosophy, rule of law, the rule of St. Benedict, Augustine of Hippo, is forgotten or ignored.

But when the philosopher appears, it's more about good stewardship, achievable ambitions, good awareness and acting on what **short and long-term thinking** entails and how it is related to each other, timely government acting, a **cooperative model for business** with as less as possible walls, open spaces with much more flexibility and freedom, more cross-cutting thinking and doing, less hierarchy, resulting in more emphasis on responsibility and accountability.

Nothing less than the blockchain shows we as human beings are like 'a node' connected to a network, which in turn is part of a grid and cross-sectoral approach. As such we are **one of the links in business** and ultimately not only also part of the monster, gig-economy, economic equilibrium, a Free Trade Agreement but also part of **enlightened thinking to initiate change**.

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‘CODING IS NOT ONLY ABOUT CONVERTING PLAIN TEKST’

Already before the transaction comes about, **business must possess a rare combination of gifts**. ‘No part of man's nature or his institutions must lie entirely outside his regard’. In order to thrive, companies must identify and manage a broad and diverse range of stakeholders, with often conflicting demands. Coding/programming in the digital world is not only about converting plain text, but also thinking about the end users’ needs and desires, legislation, regulation, ethics and **moral principles (2)**.

There’s also our natural environment, which we must take into account. Our wealth depends on natural resources and raw materials. Supply is limited, while a growing number of people will become consumers with as result also limits to pollution. That brings **responsibility and accountability** to be met and **adjustments in the production and distribution chains**: economical use, reuse, less waste, efficiency, fairer distribution of welfare and solving the disadvantageous side of the use of plastics could contribute to solutions.

An inevitable consequence is to add environmental, social and governance factors (**ESG Factors**) to the business objectives.

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STEP FOR ONCE IN THE 21st CENTURY

Humanity developed from hunter gatherers to humans, living in a world that has become increasingly globalized and interconnected. Not only trade, money, international relations acted as a catalyst, but also education, good governance and bookkeeping.

Now, we feature AI, big data, blockchain technology, robotics with likely endless possibilities.

“While continuing to act as an engine of economic growth, an increasing number of companies, large and small, are adopting **notions of shared value creation** and taking a larger stakeholder view of the firm. There is agreement that businesses can address social as well as economic challenges effectively and efficiently in partnership with governments”, writes **Global Business School Network**.

Adam Smith argued that a moral framework and cooperation are essential for a successful society. Should companies be required to tell stakeholders what value they add to the world in addition to their mission, vision, and values? And if we can't accurately price a company, how then can it be managed for optimal advantage to its owners, customers, employees and society?

**THE MATTER IS WHETHER PEOPLE
ARE WILLING TO SHARE PROPERLY**



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Private property is one of the features of capitalism, but in cases a shift towards more collective ownership of the means of production and the creation of goods and services for profit will benefit needs and desires of more people.

‘Captains of industry’ are responsible for a good working environment and there are certainly improvements to make on accepting or to set limits, they might call an employee a business participant, on elderly policy and they can provide factors that stimulate satisfaction and connectedness with the company.

Echoing **Business & Society program of the Aspen Institute**, such a program could also be set up in Europe. An institute that works with business executives and scholars to align business decisions and investments with the long-term health of society—and the planet.

CONCLUSIONS and RECOMMENDATIONS

“Moral capitalism provides for wealth creation that we may live with social dignity. We must make it happen through our moral leadership in everything we do” (Caux Round Table for Moral Capitalism). The following conclusions and recommendations are proposed:

- good personal bildung (humanistic attitude) provides good leadership and responsible employees;
- a broader understanding of business objectives (environment, SDGs aspects);
- adjustments in the production and distribution chains;
- more business organized foas a cooperative model;
- compliance of corporate principles: responsibility and accountability must be met;
- development of factors in order to improve working environment;
- understanding of the effects of influences ration short and long-term;
- establishing an ‘Business and Society’ institute’;
- willing to share properly.

REFERENCES

- (1) The law or principle of comparative advantage holds that under free trade, an agent will produce more of and consume less of a good for which they have a comparative advantage. Comparative advantage is the economic reality describing the work gains from trade for individuals, firms, or nations, which arise from differences in their factor endowments or technological progress. In an economic model, agents have a comparative advantage over others in producing a particular good if they can produce that good at a lower relative opportunity cost or autarky price, i.e. at a lower relative marginal cost prior to trade. One shouldn't compare the monetary costs of production or even the resource costs (labor needed per unit of output) of production. Instead, one must compare the opportunity costs of producing goods across countries.

David Ricardo developed the classical theory of comparative advantage in 1817 to explain why countries engage in international trade even when one country's workers are more efficient at producing *every* single good than workers in other countries.

- (2) [Equator principles](#) | [Code of business principles](#) | [Code of Business Conduct](#) | [Principles for Responsible Business](#) | Black rock: "We're guided by our culture and a set of principles that ensure we never forget what we stand for – to help more and more people invest in their financial well-being."