The Socialisation Of Capitalism For The New Economic Paradigm

新经济范式的资本主义社会化

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The assumptions of neo-classical economics: rational self-interest, profit maximization, agency theory and the accumulation of capital have led to the perception that capitalism is, *ipso facto*, a force for injustice. No system can unpick the myriad of motivations that different consumers and investors make in their transactional decisions, whilst rational choice theory finds little support amongst contemporary economists.

Responsibility for greed, fraud, criminality and despotic exploitation of competitive markets at the expense of society lie with moral agents and not with the mechanism of exchanges. The human drivers for self-interest can ignore the sense of justice and concern for the future of the planet. Egoism and fear are forces that sabotage the commonly shared heritage of virtues from world religions and wisdom traditions which assume that we are moral agents.

But signals of a new economic paradigm are emerging in which an interdependent responsibility is being realised between the principals of private goods and the principals of public goods. Motivations for greater alignment between the private and public sectors appear to incorporate both self-interest and public interest.

Societal norms, whether enforced by regulation or by communitarian moral consensus, represent societal restraints on unfettered self-interest. The hope for a new economic paradigm is that different forms of 'socialised' capitalism are emerging with moral agents promoting sustainable enterprises, deploying technological, productive and innovative goods for the wellbeing of all and in the most efficient way possible. Profit is **a** motive but not **the** motive. The hope is represented in the insistence by institutional investors such as BlackRock that stakeholder agency and ESG (Environmental, Social and Governance) criteria be integrated across a company's operations and its supply chain.

A new economic paradigm requires social innovation by entrepreneurial businesses and a legal framework which effectively tackles disadvantage, discrimination and social abuses as well as a society sensitised to the moral imperatives of distributive justice. Wise decision-making by morally responsible executive management is no longer a "nice to have." It is a question of corporate survival that the so-called "Decisive Decade" requires a higher quality of managerial character and intelligence than ever before. As de Bettignies (2017) has pointed out:

> Leaders, in all walks of life, should see their contribution in making the future better as a categorical imperative embedded in the very nature of their position. Moral leadership thus becomes a prerequisite ingredient in any contemporary effort to further sustainable development. Today, in a world which is confronted by so many fast-changing and difficult issues moral leadership is indispensable to induce change but in a direction that will further the common good.

Leadership education needs to be infused with case challenges that call for just and responsible decision-making beyond abstractions and models of leadership.

Responsible leaders can combine both capitalist incentives (self-interest) with a socialisation that incorporates other-interest, or the Common Good. Enterprises, such as Patagonia and Hindustan Unilever, are innovating and investing in ecosystem protection and the creation of new and accessible markets for the marginalised and poor such as Hindustan Unilever's Project Shakti (Hindustan Unilever Limited, 2021).

There are signs that new forms of value creation are emerging in the socialisation of Capitalism and I have chosen to outline three forms: (i) Corporate Total Value Creation; (ii) Governmental Value Creation and (iii) Digital Capitalism for the Poor.

Total Value Creation

Total Value Creation (TVC) refers to the value created across multiple stakeholders and with company performance increasingly measured by ESG metrics. Whether for greenwashing purposes or genuine commitment or both, investment and fund managers have increased their use of ESG data in the selection of fund portfolios of companies.

TVC is brought to life in the significant shifts made by many Multinational Corporations (MNCs), Small and Mid-size Enterprises (SMEs) and investment fund managers. The growth of the B Corp movement has gathered over 4,000 largely SME companies worldwide to become Certified B Corporations. To qualify, B Corps must meet rigorous standards audited by B Lab Global that require them to consider the impact of their decisions on their workers, customers, suppliers, community, and the environment. In another example, the dairy and water multinational, Danone, has adopted the French *Entreprise à Mission* model to prioritise stakeholders such as workers, community, environment, and customers. Danone Manifesto Ventures' and the Danone Ecosystem Fund are tangible examples of social investments. BlackRock, the world's largest investment manager, is voting against directors who are not performing against given social and environmental goals.

Governmental Value Creation

Governments intervene in capital markets with grants or subsidies to promote innovation and enterprise that subsequently result in wealth-creating innovations in which the returns do not often flow back to the public investors through royalties or equity profit-sharing. Fair returns to society are required when governmental investment directly or indirectly result in private wealth creation. Governments are the agency for the cause of common goods, such as solidarity and subsidiarity, which require that tax be paid on the profits generated within a country. With no international law on profit-sharing, companies can claim that they are breaking no laws in declaring profits in countries that offer the lowest corporate tax rates. Tørsløv et al's research (2020) uncovered the fact that the six European Union (EU) tax havens (Ireland, Luxembourg, Netherlands, Belgium, Malta, Cyprus) exceeded the imports of 22 non-haven EU countries by more than 30%. To enable researchers and policy-makers to track the effects of policies aimed at reducing corporate tax avoidance they have developed a database of local vs. foreign profits across the world as living series.

Mazzucato (2018) has argued that government is an active value creator but regularly fails to benefit from the value distribution of successful innovations. She points out that the technologies developed by Apple and others such as the internet, GPS, touchscreen, battery, hard drive and voice recognition were developed by researchers on a government payroll. In the new economic paradigm, the relationship between the private and public sectors needs to result in fair shares of reward.

Digital Capitalism for the Poor

Many of the world's poor live in regions where the basic principles of contract and private property are not sufficiently strong enough to support the economic freedom that characterises competitive markets.

The advent of blockchain distributed ledger technology offers new ways for the poor to access property rights. Kshetri (2017) has presented evidence linking the use of blockchain in overcoming some economic, social and political challenges facing the global South. He demonstrates how blockchain can help promote transparency, build trust and reputation, and enhance efficiency in transactions. MicroMoney, a South-east Asian money-lending app provides services to help people build a credit history on the blockchain. BitPesa has emerged as a digital foreign exchange and payment platform designed for "frontier markets" with the claim that businesses are offered the fastest and most cost-efficient way to make and receive payments in African currencies.

These three forms of value creation afford hope that capitalism can be socialised by owners and managers of private good who are incentivised for different reasons to incorporate public goods: the material and non-material aspects of human and non-human functioning and flourishing.

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