

Value Capitalism: How to manage the consequences of the Corona crisis and how to build a crisis-proof world order

- **The corona pandemic will lead to considerable economic cuts and further destabilise systems and orders**
- **Covid-19 is merely a dynamization factor in a period of global change**
- **Existing systems and regulations will therefore continue to be challenged**
- **The consequences of the change of times could be mitigated by value capitalism**
- **With the help of the value market economy, the world can be made more crisis-resistant, more stable and also fairer**

A virus rules the world. Perhaps the course of the year 2020 so far can be aptly summed up in this short sentence, because since the A-virus H1N1, now better known as "Spanish flu", at the beginning of the 20th century, no infectious organic structure has been able to intervene, directly or indirectly, in such a profound way in the lives of so many.¹

All systems are now facing an extreme stress test. Some will withstand it better, others will break. As far as can be foreseen at the moment, the global economy will shrink slightly at best; in the worst cases, global economic upheavals are imminent, which could result in far greater cuts than the financial crisis of 2008. Precise forecasts are difficult, it is wiser to work with probabilities and scenarios at this point.

Covid-19 is only one part of unstoppable global change

However, the consequences of the pandemic are only one aspect of many. Even before the outbreak, a period of upheaval was verifiable, during which there were manifold, mutually influential developments. These can be summarised by the term "change of times", which refers to a period of time in which its individual elements dynamically influence each other in such a way that they can bring about a reorganisation of the previous (global) power relations. These elements would be:²

- **Dealing with technological progress (e.g. digitalisation, behavioral capitalism,³ homo stimulus,⁴ biotechnology, AI, optimisation of the human being)**

¹ At this point, we will not talk about deaths, which are estimated at over 50 million in the case of the Spanish flu, but about the effects on everyday life. If one takes the pure number of victims, one would also have to mention the Asian flu (1957/68), the Hong Kong flu (1968-70) and others. The HIV virus and cholera also have very high numbers of victims. It is to be hoped that Covid-19 will not even come close to the number of deaths from these pandemics.

² By definition: Herteux, Andreas, Homo stimulus: Fundamentals of Human Adaptation and Development in the Age of Collective Individualism. Erich von Werner Verlag, 19.02.2020, ISBN 978-3948621131, DOI 10.5281/zenodo.3675389

³ Definition: "Behavioural capitalism is a form of capitalism in which human behaviour becomes the central factor in the production and provision of goods and services. "

Herteux, Andreas, First Foundations of Behavioral Capitalism: A New Variety of Capitalism Gains Power and Influence Erich von Werner Verlag, 25.09.2019, ISBN-13: 978-3981900675, DOI 10.5281/zenodo.3469568

⁴ Definition: "A homo stimulus is a person who is conditioned in such a way that he is used to a permanent confrontation with highly frequented, short as well as artificial stimuli and who can or wants to evade them

- The rise of new competitors on the world markets (e.g. Asian countries)
- The weakness of the Western world (e.g. through instability, milieu struggles, eroding milieus, dwindling trust in existing orders, loss of competitiveness or the political rise of China/Asia)
- Changes in environmental conditions (e.g. due to climate change, pandemics, resource exploitation or environmental degradation)
- Lack of prospects for a part of humanity (e.g. due to overpopulation or unsatisfied basic and security needs)

Covid-19 now pushes the perception of these developments into the background, but this does not change the fact that they will continue to have a continuous effect. A pandemic, which has so far played a subordinate role in the risk model, becomes a strong dynamising factor at this point. It is a fire accelerator, but not a trigger. The world is already in a state of flux, it will only become more pronounced in the period that follows, further destabilizing existing orders and systems and raising the question of ways to regain control or even alternatives. Changes are therefore unstoppable, the only question is whether we will actively shape or passively accept them. The ship is in the middle of a torrential river and it is up to us whether we take the helm or let ourselves drift.

Creating the inevitable yourself

The corona pandemic is therefore not an opportunity, because in the case of such a drastic event, it is impossible to speak of a possibility, but it is an occasion that should lead to the re-creation of structures that are now in need, stronger, more robust and better, but also more democratic, socially freer and fairer. No patchwork, but a consistent evolution of the existing. One for the better. No dreaming of any ideologies that have already failed in the past, but a pragmatic correction of the weaknesses for the benefit of humanity.

Exactly this could be achieved with the idea of value capitalism, behind which the Model of Alternative Hegemony (AH model)⁵ lies.

Value Capitalism: The Alternative Hegemony Model (AH Model)

What is value capitalism? Value capitalism is an economic order in which values become a factor of production. Alternatively, one could also use the term "value market economy". This value capitalism does not need a zero point, but, what makes it so pragmatic, is simply added to the existing capitalist system and acts as a corrective. One could again use the image of a river, which in its natural form would destructively wash away everything, but which, through clever diversion, could be used and become a blessing for the people. The value market economy therefore does not demand the abolition of capitalism, which would also be unrealistic as powerful interests clash here, but rather diverts its force and also its greed in such a way that prosperity and freedom for as many people as possible is generated from it.

Value capitalism is introduced with the help of the model of alternative hegemony (AH model). This is the means to an end.

hardly or only partially. On the contrary, certain stimuli are often demanded or a corresponding stimulus dialogue is initiated.

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⁵ Herteux, Andreas, The Alternative Hegemony Model (AH Model): The "invisible hand" of nurture for the better. Erich von Werner Verlag, 01.12.2018, ISBN-13: 978-3981900613, DOI 10.5281/zenodo.1894462

key technology

The key to this is technology, or more precisely the central technologies of the future:

- Machines for agriculture
- Shipbuilding and marine technology
- Energy saving and electric mobility
- New generation information and communication technologies
- High-end controlled machine tool systems and robot technology
- Electrical installations
- Equipment for aerospace technology
- new materials and substances
- modern facilities for rail transport
- Biomedicine and High-Performance Medical Devices

Whoever masters these technologies will ultimately dominate the future.⁶

The AH Fund

In order for this to happen, it is necessary to create market power. To achieve this, states that guarantee minimum standards in their countries, such as freedom of opinion, democracy or the rule of law, invest in a joint AH fund. The idea is to invest 2-3% of the respective gross domestic product (GDP). Equipped with capital, the fund invests in key technologies. This means that it creates research structures itself, makes appropriate purchases on the market and cooperates with existing institutions and companies. The aim is to build up corresponding market power, as the AH-Fonds is a market participant and not a state institution. It is organised according to the structure of a stock corporation. Nevertheless, the AH-Fonds is subject to democratic control. Its activities should ultimately lead to the rights to central elements of key technologies being in the hands of the AH-Fonds. These rights are then granted as licenses to companies within the framework of licensing agreements. Basically a normal procedure. The AH-Fonds collects licence fees for this and thus generates profits in the medium term, which are reinvested but can also flow back to the donor countries and thus stabilise the national budget. This diversion of profits is another side effect.

Values as a production factor

However, this has nothing to do with values. However, these do come into play because licenses are only issued if a company is contractually committed to adhering to certain minimum standards (e.g. minimum wages, working conditions) and to demonstrating the fulfilment of this commitment in a permanent and transparent manner⁷. As the market power of the AH-Fonds will be very strong, it will be difficult for a profit-oriented company to do without relevant licences.⁸ Nevertheless, companies will by no means be forced to cooperate with the AH-Fonds. It is their free decision whether or not to

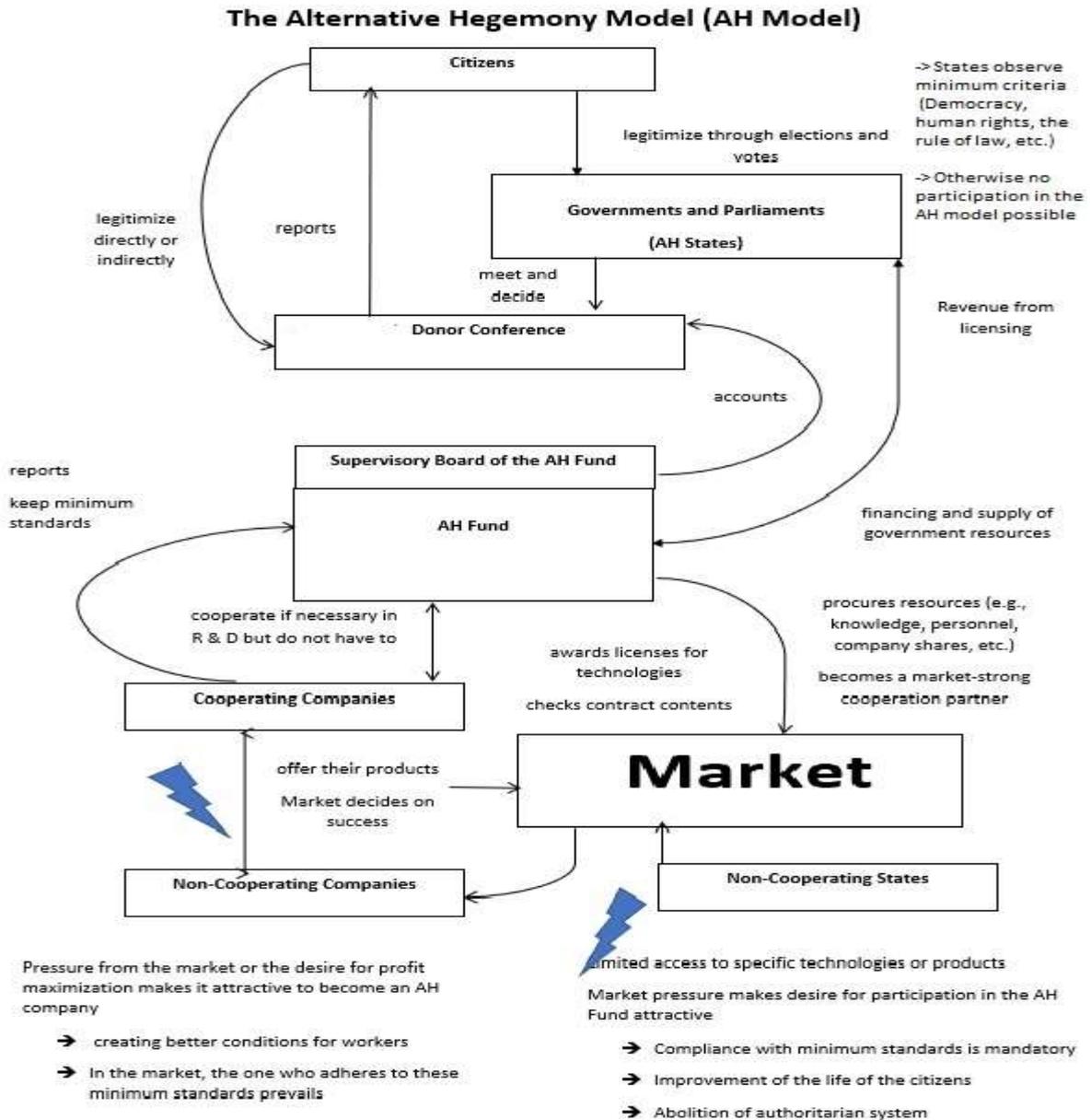
⁶ With "Made in China 2025", China has set itself an almost identical goal in the above categories.

⁷ The value clause only applies between licensee and licensor. It does not apply to the sale of a finished product to the end consumer, for example.

⁸ Of course, licensing does not affect all companies equally. On the contrary, a large proportion of them - e.g. restaurants - seem to be unaffected at first. Nevertheless, there are of course indirect effects which will also radiate into these areas. One only has to think of skilled workers, who would naturally pragmatically prefer companies with better working conditions. Or the image.

make use of the licences. In the end, however, economic or commercial reason will in many cases lead them to accept the relevant contractual clauses.

Values are thus becoming a fundamental element of future production. They thus become a production factor, not because the economy is convinced of them, but because their observance promises profit maximization and competitive advantages. The flow is thus diverted.



Companies like states

What applies to companies should also apply to states in value capitalism. Certain licenses may only be made available to companies in certain states. Here too, the aim is to link the latest technologies to minimum standards or to the development thereof. Non-compliance could therefore mean technological backwardness. This, too, is not a new invention; the restrictions on some products are commonplace today.

However, we will start with the companies. An extension to states is of course only sensible after the system has been established.

Value market economy - the corrective of capitalism

Value capitalism could therefore be the great corrective to the existing system, diverting forces in such a way that positive results can emerge. It would at least be an approach that would meet with far less resistance than other ideas, because it ultimately knows no loser. Companies continue to make a profit. Perhaps even more than ever before, because they have a competitive advantage over competitors from less value-friendly regions. Governments are given structures and increased financial power. The willingness to cooperate increases and the AH-fund becomes part of the common identity.

At this point the question is often asked whether value capitalism wants to educate people itself? No, it does not want that. It corrects capitalism and touches on the production factor values primarily companies and states. But of course people benefit indirectly and directly. There is no disadvantage. On the contrary, he benefits from more freedom, secure rights, better working conditions, a stable welfare state and so much more.

Value market economy and Covid-19

In the beginning there were current events and their consequences, which are hardly foreseeable so far. In value capitalism, not only would the production factor "values" exist, but a large part of the currently privatized profits from licensing would end up in the public coffers, which would be better prepared - at least financially - for the catastrophe and its consequences. Rotten social systems would thus be just as reformable as the infrastructure. This does not mean that this would necessarily be done in an intelligent way, but the basic means would be there. Many ideas, such as an earlier retirement age, better care, increased social benefits or shorter weekly working hours would thus be financially viable for the first time, although it should be noted that such ideas no longer have anything to do with the model of alternative hegemony or value capitalism. They merely open up new possibilities.

Value capitalism would therefore be the better partner for all the challenges of changing times. But it does not yet exist. But perhaps it would be time to implement it?

Sources:

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