

**Some Thoughts on ‘Value(s): Building a
Better World for All’ by Mark
Carney, Penguin Random House Canada,
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Key takeaways and some thoughts on the book are presented, followed by a summary of the main sections of the book. The book is written clearly, but the volume of material makes it hard to digest for a non-specialist.

Key Takeaways

The book is in three parts. Its central theme, developed throughout, is that we have gradually lost sense of our social values in our focus on market value and that we need to reincorporate them into our institutions and governments. Carney argues that seven values and beliefs underpin a thriving economy - dynamism, resilience, sustainability, fairness, responsibility, solidarity, and humility.

Part One of the book makes a case for the erosion of societal values and their replacement with market values. Part Two illustrates this by analyzing three crises – the Financial Crisis of 2008, the Covid Crisis, and the Climate Crisis. Part

Three provides recommendations for the way forward. While detailed, they are very high-level. Partly this is of necessity otherwise, the book would be six thousand pages. However, it is one thing to make high-level recommendations; it is quite another to implement them. And the devil is always in the details.

The main theme though is clear. We have allowed the concept of market value to erode our societal values, and we need to change course. For example, we think we know how to value labour and can readily assign a market value, which is why a garbage collector earns much less than a pro basketball player. The societal value of the two is quite different. If the basketball players go on a

national strike, so what? If the garbage collectors go on a nationwide strike, we have a severe problem. Similarly, raising children and housework are not valued because they are not priced in the market, but no one doubts both the short-term and long-term value to society of these activities.

Why this Why Now?

So why now? Why are the issues of value, values, metrics, truth, and institutional trust on the minds of so many academics, government leaders and citizens?

The main reason lies in the social disruptions of the last 20 years. Between 2000 and 2020, the internet had gone from an entertaining novelty to a necessity and ushered in the Fourth Industrial

Revolution (4IR). *Now in 2025, through social media, it has created a concentration of wealth, power and social disruption that seems unprecedented.*

Blumenberg, in his book 'Work on Myth' (MIT Press, 1985), describes a situation that he calls 'The Absolutism of Reality.' This is a situation where you cannot fight, cannot hide, and there is nowhere to run. In these situations of intense stress, Blumenberg argues that myth develops to protect us from an overwhelming reality. *Replace 'myth' with 'alternate facts,' 'fake news' or QAnon, and here we are. Faced with a lack of trust in our governmental and financial institutions and the uncertainties generated by a pandemic, it is not*

surprising that some of us turn to the fantasy of QAnon and populists, believing that false hope is better than no hope at all.

Here Carney attempts, to correct this situation by creating a fact-based intellectual framework for reforming our institutions and building trust, transparency, and fairness and a hopeful, trusting society. He does this by focusing on seven values and beliefs that underpin a thriving economy - dynamism, resilience, sustainability, fairness, responsibility, solidarity, and humility.

Other contemporary authors echo this focus. For example, in 'The Tyranny of Merit' (Farr, Straus and Giroux, NY 2020) the author Michael Sandel argues that a focus on a meritocracy has generated

a culture of ‘winners’ and losers’ which has had dire consequences for the US (and other countries).

These sentiments are echoed in a recent article in the Atlantic by Daniel Markovits entitled ‘How College Became a Ruthless Competition Divorced From Learning’.

In ‘The Metric Society,’ (Goethe Institute, UK, 2019), Steffen Mau examines the societal distortions that occur when we rely too much on purely statistical indicators. This reflects the issues raised by Carney regarding the difficulty of quantifying social values. Mau identifies the pernicious impact of inappropriate quantification, reflecting Carney’s argument that market value has tended to replace social values. In ‘Post-Truth

(MIT Press, 2018) Lee Macintyre details the tactics used by various corporate actors to replace truth with alternative facts and how this has undercut public trust in institutions and professions. Carney argues that this lack of confidence must be addressed if our financial, governmental, and organizational institutions are to function effectively.

Question I would ask Mark Carney

In your book, most of the recommendations are very high level. As Prime Minister what policies would you enact to ensure that your seven values of dynamism, resilience, sustainability, fairness, responsibility, solidarity, and humility help those in the bottom quartile of society?

A Brief Chapter-by-Chapter Summary

Part One (Ch 1-6) provides a primer on economic thought.

It shows how the evolution of economic thought about value and values from the objective value school to the subjective value school has transformed our society into a market society. For those of us who are neither economists nor bankers, Part One provides a helpful review of economic thought from Aristotle through Adam Smith and Marx to neo-classical economic thought, the rise of

subjective value theory and the belief that the market determines the value and reflects values.

In chapter five “The Future of Money,” he explores how financial technology (Fintech) holds the promise to revolutionize banking and financial services. While admitting that stable coins and cryptocurrencies such as Bitcoin have a place in the market, he tends to favour Central Bank Digital Currencies (CBDCs). CBDCs are backed by a central bank and are thus less volatile and more dependable than cryptocurrencies such as Bitcoin, which are not backed by anyone, and stable coins, which though backed by various real resources, are not fully regulated, and supported. The advantage of digital currencies is that they lower the

transaction costs for both national and international transactions, speed up the processing of transactions, and provide secure transaction platforms.

Chapter Six makes the argument that our tendency to confuse market value with social values is breaking down the social contract between governments and the governed. He argues that this process of tending to define social welfare in terms of market value has led to three crises of values which he discusses in Part Two.

Part Two (Ch. 7-12) discusses the Global Financial Crisis, the COVID Crisis and the Climate Crisis framed in Value and Values.

Carney provides a brief history of the role of Central banks in the global banking system and the rapid expansion of 'pseudo' banks. He summarises the proximate causes of the financial crisis as New Age thinking. i.e., things are different this time; excessive leverage; and misaligned incentives promoted very short-term thinking. He also discusses the role of a laissez-faire approach to fiscal management and greed. **He summarizes the three lies of finance as; This time it is Different; Markets are always Transparent; and Markets are moral.** Carney describes twelve G20 reforms as designed to make markets safer, simpler, and fairer to address these lies. Among the are, aligning

compensation with values, increased management accountability, merit-based compensation, and ensuring proper allocation of capital and risk. *All twelve make sense, but how they are implemented and enforced across countries will make all the difference in their effectiveness.*

His analysis of the COVID crisis extends his analysis of the distinction between values and value. To an undervaluing of resilience in the market. This led to countries not stockpiling protective equipment, hospital supplies, etc. even though health experts warned of impending pandemics well before the current crisis. Carney discusses how we value life and how most governments and citizens made decisions based on

core values and not financial optimization when faced with a crisis.

The last section of Part Two deals with the climate crisis. Much of the information and arguments Carney presents will be familiar to many readers, so I will skip directly to his recommendations. Carney sees carbon pricing as only one policy instrument to deal with this crisis. **He suggests that three technologies can help solve the climate crisis: engineering technologies, political technologies, and financial technologies.** The engineering technologies include developing green electricity, decarbonizing transport and reducing industrial emissions. The **political technologies** include sustainable development

goals and the spread of climate activism globally. They are valuing the future and caring for future generations. The **financial technologies** include a partnership between the public and private sector because of the enormous transition costs, mandatory financial reporting, risk assessment and measurement of returns related to climate impacts. Fundamentally, those organizations which have contributed to the climate crisis must contribute to solving it.

Part Three (Ch 13-16) focuses on reclaiming our values.

Chapters 14, 15, 16 of Part Three deal with Leadership, How Companies Create Value, and

How Canada Can Build Value. The book concludes with a chapter on Humility. Much of what he writes on the dimensions of leadership and values would be familiar to anyone with an MBA. These dimensions are: determining your purpose and sticking to it obsessively; bringing diversity and inclusiveness to your team, engaging issues with evidence' using intuition and empathy" applying ethical leadership"; and leading with humility, humanity, and hope.

In discussing the issue of how purposeful companies create value (Ch 14), the key questions for any organization are 'What is its purpose?' 'What does it stand for?' 'What does it do?' and

‘What should it be trusted to deliver?’ These are questions of value and values.

He concludes the chapter by recognizing that the main challenge for corporations is to translate purpose into practice.

Chapter 15 is devoted to the problem of investing for value(s). In other words, what metrics do we apply to ensure we are investing in organizations that create value for us while reflecting our values. He also makes the point that taking social factors into account does not violate fiduciary duties and that the general management trend is toward responsible investment.

There are three approaches to applying ESG factors, ratings-based, fundamental value, and

impact assessments. Carney discusses all three and notes that while there are emerging standards, the core challenge of value investing is to place value on things that are hard to value.

The chapter concludes with a discussion of making a transition to net-zero. It makes macro recommendations, such as using metrics that identify the percentage of assets with a net-zero plan, the percentage of the portfolio that is net-zero aligned, the percent deviation from a target, and portfolio warming - an assessment of potential global temperature rise for a given company or portfolio.

It will be instructive to see how sustainable value investing develops over the next few years.

Chapter 16 focuses on how Canada can build value. *It is a call to get off our asses, or as Carney puts it more eloquently on pg. 455 “We need to combine our values of compassion, responsibility and solidarity with a new dynamism to achieve prosperity for all.”*

Part of the chapter discusses the previous Industrial Revolutions and then develops the effects of the 4IR (fourth industrial revolution). Carney quotes from sources that, 10-50% of all employees could be affected by the 4IR, while the expectation is that in advanced economies, 10-15% of jobs will be at risk.

On the positive side of the 4IR, Carney suggests that there will be more jobs requiring EIQ,

originality and social skills; more jobs caring for an ageing population; new forms of bespoke mass creativity (*Customized 3D Printing?*) and new jobs that we cannot imagine yet.

On the downside, 4IR can cause mass inequality, depressed labour markets, education that cannot keep pace with changes, and an escalation in inequality due to greater global interconnectedness. However, assuming that this industrial revolution is like the previous three, eventually, the 4IR will boost productivity and wages. The question of course, is how long the transition will take and the magnitude of the disruptive transition period.

One effect of COVID has been to intensify the pace of the 4IR. He notes that there has been a

contraction in supply and that demand has fallen worldwide by about 10% by the middle of 2020. However, Canadians paid down substantial debt, and savings rates shot up. As the shutdown persists, it will be harder for the unemployed to retain their skills and acquire new ones. Consequently, the risks to the economy are rising.

He recommends that governments split their spending plans into three portions: emergency COVID spending, current spending on ongoing programs, and capital measures to boost long-term productive capacity in the economy. Carney presents a 10-point plan for governments to manage the transition to post COVID. This plan includes:

1. having clear goals to move from the old to the new economy.
2. setting clear rules on spending and borrowing. ²²
3. tapering the emergency.
4. maximizing government investments to support both short and long-term economic activities which support the new economy.
5. concentrating new budget measures on green activities that are job heavy.
6. using regulatory policy to establish future directions for the new economy.
7. providing financial sector policies to drive the transition to net-zero.
8. providing a disciplined approach to developing resiliency in the economy.

9. tracking the sustainability of current spending;
and
10. developing new institutions for how we will
work tomorrow.

Carney sees strong institutions as the basis for creating opportunity for all and returns to the original seven values of solidarity, fairness, responsibility, resilience, sustainability, dynamism, and humility as the way to achieve this. In the book he explains each in detail.

For example, under ‘solidarity,’ he recommends that we support workers, not jobs, by guaranteeing employability and that companies must take more responsibility for this.

Under ‘fairness and responsibility, he notes that these are central to the market and that there cannot be one rule for the elites and another for the rest of us. He also notes that we must rethink the gig economy. To build ‘resiliency,’ he recommends, among other things, that we identify systemic risks, plan for failure, build and use buffers and promote diversity. To address ‘sustainability,’ he notes that efforts must be tangible, predictable, and equitable. ‘Fiscal responsibility can be achieved by investing in short-term public goods while setting the longterm direction for the economy by providing green energy incentives and developing policies to move us to net-zero. To achieve ‘dynamism’ in the economy, Carney makes six recommendations

which include using policy to unlock digital competition, having a solid intellectual property framework and a tax system that rewards or at least does not dissuade wealth creation, among others. The details are worth a careful read.

Carney recognizes that globalization had brought both prosperity and misery and recommends cooperative internationalization based on outcomes-based measures; one that is flexible and involves multiple stakeholders; that works with multiple political systems, and which is inclusive, involving all citizens.

The book concludes with a chapter on humility. He emphasizes that the future is always uncertain, that we cannot predict everything, and that chance plays

a significant role in both success and failure.

Consequently, we need to plan for all foreseeable outcomes and recognize that we never have complete control of events. **Humility also recognizes that those who reap great rewards must take great responsibility—a good thought on which to end.**