Mark Carney
Value(s): Building a Better World for All
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Mission-Oriented Capitalism

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The 1990s and early 2000s were the glory years of neoliberalism. With the fall of communism, the proliferation of the Washington Consensus, and the emergence of the so-called Great Moderation—20 years of relatively stable growth in the advanced capitalist economies—this was a moment, as *Financial Times* commentator Edward Luce puts it, of 'unshakeable self-confidence' among the governing elite, whose members were united in the belief that 'they had finally unlocked the secrets of the economy'.[1] The depoliticised, apparently rules-based, global order that was constructed over these years promised unending prosperity. But the credit crash of 2008 brought this period of liberal self-congratulation to an abrupt and unexpected halt, reopening a set of uncomfortable questions about the economy and its management and pitching the global open-market order into stormy waters. Following the delayed detonations of a set of populist explosives across the Western core, the liberal political and intellectual elite has moved from disbelief and denial to despair and disorientation. Now, in a third movement, calls are being made from among its ranks for transformation: a paradigm shift is in order. Capitalism

1 Edward Luce, *The Retreat of Western Liberalism* (New York: Atlantic Monthly Press, 2017), 11; Claudio Borio, 'Central Banking in Challenging Times,' Milan, SUERF Annual Lecture, 8 November 2019.

needs, in the words of the *Financial Times*, a 'reset'.[2]

In *Values(s): Building a Better World for All*, former G7 central banker Mark Carney seeks to lend his considerable muscle to the cause. Deeply troubled by 'the collapse in public trust in elites, globalisation and technology' he has witnessed over the past decade, Carney diagnoses a 'common crisis of values' as the driving force behind the global crises of finance, Covid-19, and climate.[3] Chiming with proposals from the likes of Paul Collier, whose 2018 manifesto *The Future of Capitalism* argues we must ground the market in firm moral sentiments, Carney promotes cultural change in corporate governance and high politics as the essential remedy for contemporary capitalism's discontents.[4] Boosterish in tone, *Value(s)* dwells less on the morbid symptoms of the present and more on mobilising a positive vision of what capitalism could become. For Carney, opportunity beckons: 'The second great wave of globalisation is cresting. The Fourth Industrial Revolution is just beginning. And a new economy is emerging, driven by immense changes in technology, the reordering of global economic power and the growing pressures of climate change'.[5] The train to prosperity is already moving; we should hop on board. To get a ticket, all we need is the right attitude.

Carney's career trajectory is something of a synecdoche for the intellectual journey of the liberal elite over the last three decades. After spending more than a decade working his way up at Goldman Sachs in the halcyon days of turbo-charged financialisation, he entered public service in the early 2000s as a deputy governor at the Bank of Canada. 'It's hard', Carney writes, 'to remember how different things were' back then, with US-led globalisation delivering 'seemingly effortless prosperity'.[6] After a

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2 Financial Times, 'FT sets the agenda with a new brand platform,' *Financial Times*, 16 September 2019.

3 Mark Carney, *Value(s): Building a Better World for All* (London: William Collins, 2021), 2, 5.

4 Paul Collier, *The Future of Capitalism: Facing the New Anxieties* (London: Allen Lane, 2018).

5 Carney, *Value(s)*, 103.

6 Carney, *Value(s)*, 152.

brief stint at the Canadian finance ministry, he returned to the Bank of Canada in the middle of the financial crisis, this time as governor, where he was to witness first-hand the disintegration of neoliberal self-satisfaction. Head-hunted by George Osbourne for the top spot at the Bank of England, where he was to pull in over £800,000 per annum, Carney shipped across the Atlantic in 2013 to a front-row seat at the coming Brexit debacle. Completing a career path typical of central bankers, Carney departed the Bank of England in early 2020 to take up a role as vice-chairman of Brookfield, a Canadian 'alternative asset manager' with over US$600 billion in assets under management, where 'value creation and sustainable development are complementary goals'.[7] Carney heads the corporation's ESG (environmental, social, and governance) fund—the hottest thing in woke finance—while also moonlighting as a board member at think tanks, global governance institutions, and, reflecting his techno-optimism, a European fintech company. What does this 'huge fan of markets', a man who has spent the better part of his professional life defending and fortifying finance capital, have to teach us about its crises?[8]

Value(s) is a forward-looking book, with the climate crisis Carney's fundamental concern and the promise of an ethical and sustainable private finance his primary solution. The core of the book's argument is that social values—responsibility, fairness, resilience, and the like—underpin and enable financial value. As Carney likes to put it, 'value is built on values'.[9] Or, more precisely, the accumulation of economic capital depends upon various forms of social capital. Over recent decades, though, a dogmatic belief in the rationality of the market has eroded the moral sentiments of an otherwise beneficent capitalism. The neoliberals, in attempting to definitively encase the economy from politics, went too far: we have 'moved from a market economy to a market society'.[10] 'To be clear', writes

7 See: https://www.brookfield.com/responsibility

8 Interview with Mark Carney, Macro Musings Podcast, Mercatus Center, Washington DC.

9 Carney, *Value(s)*, 2.

10 Carney, *Value(s)*, 3.

Carney, the Thatcher–Reagan revolution 'was long overdue following the steady encroachment of the state into market mechanisms'.[11] But trust in the market became fundamentalist through the 1990s and early 2000s, and the commodification of everything, while making 'our lives better in many cases . . . has often weakened personal ties and undermined social and civic values'.[12] Now, following repeated economic and political shocks and the social dislocation caused by globalisation and rapid technological change, the 'social contract is breaking down'. 'Just as any revolution eats its children', Carney informs us, 'unchecked market fundamentalism devours the social capital essential for the long-term dynamism of capitalism itself'.[13] The financial crisis, the Covid-19 pandemic, and the climate crisis (*Value(s)* devotes a pair of chapters to each) are all ultimately the result of this move from market economy to market society.

The solution? In a nutshell, reuniting 'the two sides of Adam Smith': the invisible hand is to be enfolded in the velvet glove of moral sentiments.[14] It is a loosely conceptualised 'culture', logically *a priori* to political economy in Carney's worldview, that we need to transform. In a bowdlerisation of Polanyi, *laissez-faire* must once again be re-embedded in the social fabric, not through a widespread social countermovement—although consensual democratic renewal is a feature of Carney's account—but via the moralisation of capitalism from above. Politicians, technocrats, and captains of industry must strive to create a 'mission-oriented capitalism' that rebalances 'the essential dynamism of capitalism with our broader social goals'.[15] If the neoliberals went too far in their quest to encase the economic from the political, they were not altogether wrong. The key, for Carney, is to identify the correct line of separation between these spheres. The approach should be to first 'forge a consensus around common goals'—a consensual democratic process—and then let 'market dynamism determine

11 Carney, *Value(s)*, 134.

12 Carney, *Value(s)*, 137.

13 Carney, *Value(s)*, 9.

14 Carney on Macro Musings.

15 Carney, *Value(s)*, 11, 148.

how to achieve them'.[16] While we need political processes to 'set our values', markets remain the most efficient and effective way of getting us to where we want to go. And what is good for us is also good for the market, which, 'If left unattended or allowed to capture the political sphere . . . will corrode those values essential to its effectiveness'.[17] For Carney, it is not only the social contract that is at stake but the future of capitalism itself.

Seven values will ground our new age: a nebulously defined solidarity, ultimately about ensuring that 'economic change benefits everyone'; fairness in opportunity; personal and institutional responsibility; economic and social resilience; economic, environmental, and social sustainability; market dynamism, the key to welfare-enhancing innovation; and humility.[18] The final chapters of *Value(s)* provide lessons in how, if grounded in these core principles, 'values-based leadership', 'purpose-driven companies', 'sustainable investing', and smart government can bring us into a prosperous new age.

If mission-oriented capitalism is the order of the day, what kind of 'mission' does Carney have in mind? As with other recent contributions in the tradition of 'reform to preserve', Carney's mission-oriented capitalism is to be one of 'inclusive growth', a 'stakeholder capitalism' in which 'a culture of ethical business' is to be enthusiastically promoted and enforced.[19] Rather than narrowly focusing on returning value to shareholders, companies should be guided by a wider social purpose. As Carney summarises, 'a company with true corporate purpose drives engagement with a broader set of stakeholders by being a *responsible* and responsive employer; through achieving honest, fair and lasting relationships with suppliers and customers across the supply chain; and by being a good corporate citizen making full contributions to society'.[20] Here, Carney echoes the *Financial Times*, which in late 2019, under the editorship of Lionel Barber, launched its 'New

16 Carney, *Value(s)*, 16.

17 Carney, *Value(s)*, 130.

18 Carney, *Value(s)*, 139, 472.

19 Carney, *Value(s)*, 124, 260, 209.

20 Carney, *Value(s)*, 383.

Agenda', informing its readers that 'Business must make a profit but should serve a purpose too'.[21] In the same year, Jaime Dimon, the outspoken billionaire CEO of JPMorgan Chase and a leader Carney admires,[22] noted in his annual letter to shareholders that 'building shareholder value can only be done in conjunction with taking care of employees, customers and communities. This is *completely* different from the commentary often expressed about the sweeping ills of naked capitalism and institutions only caring about shareholder value'.[23] Change is clearly afoot.

With its roots in the dénouement of the first Gilded Age of inequality and the promotion of the 'socially responsible' corporation as a means of outflanking increasingly rancorous class conflict, the concept of stakeholder capitalism reflects the deep anxiety of today's governing class, haunted as it is by the spectre of popular discontent.[24] Eliding issues of economic distribution, proponents of inclusive capitalism such as Carney seek to neutralise the threat of mass politics by bringing people into the 'tent', however symbolically.

A problem with Carney's argument is that it rests on a gossamer-thin conception of the social world. In one passage, he recalls a set of commemorations which he attended in 2015 to mark the 800th anniversary of the signing of the Magna Carta, where he witnessed 'how a society reinforces and lives its values'.[25] Here, the social is rendered flat, with competing interests and antagonisms and imbalances of power all non-existent, replaced simply by shared values. Carney informs us that 'Market-based economies have generally relied on a basic social contract comprised of relative equality of outcomes, general equality of opportunity, and fairness across generations'. Indeed, 'Societies aspire to this trinity of distributive

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21 Financial Times, 'FT sets the agenda.'

22 Carney, *Value(s)*, 374.

23 Jaime Dimon, 'Chairman and CEO Letter to Shareholders,' JPMorgan Chase & Co., 2019, https://reports.jpmorganchase.com/investor-relations/2018/ar-ceo-letters.htm?a=1

24 John Patrick Leary, *Keywords: The New Language of Capitalism* (Chicago: Haymarket Books, 2018), 162–164.

25 Carney, *Value(s)*, 78.

justice, social equity, and intergenerational equity'.[26] Such values are embedded, for Carney, in institutions such as the welfare state, which 'was spurred by new technologies (such as mass production and electrification) and new ideas about social justice'. Not, it seems, protracted and violent struggles between workers' movements and an oligarchic capitalist class.[27] A depoliticising rhetoric, Carney's shallow sociology evokes a consensual society. In such a view, we are all equally culpable for the erosion of these values and the rise of market society, and change will occur only through our consensual rediscovery of them. Luckily, the Covid-19 pandemic has 'revealed' to us essential values such as resilience and solidarity and so societies will increasingly demand that these values are reflected in the conduct of corporations and governments.[28]

Carney's account of the financial crisis reflects this conceptual flimsiness. For Carney, like many others, moral bankruptcy was the driving force behind the meltdown in 2008, the product of a greedy and out-of-control banking sector. Proximate causes were, of course, the well-known issues of risk mismanagement and overly complex and opaque financial instruments, but the root cause of the crisis, he claims, was the erosion of values: financiers lost sight of the big picture; 'complacency and greed' took over; responsibility was 'abdicated'; finance became 'disembodied' and 'markets grew far apart from the households and businesses they ultimately served'. Fundamentally, 'finance lost track of its core values of fairness, integrity, prudence and responsibility'.[29] Quite when finance adopted these values in the first place, only to lose them in the years preceding the crisis, is never explained. Nevertheless, the solution is obvious: not just technocratic regulatory reform to create an 'anti-fragile system'—although plenty of that too!—but also 'true cultural change'.[30] Responsibilisation is the name of the game here. Prior to the financial crisis, 'Too many participants neither felt

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26 Carney, *Value(s)*, 124.

27 Carney, *Value(s)*, 133.

28 Carney, *Value(s)*, 239–261.

29 Carney, *Value(s)*, 163, 170, 182.

30 Carney, *Value(s)*, 200, 204.

responsible for the system nor recognised the full impact of their actions. Bad behaviour went unchecked, proliferated and eventually became the norm'.[31] To combat this 'ethical drift' in finance, the lucrative compensation received by financiers must be aligned to the long-term interests of both their firm and society at large, to 'sustainable value creation'; and accountability must be established in and by senior management, which means making sure that all market participants 'become true stakeholders' and rediscover 'a sense of vocation in finance'.[32]

This explanation of the financial crisis as a moral failure is a well-established cliché that elides consideration of the structural causes of the meltdown, the real driver of which was the global capital glut that began to emerge in the 1980s, itself the outcome of declining economic dynamism, dramatic increases in income and wealth inequality, surging corporate profits, and the growth of financialised pension funds, among other things. The hypertrophy of finance in the years preceding the crisis, while enabled by deregulation and market liberalisation, was propelled by profit-rich corporations, high-net-worth individuals, and ageing populations searching for a place to invest their surplus cash.

These shifts in the tectonic plates of global capitalism have no place in Carney's narrative. Thus, while he is confident in the success of post-crisis regulatory reforms, which have 'created a stronger, simpler and fairer system', and believes that the financial industry has been sufficiently moralised, these structural imbalances have only intensified since the crisis.[33] The big banks, the epicentre of 2008, are certainly better capitalised and better run today, but the action has simply migrated elsewhere, among other places, to the expanding shadow banking sector and the big asset managers.[34]

The core focus of *Value(s)*, however, is the climate crisis and the promise of stakeholder capitalism as a solution, and here the theoretical inadequacies

31 Carney, *Value(s)*, 204.

32 Carney, *Value(s)*, 409, 205.

33 Carney, *Value(s)*, 209, 389.

34 Shadow banking refers to the vast system of bank-like firms and bank-like practices that are situated outside of the commercial banking sector.

of Carney's argument are no-less pronounced. Action on climate change is, in Carney's estimation, hampered by two well-known 'tragedies': the 'tragedy of the horizon', a lack of incentives to think beyond the near-term, a problem compounded by the short-termism of the political cycle; and the 'tragedy of the commons', the depletion of common goods by self-interested actors. In response to the latter, Carney highlights three possible solutions: pricing carbon to incentivise behavioural change; privatising common resources to enable more 'sustainable' management; or 'supply management by the community that uses the commons'.[35] His favoured course is the last of these, but under the sign of stakeholder capitalism, with corporations to work co-operatively with regional and national governments to achieve a 'political consensus that leads to shared management, and *by doing so* unleashes the private sector dynamism'.[36]

Carney spends more time discussing how to 'bring climate risks and resilience into the heart of financial decision making' and thereby break the tragedy of the horizon.[37] He posits that three 'technologies' are required to solve the climate crisis: engineering, political, and financial. In Carney's estimation, the first—green-energy technologies and the like—either already exist or are emerging. The second, political consensus on the necessity of transitioning to a low-carbon system and the setting of internationally recognised goals, is also well under way, exemplified by the Sustainable Development Goals and the Paris Agreement. That leaves financial technologies, to which Carney devotes most of his attention.

It is here that we find the central thesis of the book: not only can finance capital adjust to the climate crisis, it can also thrive in this new world. Crisis, after all, means opportunity. It is, Carney insists, 'within our grasp to create a virtuous cycle of innovation and investment for the net-zero world that our citizens are demanding and that future generations deserve'.[38] But to realise this dream, a set of cultural shifts must take place,

35 Carney, *Value(s)*, 288.

36 Carney, *Value(s)*, 290.

37 Carney, *Value(s)*, 299.

38 Carney, *Value(s)*, 299.

most of all in the disclosure of corporations' climate impacts, in climate risk management, and in investing, which must become sustainable. As Carney notes, significant changes in how reporting, risk, and returns are managed in finance are already happening; a new market is being built already, but things aren't 'yet moving fast enough'.[39] And there is no good reason for delay; after all, as Carney repeatedly informs us, this paradigm shift will usher in 'the greatest commercial opportunity of our time'.[40]

Here, it is the private sector, with its 'ability to finance, explore and operationalise', that is to be the motor of change, borne along on the frothy waters of newly revealed social values. As Carney summarises, 'To build a better tomorrow, we need companies imbued with purpose and motivated by profit'.[41] But what exactly is a purposeful company in Carney's eyes? At first glance, a mess of management-speak obscures a clear answer to this question: rather than narrowly focusing on returning value to shareholders, a purposeful company 'creates shared value for all stakeholders'—for its employees, customers, and communities; its 'highest purpose is to provide solutions, in a profitable manner, and contribute in its own way to the betterment of society'; 'Good corporate citizens make a full contribution to society, and at the very least avoid causing harm'.[42] But beneath this mess, a clear message is articulated: purposeful companies are *profitable* companies. Here, Carney approvingly quotes from Larry Fink's 2019 letter to CEOs, in which the billionaire head of BlackRock, the world's largest asset-management firm, opines on the importance of purpose. It is worth quoting the full passage from which Carney clips his extract:

> Purpose is not a mere tagline or marketing campaign; it is a company's fundamental reason for being – what it does every day to create value for its stakeholders. Purpose is not the sole pursuit of profits but the animating force for achieving them.

39 Carney, *Value(s)*, 293.

40 Carney, *Value(s)*, 316, 326, 339.

41 Carney, *Value(s)*, 416.

42 Carney, *Value(s)*, 402, 412.

> Profits are in no way inconsistent with purpose – in fact, profits and purpose are inextricably linked. Profits are essential if a company is to effectively serve all of its stakeholders over time – not only shareholders, but also employees, customers, and communities. Similarly, when a company truly understands and expresses its purpose, it functions with the focus and strategic discipline that drive long-term profitability. Purpose unifies management, employees, and communities. It drives ethical behavior and creates an essential check on actions that go against the best interests of stakeholders. Purpose guides culture, provides a framework for consistent decision-making, and, ultimately, helps sustain long-term financial returns for the shareholders of your company.[43]

Fink's logic is circular, but the message is clear, helping to cut to the core of what Carney is saying. What is the purpose of a company? To generate profit. How best to generate profit? To articulate a purpose. The two are, as Carney puts it, 'inextricably linked'.[44]

This point is driven home in the discussion of ESG investing, the new big thing in global finance, to which *Value(s)* devotes an entire chapter. Standing for environmental, social, and governance, ESG is a privately developed taxonomy for, among other things, distinguishing sustainable ('green') investments from unsustainable ('dirty') ones; in Carney's words, of 'avoiding those which are part of the problem and supporting those which are finding solutions'.[45] For Carney, ESG is a means of operationalising purpose, of actualising stakeholder capitalism by providing a superior way to 'measure value'.[46] This is ethical consumption writ at the scale of Wall Street and the City of London. Crucially, though, investors who use ESG criteria to help them make investment decisions are able 'to identify common factors that support risk management and value creation in order to

43 Larry Fink, 'Larry Fink's 2019 Letter to CEOs: Profit & Purpose', BlackRock, 2019, https://www.blackrock.com/americas-offshore/en/2019-larry-fink-ceo-letter

44 Carney, *Value(s)*, 408.

45 Carney, *Value(s)*, 420, 453. On ESG as a private taxonomy, see Daniela Gabor, 'The Wall Street Consensus,' *Development and Change* 52, no. 3 (2021): 429–459.

46 Carney, *Value(s)*, 418.

enhance long-term risk-adjusted returns in a form of divine coincidence'.[47] Thus, nudged along by ESG-focused investment, companies that commit to creating 'stakeholder value' will also 'create greater shareholder value over time than those that do not'.[48] It is profitable to be sustainable and sustainable to be profitable. How neat.

For Carney, the ultimate goal of ESG investing is the development of a new 'net zero' asset class, the great commercial opportunity of our time with which he teases the reader in earlier chapters: 'The potential investible universe is every company. The targets are the ones which are developing actionable, profitable strategies to transition to net zero. Progress can be measured by the contribution of the portfolio to the warming of the planet. The social return is a future for all. The economic return is potentially enormous because, remarkably, this existential societal objective is not yet in the price'.[49] Here there is an important role for the state, which must create the right incentives to push private-market actors in a sustainable direction via good regulation, selective prohibitions, smart taxation, and well-targeted subsidies, and which must instil confidence in the markets by providing certainty over the future direction of travel. It also means encouraging investment in green infrastructure and technologies by modernising market structures in the Global South, facilitating public–private partnerships, and backstopping corporate debt markets, the state here playing the role of a giant insurance firm, providing a safe platform from which the dynamism of capitalism can work its magic.

Carney's enthusiasm for ESG is indicative of the growing awareness in high finance that future profit streams are critically dependent on addressing the climate crisis, which poses an existential threat to financial stability. ESG investment, driven by cultural change, purports to address this looming catastrophe *and* preserve financialised forms of accumulation, and to accomplish both in a manner that is beneficial for all. Such is the ideological trick of stakeholder capitalism. As John Patrick Leary notes in

47 Carney, *Value(s)*, 421.

48 Carney, *Value(s)*, 421.

49 Carney, *Value(s)*, 452–453.

Keywords, his excellent study of the language of contemporary capitalism, by making us all 'stakeholders' of one thing or another, the discourse of stakeholder capitalism usefully elides the fact that some people's financial stakes are far bigger than others.[50] A transition to net-zero led by a moralised private finance would concentrate decision-making power over the future of the planet in the hands of those who can mobilise the biggest financial stakes. *Value(s)* thus represents one side in the war of position being fought over how to transition to net-zero. The principal adversaries of this finance-first view are climate-justice movements and advocates of the Green New Deal.[51] In these alternative visions, it is organized labour, indigenous environmental movements, and a democratised state that are to be the principle vectors of change. With capitalists finally getting serious about the climate crisis, Carney's account is worth reading, not for the value of its proposals but as a map of where the leaders of finance capital want to take us in the coming decade and of the emerging battlegrounds upon which they must be contested.

50 Leary, *Keywords*, 164.

51 For an introduction to the Green New Deal, see Robert Pollin, 'De-Growth vs a Green New Deal,' *New Left Review* 112 (2018): 5–25.