

Challenging the way our society matches risks and rewards

By Henry Friesen

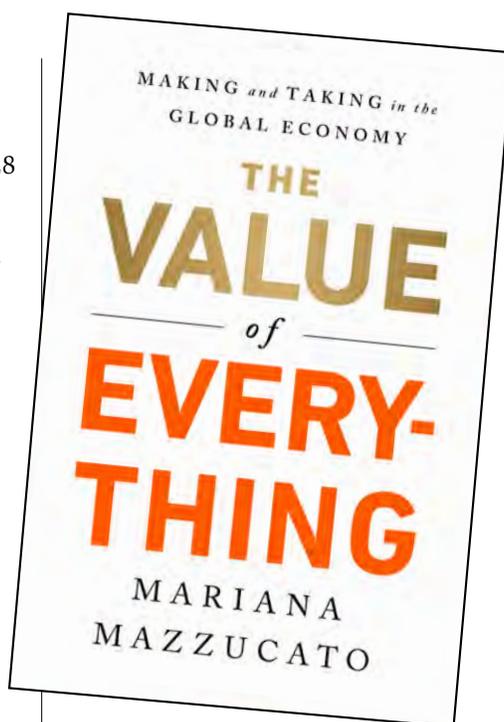
The Value of Everything: Who Makes and Who Takes from the Real Economy by Mariana Mazzucato (PublicAffairs, 2018 368 pp, \$28 US, \$36.50 Canadian)

If you believe the world's economies are working just like they should, don't bother reading this book. If it has never troubled you that the chief executive officers of the Fortune 500, (the five hundred most profitable US industrial corporations), earn more than 300 times the average worker's wage, or that the estimated wealth of the world's 62 richest people in 2015 was equal to that of the bottom 3.5 billion, this book will just annoy you. But the book is a must-read if you've been concerned by the inequities in mature economies that seem to grow unchecked.

The Value of Everything will rekindle a much-needed debate about the kind of world we really want to live in. The author argues that we must revisit the basics. She dissects the status quo and challenges how our society matches risks and rewards.

What is value — and who creates it? How can we avoid rewarding activities that merely shift value around, or worse, actually destroy it?

Is value merely the price for something? Or is it time to consider value first, and price second? Most of us have unwittingly accepted the dominant narrative that price dictates value. In Mazzucato's view, many problems in our economy are a result of our inability to distinguish among activities that create, redistribute and destroy value.



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The author, a professor at University College London, backs up her challenge to the status quo with many current examples. The financial sector, big pharma, and leading technology firms are some of the newsmakers she uses to expose the weaknesses in the way our world runs.

She is alarmed with the short-term focus of most investors and the managers in charge of their investments. She predicts that unless the

players in our society, including governments, work together to make it more attractive to invest for the long term, rather than chasing profits with millisecond trading, the next financial crisis, or worse, is inevitable.

Books that challenge the status quo often leave me wanting more practical advice. *The Value of Everything* addresses societal and economic issues at a macro level, but there was little information for what individuals can do to help reframe how value is defined in our society.

As a follower of Jesus, I couldn't help wondering whether being a Christian makes a difference. Do our actions testify to our belief that God owns everything, that value has an eternal dimension? As you read the book, I encourage you to consider your own business and investment values.

The Value of Everything concludes the way it began, as an attempt to “open the dialogue by showing that the creation of value is collective.” Mazzucato believes that criticism is “a necessary preliminary to the creation of a new economics: an economics of hope. After all, if we cannot dream of a better future and try to make it happen, there is no reason why we should care about value. And this perhaps is the greatest lesson of all.”

I highly recommend the book. It scratched where I itched. ♦

Henry Friesen is a chartered accountant who lives in Niverville, Manitoba, south of Winnipeg. He cites the \$600,000 earned over the past year by the board of a bankrupt Canadian retailer, while pensioners see their benefits slashed, as evidence of the accuracy of Mazzucato's critique.