

Values in the European society

Within the framework of **R+D+4i Project Euro-Action Group 1st Round of Meetings** at the Engineering Association of Catalonia, the 20th of November of 2008, Professor Dr. Àngel Castiñeira¹ give an interesting lecture. He focuses on ethical values and he pointed out that these are one of the main tools that have to be taken into account in this period of global economic and financial uncertainty. According to this, Dr. Castiñeira explained that ethical values or ethical resources have to be applied to both the public sphere, like States or institutions and the private sphere, like companies or organizations. That is, within the framework of Globalization "*Which kind of values do the States and Companies want to be linked with?*". Thus, the credibility of a Company or a State is directly connected with its own ethical values.

Dr Castiñeira pointed out that traditionally, the main values used to measure the productivity of a State or a Company has been human, economic and labour resources. While shared values as "confidence", "excellence" or "integrity" have been neglected. Therefore, this situation entails ethical anomalies. In keeping with Dr Castiñeira, Robert Mosch and Henriëtte Prast explain in their Research² that confidence and trust are qualitative, emotion-based variables that seem to be a powerful force in the economy. This kind of trust is measured, for instance, by Statistics Netherlands every month in its indicator of consumer confidence. Trust is about relationships with other people, organizations, institutions or a system. It reflects the convention that the other person or organization will not merely act out of self-interest and is not out to damage one's individual interest. It also involves the expectation that an institution will do the things it is supposed to do competently and with integrity. Low confidence can turn into a self-fulfilling prophecy that pushes the economy into recession and, if it vanishes altogether, puts currencies and payments at risk (e.g. hyperinflation (Katona 1975). Kenneth Arrow argues that every economic transaction involves an element of trust (Arrow 1999). People in a high-trust society typically respect the government and the law, and observes rules and agreements, even informal ones (Putman 1993; Fukuyama 1995). This increases efficiency as it reduces the time and money spent on enforcing contracts and agreements.

Moreover and according to Dr. Castiñeira, our society is full of "Toxic Directors". That is, Directors that behaves in a tyrannical way. This type of Directors nourishes a vicious circle insofar as they "create" more "Toxic Directors". This description is used for Directors or Politicians, it doesn't matter which... In this respect, Dr. Castiñeira talked about "Toxic Politicians" that means, Politicians that contribute to rise the corruption rate of a State. Hence, the speaker pointed out that most of the Countries are witnessing how their own politics are suffering an "Italianization". For instance, Argentina, Russia or even Spain generate mistrust. One of the effects of Globalization is that States are becoming more transparent. Hence, the confidence that a Country generates will be an essential value and will affect its own political or economic results. Thus, the confidence rate of a State will be directly connected with the sentiment of respect or hostility that other States or organizations feel toward that particular State.

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² Mosch, R. and Prast, H.; *Confidence and trust: empirical investigations for the Netherlands and the financial sector*, Ocasional Studies Vol. 6 No. 2, 2008.

Dr Castiñeira insisted on the importance of the ethical resources when it comes to measuring the wealth of a State. Therefore, in his opinion, traditional rates as GDP or GNP nowadays are not enough, they have to be complemented by new rates. These new rates have to measure the ethical values of a Country or organization. Thus, USA, which is one of the World's most powerful Countries, during President Bush period, has become one of the World's most hated Countries and this is because Bush has not worked enough to improve USA ethical resources. For instance, USA is one of the World's most pollutant countries. Nevertheless, President Obama has realized about this entire situation and wants to change it. Therefore, he has promised to fight against climate change, to advocate of a renewable energy, to close down Guantanamo and to enhance USA- Arab relations. In short, States have to pass on credibility, if not they are done for. Thereby, there are countries with unfavourable economic conditions but with favourable ethical conditions and vice versa. Thus, the speaker insisted once again, together with traditional rates, new standards have to be applied.

With regard to companies and according to Castiñeira it is the same thing than with States. Traditional rates as profits are not enough for measuring a company's wealth. These have to be complemented by ethical resources. The speaker took "Lehman Brothers" case as an example, Richard S. Fuld Jr ³ in November 2004 ranked 1 within the financial services industry list. Nevertheless, in December 2008, Fuld was given the "Lex Overpaid CEO" and "thief" award of the Financial Times⁴ for having received \$34m in 2007 and \$40.5m in 2006, the last two years before his bank's failure. Moreover, CNN named Fuld as one of the "Ten Most Wanted: Culprits of the Collapse" of the 2008 financial collapse in the United States, Fuld was number 9 on the list. ⁵ So, according to this, Castiñeira launched the following questions: "Why two years ago this person was described as a successful professional and in 2008 is considered an irresponsible person?" "Which kind of professional success do the companies or States want to pass on?" "Which kind of praiseworthy measures do they have to take?"

Finally, Dr. Castiñeira explained that ethical values have to be introduced in the education or teaching scope if we desire that these values take into consideration by the States or companies. In Castiñeira's opinion, schools, institutes or universities have to include ethical resources in their learning process, because generally they only teach intellectual issues, like languages or computer skills. The same happens with regard to companies or organizations. Workers are valued for their résumé and not for their ethical values. Thus, going back to the example of Lehman Brothers, some people that works in there were extremely well mannered, but they didn't incorporate ethical values in their behaviour. John Elkington⁶ talk about this kind of people and has nicknamed them "Cannibals with Forks". In short, the speaker together with Elkington considers that ethical values not only have to be applied to appearances. So, if we want that ethical resources be seriously taken into account, these have to be introduced in the education or teaching system.

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³ Fuld was the last Chairman and Chief Executive Officer of Lehman Brothers Holdings Inc., he held this position since the firm's 1994 spinoff from American Express Company until 2008.

⁴ Lex Column (22-12-2008) "Overpaid CEO award", *Financial Times*.

⁵ <http://ac360.blogs.cnn.com/2008/10/10/culprits-of-the-collapse-10-richard-fuld/>

⁶ **Elkington, J.**; *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*, The Conscientious Commerce Series, New Society Publishers, September 1998, ISBN-13: 9780865713925, 416pp