

EXPERTS' FORUM | Open Forum

"People trust government to run business' business more than they trust business to run their business"

That quote came from one of my clients recently and seems to capture the public's attitude today. Yale economist, Robert Shiller, was quoted by Bloomberg saying, "Capitalism needs a government component to set the rules, and the business community in its heart of hearts knows this." In Shiller's view, capitalism will be better with more government intervention.

The heart of the matter is less about which bastion of power prevails, whether government or business, and more about the values of those in leadership. We are dealing with the character of the people in charge of both the private and public sectors. Capitalism will be better when we hold our leaders accountable to values-based management.

One thing we should be able to agree on is that we must have leaders who have our nation's economic well-being at heart, not their own self-interest. We the people have legitimate questions about the solvency of our corporations and financial institutions, and our government's commitment to strengthening capitalism. For now, it seems we as a people have turned to government to find out what the real financial story is and to hold the business community accountable.

The sanctity of the numbers must be inviolable for the free market to succeed. And, that comes down to the values of those to whom the numbers have been entrusted. Financial accounting standards, rules and increasing regulation aren't worth the paper they're written on if the people keeping and reporting the numbers are not guided by strong personal values keeping them in check if and when tempted to violate the numbers.

History has shown that "who" is in charge of the numbers is more important than what the rules and regulations are. For example, the people in charge at the Securities and Exchange Commission for the past decade ignored repeated warnings about Bernard Madoff and hundreds of lives have been destroyed. On the other hand, we are currently witnessing what many believe to be government over-reach in the matter of controlling executive pay and corporate governance.

This financial crisis will result in a return to traditional values in America. The traditional values construct is based on individual responsibility to uphold the principles and laws of a group or society. The crisis we are dealing with was caused by people who acted from a "my rights" values construct. They viewed their personal gain and well-being as more important than the people around them. Those leaders whose values are anchored in a sense of responsibility and have evolved beyond making decisions based on their personal rights, will put the people and organizations they serve first.

Human beings will always scheme and we will always have the dishonest among us. But, for our free market system to thrive, we must be diligent to select business and government leaders who think in terms of our collective responsibility to core principles, whose commitment to shared values and protecting the public trust is above question.

When it comes to the getting and managing of money, we would all be well advised to live by Solomon's proverb, "Dishonest money dwindles away, but he who gathers money little by little makes it grow."



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