Competition: The Bright Side of ESG

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Abstract

Competition in product markets has made capitalism efficient. However, competition in product markets is limited because people increasingly care more about purpose than price. This essay investigates the nature of the market for purpose—our concern for growing personally and professionally, contributing to society, and belonging. Markets for purpose have been around since the origins of civilization. Prominent individuals and the organizations they represent have offered purpose by crafting narratives that often connect fictitious with factual events to portray themselves as virtuous. People consume those narratives. People are also the buyers of the products prominent individuals sell and the workers that supply the inputs their organizations use. Using the example of ESG (environmental, social, and governance) purpose, the paper contends that when buyers and suppliers stop questioning whether the narrative represents factual initiatives that meet their demand for purpose, a few players dominate the market for purpose and exert totalitarian control over the narrative. While totalitarian narratives bring about uniformity and conformity, civilization requires the opposite to thrive: innovation and disruption. Thus, buyers and suppliers are responsible for opposing the monopoly of narratives by discerning between factual and mystifying stories and keeping the market for purpose competitive and efficient.

Introduction

Competition makes capitalism efficient. It disciplines businesses to innovate and offer competitive prices to attract customers. Such discipline, combined with a system that guarantees private property, encourages self-interested maximization of sales net of costs, and enables governments to promote freedom and provide public goods, has proven to deliver tremendous output. But price competition is becoming mild and limited. Mounting evidence on market concentration shows that few firms lead their industries and set close to monopoly prices and monopsony payments to suppliers (Autor et al. 2020, De Loecker et al. 2020). Price competition is limited because people care more about purpose than price. With most of our basic needs already satisfied, at least in the developed world, we fret more about growing personally and professionally, contributing to society, and belonging than affording food and shelter. Firms must now compete in Environmental, Social, and Governance (ESG) performance to meet the demands of consumers and suppliers who prioritize purpose over price.

Demand for purpose has been around since the origins of civilization. As with many other labels in the past, ESG encompasses well-intended ideas to combat the earth's degradation, social injustices, and corruption. But the clarity of the acronym contrasts with the obscurity of its meaning. The definition of ESG is highly debated, with conflicting narratives ranging from claims that ESG is crucial to firms' profitability to calls for companies to eschew profit motives altogether (Halbritter and Dorfleitner 2015). Such ambiguity can make it difficult to assess the impact of ESG on firms' financial performance (Gillan, Koch, and Starks 2021). But the same ambiguity can be a good thing. Humankind has bypassed the vagueness of similar labels and devised ways to harness their power. Some empires and corporations have thrived around narratives evoked by labels such as kingdom, democracy, communism, free markets, or capitalism. Others have crumbled around those same narratives. So before we dwell on the bright side of ESG, we must explore its dark side.

The dark side of narratives

The dark side of any business narrative is the power it confers to those who control the narrative to lay fictitious claims over valuable resources. Resources are valuable in the context of this essay if they allow humans to function. The primary resource is food because energy from food fuels all our activities. Our large brains need much energy. In the long history of humankind, starting some 300,000 years ago, the first significant upward shift in population and knowledge happened after humans produced more food than was necessary to subsist—creating the so-called 'surplus' (Childe, 1936). Surplus gave rise to non-agricultural workers whose functions (including artistic creation, tax collection, military defense, administration, science, and philosophy) enabled civilization. The number and quality of these functions were tied to the surplus available. Thus, surplus had to increase to fuel civilization, which only occurred when some of it was invested (Dal Bo, Hernandez-Lagos, and Mazzuca 2022). To the extent that the label "capitalism" brings to mind the idea that re-investing surplus leads to greater surplus, capitalism has been part of civilization since its origins.

The fact that surplus exists does not mean everyone enjoys it. While surplus production is a critical part of history, surplus appropriation, or how societies distribute surplus among its members, is equally crucial. (Mayshar, Moav, and Zvika 2017; Dal Bo et al. 2022, Mayshar, Moav, and Pascali 2022). Different modes of surplus distribution have existed in history, each unique to the geographic, cultural, and institutional characteristics of the society. But all distribution modes share some form of hierarchical order. Hierarchies can take on a formal structure, with explicit records certifying authority, or an informal structure, with authority implicitly accepted by society's members. As such, the hierarchical mode of organization does not depend on ideology. For example, communist societies do not concede equal power to each member. Instead, they are markedly hierarchical. Democratic societies are also hierarchical. They allow members to cast a ballot to choose a leader, but each member is unlikely to be pivotal in the election, and the ones running for high office are part of or vetted by a small group of prominent individuals. More importantly, the success of hierarchies in distributing surplus lies in its potential to organize billions of people interacting. Humankind owes the success of hierarchies to its propensity to concentrate control over most surplus on a select few.

The invention of writing some 5,500 years ago in the pristine cities of southern Mesopotamia permitted the emergence of hierarchical order in large settlements. Written myths and fictions about those in power extended the limited scope of kinship organization. Winning the ‘hearts and minds’ of individuals beyond the extended family proved cheaper than sheer coercion. The mystification of organizations and kings through written works such as Enheduanna's Temple Hymns or The Epic of Gilgamesh consolidated the belief that power was vested upon some by divine will since circa 2300 BCE (Liverani, 2004; Black et al., 1998).

Prominent individuals who utilized narratives to grant themselves legitimacy could control the surplus and work of tens of thousands of strangers and lead the first empires since about 4,300 years ago. A relatively small set of prominent individuals have used surplus to further increase their legitimacy by maintaining scribes, artists, armies, scientists, bureaucracies, and lately, the media and machine learning tools. Mystification in its positive connotation of 'perplexing the mind' or its more negative connotation of 'something difficult to comprehend' has proven to be as persistent as surplus and hierarchies. Today's marketing and propaganda, diffused through digital channels and tuned to people's prior beliefs and feelings, are the latest efforts to mythicize prominent people and the firms that represent them. New stage capitalism must accept that the ESG discourse features many elements found in the mystifications that have persisted throughout history.

Mystification provides a basis for prominent organizations and individuals to build a social structure inseparable from them. For example, think of BlackRock's CEO Larry Fink and former WeWork's CEO Adam Neumann. They, for better or worse, have steered narratives around ESG. Labels such as 'long-term value for shareholders' or 'community-adjusted profit' entice clients, investors, and employees to entrust them with money, time, and effort. Larry Fink's famous letters to CEOs advocate for capitalism to confront environmental and societal problems. His ideas arguing that profit maximization is consistent with addressing major environmental and social problems command praise globally. Larry Fink remains the CEO of one of the largest investment management companies in the world. And solid net earnings support his narrative. Adam Neumann, in contrast, fell from grace. Later rather than sooner, investors, employees, regulators, and the public realized that WeWork was not the 'physical social network.' They also realized that the firm's mantra 'We instead of Me' was a sham. Adam Neumann profited from selling hundreds of millions of dollars in equity to new investors, while employees could not sell any. WeWork was a mechanism to funnel resources from investors and workers to Neumann's closed circle of friends and family.[1]

Misinformation can consolidate harmful ideas and the elites associated with them. Appealing intentions, such as superior ESG purposes, inextricably associate with a few prominent organizations and the individuals at their helm. The power conferred to them by the control of the narrative numbs our reason and limits our choice. Societies must foster competition to avoid straying on the dark side of ESG. ESG business activities, just as traditional price-quality business activities, must aim at winning the favor of buyers and suppliers. Because ESG competition occurs in buyers' and suppliers' markets, understanding ESG competition requires first addressing the fundamental problem of value created by a firm that sells to buyers products that result from combining suppliers' inputs. Before creating value, buyers and suppliers must decide whether to do business with a given firm. Thus, they must be able to freely choose between competing ESG (purpose) narratives. Without a choice, the few prominent individuals and the firms' they represent will persist in controlling the narrative, further undermining freedom.

From surplus to value

At a basic level, surplus refers to the energy remaining after the energy cost of producing edible crops and animals has been subtracted from their energy yield. Over time, the energy yield has increased substantially compared to the energy cost, thanks to centuries of human progress. While this entails that energy surplus is no longer an impediment to human survival, humankind owes the significant energy surplus to the vast energy subsidy provided by hydrocarbons from fossil fuels (Lebergott 1966). Without this subsidy, only half of the population could be fed.[2] Thus, to reduce our reliance on hydrocarbons, we must look beyond basic energy surplus because basic energy surplus does not account for purpose.

To study purpose, we must provide a measure of surplus that accounts for our need to curb global warming and other higher needs such as trustworthiness, biodiversity, social connectivity and coordination, creativity, and humane treatment of animals, among many others. From a firm-level perspective, surplus coincides with the definition of value used in strategy and economics. Value is the gap between the willingness to pay for a product (or service) minus the opportunity cost of all suppliers who provide inputs to create that product.

Willingness to pay is just that: how much a person is willing to pay for a product. It usually varies across people. Think, for example, about the maximum amount of money a person would pay for the latest iPhone. It can be as high as a few thousand dollars or as low as zero. People are likely to have an estimate of their own willingness to pay for a product. Knowing another person's willingness to pay for a product is not that easy. However, we know that if someone buys the iPhone, their willingness to pay for it must be higher than the price. Firms benefit from an increased willingness to pay for their products because it can lead to higher prices. Any prominent person at the head of a firm would like to see buyers' willingness to pay for their products increase, everything else equal. As a result, willingness to pay for a product responds to the stories feeding the mystifications about ESG. Marketing and advertising ESG initiatives (for example, humane treatment of animals), propaganda about the founder of the firm producing it (for example, visionary leaders in charge of 'changing the world'), and addictive features of products or services (from legal opioids to social network notifications) all aim to increase willingness to pay.[3]

Firms advertising environmental, social, and governance practices can attract more buyers. They can also charge more to those who buy into the narrative. If we knew precisely how ESG activities match ESG intentions, it would be desirable for firms to showcase their ESG feats broadly. Unfortunately, we usually do not know what ESG means or does. In some situations, science sheds light on the actual effects of a narrative. For example, manufacturing an electric car emits twice as much greenhouse gasses as manufacturing a comparable gas-fueled car. However, the former's lifetime greenhouse gas emissions are only about 40% of the latter's (Argonne National Laboratory, 2022). Other narratives are vague, and science is still far from clarifying them. For example, crypto coins were said to be a tool to democratize investment. Yet, they only seem to benefit a few firms and individuals in mysterious parts of the world. In the extreme, cult-like products entail such a large willingness to pay that people effectively abdicate their freedom of choice. Cults around brands and personalities often consolidate because their mystical stories propagate unhindered in the digital universe. While digital tools, especially machine learning algorithms, emerge to improve the matching between needs and products, they also craft narratives that manipulate what people want. Because the goal is to match narratives to preferences, machine learning algorithms perform better by making people's preferences more predictable (Doya et al. 2022). In addition, evidence suggests that falsehood exceeds truth in social media (Vosoughi and Aral, 2018). Narratives are ambiguous, and people are more likely to accept ambiguous claims as true than reject them as false (Brashier and Marsh, 2020). Digital information tools manipulate people to become the resource base (attention, effort, money, or time) of those who already possess the wherewithal to control said information tools, spurring a vicious cycle of uniformity and conformity. It is easy to imagine the intentions behind Elon Musk's theatrical acquisition of Twitter.

Buyers' willingness to pay increases in the presence of mystifying narratives. But mystifying narratives do little to people's well-being if they are non-factual, toxic, and undermine freedom of choice. Crucially, when one person and the firm they represent monopolize an idea, they will profit from people's lack of choice, just as a product monopoly does. ESG narratives associated with specific firms and individuals mystify their characteristics and behavior. Thus, people relinquish their power to choose, expecting those prominent agents to solve the world's problems on their behalf. Fostering civilization requires combatting the monopoly of narratives.

Something similar happens at the other end of value: the opportunity cost of suppliers. The opportunity cost of suppliers refers to the minimum price suppliers would be willing to sell their products (or services) to the firm that uses them as inputs. In the example of an iPhone, important suppliers are chip manufacturers. The opportunity cost of chip manufacturers is the compensation they would get by selling those chips to firms other than Apple Inc. People are another significant supplier. Just as in the buyers' market, the prominent individuals at the head of the firm would prefer that the suppliers' best alternative is as low as possible. The lower the suppliers' best alternative, the less the firm can pay them. One example comes from firms that have the resources to mythicize the workplace they offer to workers. Such firms persuade people to work for less by crafting fictions based on promises of future riches or new worlds. Manipulation of expectations is as old as civilization and has been used to minimize the cost of motivating people to work, invest, and trust. When few individuals succeed at mythicizing themselves in fantastic narratives, workers and investors relinquish their power to choose. WeWork's former CEO Adam Neumann did just that. He created a corporate culture of exuberant spending to signal success when the firm had no advantage over similar real estate firms such as Industrious or Regus. Top management organized parties and endorsed the lavish lifestyles of Neumann's family, which contributed to the image of a company successful enough to 'change the world'—whatever that meant. Suppliers of capital were also deceived. Not all investors bought into the narrative, but those who did lost billions of dollars. Adam Neumann became a billionaire after WeWork's infamous fallout. Value was not created but shifted from investors such as Masayoshi Son's Softbank to Adam Neumann and his close circle. In this example, suppliers of capital bought into one person's mystification.

Value and profit are different. Profit measures how much value the firm captures. Firms strive to capture most of the value they create by increasing price because any price below buyers' willingness to pay concedes value to buyers. Likewise, compensation to suppliers (for example, salaries or rent) above the suppliers' best alternative gives away value to them. Because value is just the extension of the idea of surplus to encompass the notion of purpose, the size of the value in the world constraints civilization's growth. While bolstering civilization entails that all agents engaged in production increase their buyers' willingness to pay and reduce their suppliers' opportunity costs, maximizing profits entails increasing the difference between price and cost. Maximizing profits without maximizing value occurs when firms can increase prices and reduce compensations to suppliers without losing buyers and talent; when buyers and suppliers do not question whether what they buy and sell to the firm is objectively compensated. Firms' constant drive to increase profits must come together with buyers' and suppliers' ability to discern between truthful and deceitful mystifications.

If everyone is committed to distinguishing between truthful and deceitful mystifications, then firms and prominent individuals who control the narrative will craft stories based on verifiable facts. They are motivated by the fear of losing the favor of buyers and suppliers if they are caught spreading false information. In contrast, because it is known that people do not care about telling the difference between facts and falsehoods, prominent individuals and their firms will take the easy route and use deception. When people exercise their right to choose in the market for narratives, competition arises just as it does in the markets for products and jobs. Choosing among competing narratives is the key to breaking the monopoly of deception that demands conformity and cult-like obedience.

Competing narratives

Purpose is the product for sale. As such, ESG can only be sold through narratives that mythicize those who sell it. That is how purpose has been transmitted for thousands of years. But purpose, despite its vagueness, must be subject to comparison. For example, suppose two firms offer relief to deprived communities in the area. One should trust the one that devotes the most resources and engages in verifiable support. Trusting means giving resources, money, or effort based on positive expectations of the firm's behavior (Rosseau, Sitkin, Burt, and Camerer, 1998). The closer expectations are to reality, the better our judgment. Next stage capitalism depends on how much people invest in getting expectations right.

The question we should ask ourselves is whether a product or job is making our lives better. If we all ask this question and make a genuine effort to answer it objectively, firms will be motivated to compete to meet our demands. While the question is simple, the answer can be complicated. We tend to be drawn to familiar and trendy products. Because choosing between options can be costly, we often stick to what we know, including successful people. We follow popular people and attribute their success to their virtues, and seldom entertain the idea that their success can be pure luck (Merton, 1968; Azoulay, Stuart, and Wang 2014; Bol, de Vaan, and van de Rijt, 2018). This belief, called the "Just World hypothesis" is a well-documented tendency in social psychology (Lerner and Miller, 1978; Jost, Blount, Pfeffer, and Hunyady, 2003). Once a person achieves power, we often believe they deserve it, and their power should not be questioned. However, buying and following without questioning immerse us in stagnant societies that reward uniformity and conformity over disruption and innovation. Disruption and innovation, not uniformity and conformity, drive value growth (Grossman and Helpman, 1993).

Asking ourselves candidly whether a product improves our lives incentivizes firms and entrepreneurs to develop products for higher purposes. Entrepreneurs create new products and narratives to compete with established players, disciplining the incumbent to improve their offerings. A process of Schumpeterian creative destruction results in the market for purpose. Firms and prominent people compete for attention, and value grows as a result. Because purpose is reflected in ESG narratives, firms that engage in genuine ESG efforts create and capture value by increasing the buyers' willingness to pay or reducing suppliers' opportunity costs.

But firms that do not engage in sincere ESG efforts can use the vagueness of ESG to their advantage. Firms with large-budgeted public relations departments are an advantage simply because they can shape the amorphous ESG into their preferred narratives. When the narrative is subjective and ambiguous, buyers and suppliers must increase their scrutiny of the firm’s products and practices. When the narrative is familiar, buyers and suppliers must fight the temptation to reason their way to the conclusions they already favor (Kunda, 1990; Epley and Gilovich, 2016). With competition, firms tie advertising to production to compete in the market for ESG narratives. Fostering competition by choosing among narratives is more effective than hoping firms self-regulate and report truthfully. Competing narratives do not clarify the notion of ESG; they just give a chance for people to step up, discern, and ultimately choose.

Competition: The Bright Side of ESG

Even though ESG concerns (and variants such as Corporate Social Responsibility, CSR) have been around for decades, we have just begun to feel the impact of ESG competition. As humans grow conscious of the earth's degradation, social injustices, and corruption, firms compete for talent, investors, distributors, as well as consumers. Unlike traditional price competition within industries, ESG competition often means competing across industries. A bank seeking to attract programmers must compete with a consumer goods company for the same conscious talent. For example, according to one survey by Forbes, 65% of workers say they are more likely to work for a company with robust environmental policies; another one by Bunderson and Thakor (2022) finds that firms that explicitly promote better governance feature happier workers. Something similar happens when firms seek to attract capital or develop exclusive distribution channels (Gartenberg et al., 2021). Even firms' engagement with regulators can improve due to superior ESG performance (Minor and Morgan, 2011).

The landscape where ESG competition emerges is vast, making it all but impossible for any firm to compete across all areas of ESG successfully. However, the same vast landscape brings unforeseen opportunities because of the many unaddressed ESG concerns. Firms are rushing to portray themselves as the ones that address those concerns. Well-intentioned value statements abound. Amazon is 'committed to and invested in sustainability,' Microsoft seeks to 'create a sustainable future' perhaps because, as Saudi Aramco states, 'sustainability makes good business sense.'[4] Good intentions are all over the internet and media. Narratives, beautifully crafted to appeal to our sense of belonging and evolutionary preoccupation for our off-springs, are easy to come by. Should we believe all of them or none? The answer is neither. Even though narratives are often associated with some truth, they are never entirely factual. We must choose according to objective information and fight the temptation to fall for what is familiar, popular, or addictive. So how can consumers or workers keep firms competing for them? People must first learn what a firm does regarding ESG and compare those activities with its competitors' activities.

The difficulty in learning firms' ESG activities does not stem from the lack of information. For example, one of the most helpful guides for learning is simply a firm's sustainability report, which is almost always posted for free on its website. Most rating agencies use it as a primary source for their ratings. A more sophisticated consumer, worker, or investor can consult fee-based commercial sources, such as rating agencies and aggregators, to obtain in-depth information on a firm and its competitor's ESG initiatives. But those could be expensive. Many other less costly information sources are available, including government filings, non-governmental organizations, and niche providers (e.g., Glassdoor).

The difficulty with ESG is its lack of clarity. Conscious consumers and workers must scout the business landscape and look for areas where competitors are not reporting. Most ESG reporting is voluntary, so the lack of reporting suggests the company is unable to compete in that domain (Hernandez-Lagos and Minor, 2022). The truth in the ESG mystifications may lie in what is not said. Furthermore, industry-leading firms have the resources to invest and disclose their ESG information and frequently dominate the narrative, pricing, and suppliers' compensation, making it difficult for competitors to challenge. However, narratives are cheap; any firm or person can create them. Venture capital firms invested over $340 billion in 2021 in the U.S. alone, which affords purposeful entrepreneurial firms to complement their narratives with ESG stories that attract customers and talent, otherwise loyal to incumbent firms. Responding to the need for purpose, entrepreneurial firms compete with established players in the market for narratives. Those that manage to differentiate from the dominant incumbent seem to do better in the long run (Guzman and Li, 2023). Entrepreneurs' mystifications can fill the void left by incumbent firms only if buyers and suppliers constantly exercise their right to choose between products and between narratives.

The Marxist view that mystifications obscure reason (or consciousness) does not mean capitalism is doomed to fail—quite the contrary.[5] By being aware that mystifications exist, we can choose intelligently. The buyer who is not deceived and recognizes that a goal of firms is to capture as much value as possible would also recognize that they possess the ultimate power to choose whether to buy into the narrative. Likewise, workers who accept that firms are constantly seeking to reduce costs would be better off if the firm's pressure to take on a lower salary responds to sincere sustainability efforts. Thus, a firm facing skeptical buyers would be more likely to succeed if it increases the gap between what it charges buyers and their willingness to pay. Similarly, a firm facing suppliers who exercise their right to choose is more likely to attract them if it increases the gap between their compensation and their best available alternative. Buyers and suppliers enable capitalism to grow value by maintaining their unwavering right to choose. In other words, buyers and suppliers skeptical of unfounded sustainability narratives are necessary for civilization to persist.

This is not to say that firms cannot be genuinely purposeful. Firms can be conscious of higher purposes but face different incentives than people. Incentives that can make purposeful activities more difficult to sustain if they result in lost business or higher costs. One such incentive is `free-riding:' the benefits of firms acting purposefully are shared by many, but so are the costs. For example, firing a woman at fertile age entails a moral cost to the organization's members. Still, because responsibility can be deferred to the vague notion of firms' needs, no person takes full responsibility for that decision. Spreading the burden of morally costly activities reduces the firm's incentive to supply purpose without pressure from losing talent or customers.

Additionally, corporations' legal nature can hamper incentives to sustain purpose. As firms are entities different from the owners of their assets, a corporation can take on excessive risk. The downside risk does not fall on the people at their helm. The firm that engages in unethical (but legal) behavior can disappear and, with it, all the misconduct. As limited liability encourages financial risk-taking, it also encourages environmental, social, and governance risk-taking. People can reduce a firm's ESG risk-taking by exercising their right to choose and increasing the reputation value of pursuing sustainable activities (Hernandez-Lagos, Povel, and Sertsios, 2017). Ultimately, firms and people both play a role in fostering civilization. But people need to make conscientious choices and demand sustainable practices from firms. Firms' inherent push to increase prices or reduce costs must be met with a larger willingness to pay for their products and a lower opportunity cost for their suppliers. For the "invisible hand" to work, it is up to people, not firms, to ensure that purposeful products and jobs are factually purposeful, not just mystically so.

At the core, the problem of buying into cult-like business narratives is trusting the untrustworthy. Cult leaders exploit those who trust them. A society that becomes accustomed to cult-like ideologies in products, services, or governments, is bound for brutal awakenings, frustration, and violence. Happier and higher income societies feature more trust (e.g., Mikucka, Sarracino and Dubrow 2017; Helliwell, Huang and Wang 2016; Algan & Cahuc, 2014; Inglehart 1999). Narratives that promise but do not deliver erode trust in the institutions underpinning society, capitalism, free markets, free elections, and accountable governments. History tells us that those societies are prone to chaos, which populists and tyrants use to consolidate power brutally. Given the power vested in corporations today, their businesses and those who control them could also exert totalitarian power. Totalitarian CEOs can command the masses through unfounded conspiracy theories and addictive narratives. Next stage capitalism should put totalitarian CEOs in check. By nurturing our power of choice, we can constrain totalitarian CEOs just like we can constrain the power of tyrants by promoting free elections. Let us spare no effort to discern true from falsehood and protect our right to choose.

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[1] The quote 'long term value for shareholders' comes from Larry Fink's 2022 letter to CEO's retrieved on November 10, 2022 from https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter. The quote 'Community-adjusted profit' is the title of chapter 20 of the book "The Cult of We" by Eliot Brown and Maureen Farrell (2022) Crown New York. WeWork's business strategy of extreme growth relied on raising enormous sums of money. In order to back the unfounded claims by WeWork's CEO Adam Neumann that the business was profitable in several popular outlets such as The Wall Street Journal 2016 and TechCrunch 2017 ("The Cult of We" page 196), WeWork CFO at the time, Artie Minson, conjured up the label 'community-adjusted EBITDA.' That label, which was not sanctioned by any official regulator in the world, basically excluded a wide array of expenses, such as general and administrative costs, the cost of the design department and the cost of the technology department. Despite Adam Neumann denying selling large number of stocks, he indeed sold $115 million to the mutual funds that invested in the firm in 2015 ('The Cult of We' pages 84-86).

[2] About half of the total crop harvest in the world rely on the application of synthetic nitrogenous compounds, which in turn are produced thanks to hydrocarbons feedstock and energy (Smil 1999). Without them, feeding about half of the earth's population would be impossible at the prevailing diets.

[3] Note that in the case of social networks, addictive notifications and feeds are meant to increase advertisers' willingness to pay for users' attention. Users serve as suppliers in most non-subscription social networks while advertisers are the buyers.

[4] Amazon's https://www.aboutamazon.com/planet; Microsoft's https://www.microsoft.com/en-us/corporate-responsibility/sustainability; Saudi Aramco https://www.aramco.com/en/creating-value/sustainable-business-operations. All retrieved on Nov 7, 2022

[5] Marx (1990 pages 102-103 and pages 968-969) proposes that mystifications are the result of a capitalist society. Thus, its very nature propels the capitalist to create narratives around products and modes of production that increase the surplus it can extract from buyers and suppliers and consolidate its control over resources. The ideas in this essay are different in that there is no reason to believe that narratives are private goods—if anything narratives are readily available to all, and their consumption does not preclude the consumption of another person. Moreover, narratives and the resulting mystifications can be proven obsolete by entrepreneurs who defy common ideologies. Unlike commodities, narratives can take indefinite forms and can be created by anyone at a negligible cost so the space for competition is unbounded. The necessary condition for competition, however, is that buyers and suppliers do not relinquish their ability to discern.