

# Successful businessmen bring benefits to others both in making money and spending money

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**Abstract:** *Explored why the external effects that businessmen have on society when making money and spending money outweigh the drawbacks.*

**Key words:** *businessmen, Externalities*

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## Externalities and Merchant Activities

Firstly, I believe that successful businessmen will generate benefits when making money and spending money. When we talk about the contributions that businessmen make to society when spending money and making money, which cannot be measured by numbers, we cannot avoid discussing the concept of "externalities". So, what is externality? The definition of externality is the impact of an individual's economy or behavior on other members of society, mainly focusing on the impacts on society that cannot be measured by numerical values. Externalities can be divided into positive externalities and negative externalities. As the name suggests, positive externality refers to an individual's behavior of bringing benefits to others, for example, education is positive externality. A sound education system will cultivate talents that contribute to social development and benefit everyone. Negative externality and positive externality are opposite, negative externality refers to the behavior of an individual's economic behavior that causes harm to others or society. Give an example! For example, a group of aunties often dance square dancing on the square while residents are sleeping, and even loudly play the music of square dancing, disrupting their sleep. This is an example of negative externalities, where aunties dancing square dancing can damage our sleep quality. So what does this have to do with our theme? Firstly, I acknowledge that the impact of business activities on society is not always manifested as externalities. Why do you say that? Because we know that externalities mainly study the impact on society that cannot be reflected by the market or economy, a large part of the impact of merchants on society is in market price mechanisms and some socio-economic issues, and it does not strictly fall within the scope of externalities. But I think we can still use the concept of externalities as a starting point to explore this issue.

## Exploring the positive and negative externalities generated by merchants when making money and spending money

### Positive externalities:

#### I. Bringing technological innovation and progress

When merchants make money, in order to pursue higher profits and market share, enhance their competitiveness, they will continuously invest a large amount of money and resources in technological research and innovation, thereby promoting social development.

Elon Musk is a great example, as his Tesla company is a leading global electric vehicle manufacturer. Musk himself even claimed that "Tesla will become the most valuable company in the world"! We all know that

Musk's two most profitable companies are Tesla and SpaceX, with Tesla's total revenue reaching \$96.773 billion in 2023. So how did Tesla achieve this? How did Elon Musk drive technological innovation in the process of making money?

Electric vehicle batteries are the source of power for electric vehicles, but the cost of electric vehicle batteries is very high, even the most expensive can reach 246900 yuan! This means that a battery is even more expensive than a car. So, in order to better reduce costs and increase profits, Tesla, a subsidiary of Musk, has conducted research and development on battery technology. Its research and development strategy and methods can be mainly divided into the following six parts. 1. Independent research and innovation: Tesla's batteries adopt lithium-ion battery technology, continuously optimizing battery materials and structures to improve their high energy density and lifespan. In addition, Tesla conducts in-depth research on the positive electrode materials of batteries, continuously reducing production costs and improving battery energy density. 2: Collaboration and joint research and development: Tesla collaborates with other battery manufacturers to promote the development of battery technology and enhance product competitiveness and safety through governance. 3: Intelligent management: Tesla can monitor the battery status at any time, ensuring that the battery can operate normally under optimal conditions, improving the safety and reliability of electric vehicle batteries. In addition, Tesla's R&D strategy has continued investment, adopting advanced design concepts and conducting strict testing, among others. A series of strategies have successfully helped Tesla reduce the cost of electric vehicle batteries, increase the safety of Tesla's electric vehicles, and enhance market competitiveness!

We can see from it that Musk has put in a lot of effort to "make money." He led Tesla in technological research and development to lower the price of Tesla electric vehicles, allowing more families to purchase electric vehicles and increasing demand. While reducing the cost of electric vehicles, the net profit per unit of electric vehicles has also increased. All of these have made Musk's Tesla more profitable! From an externality perspective, what did Tesla indirectly do while making money? Let's continue with Tesla's battery development. The research and development of batteries not only brings a considerable amount of funds to Tesla, but on the other hand, the continuously improved Tesla has been accepted by people, and the quality of life of Tesla owners has been improved. At the same time, the research and development of electric vehicle batteries belongs to technological innovation, so it has also promoted the progress of science and technology in human society, and has had an incalculable impact on the development of all humanity! From this, it can be seen that businessmen can have a profound impact on the development of human society by generating positive externalities such as technological innovation when making money.

## **II. Provide employment opportunities**

Merchants can also indirectly provide employment opportunities for society when spending money. Firstly, in order to seek greater profits and expand the market, merchants will establish some enterprises, and with these enterprises, there will be labor and employment. Therefore, merchants create employment while making money. Secondly, businessmen are also creating employment when investing, and Buffett, known for his long-term value investment strategy and outstanding investment performance, is one example of this! Buffett places great emphasis on finding promising entrepreneurial opportunities and conducts in-depth and continuous research to analyze them. In the investment process, Buffett focuses on exploring the intrinsic value and management quality of enterprises. He likes to invest in competitive enterprises with intrinsic beauty and good management, because such enterprises are more likely to succeed in the long run and create more high-quality employment opportunities for society! Berkshire Hathaway is a company under Buffett, which developed into an internationally renowned holding company under his leadership. The company integrates fields such as insurance, energy, manufacturing, and retail. There is no doubt that various fields require a lot of labor, which

provides a large amount of labor for society! It can be seen that businessmen are also creating social employment while making money and spending money.

### **III. Charity to repay society**

Conscientious businessmen, after making money, will do charity to enhance their social image or give back to society, using this method to repay society. Charity can not only help businessmen improve their social image and status, but also improve social issues and have a positive impact on others. Chen Guangbiao, the top philanthropist in China, is one of the examples. He donated 2 billion yuan in four years to become the richest man in China. He was born into poverty but had ideals and responsibilities. At the age of 28, he left his position and focused on entrepreneurship, ultimately achieving success. This was also the starting point for him to start helping others. One day, Chen Guangbiao ran into a young leukemia patient on the street. The thin and frail figure made his heart heavy. Without hesitation, he donated 30000 yuan to help the person in need. During the Wenchuan earthquake, he donated a whopping 100 million yuan to provide assistance to the victims. Since then, he has often been active in the field of charity, donating a total of over 2 billion yuan, becoming the "greatest good in China!" It can be seen that businessmen can also have positive external effects on society when spending money.

### **IV. Negative externalities**

#### **environmental pollution**

Some businessmen, in pursuit of personal interests, neglect environmental protection, resulting in a significant waste of resources and serious environmental pollution. For example, Chinese businessman Meishan City illegally developed real estate in the water source area, causing water pollution and resource waste. For example, after the First Industrial Revolution, the Thames River was severely polluted, indirectly leading to the prevalence of cholera in the UK. During the First Industrial Revolution, merchants ignored environmental pollution and discharged sewage into the Thames River, causing it to become a "foul smelling ditch". This undoubtedly caused extremely bad damage to the living environment of residents along the Thames River and had a negative external effect on society!

#### **1. Social inequality**

Some businessmen monopolize resources by mastering privilege policies to prevent competitors from entering the market. This undoubtedly has a very negative impact on market progress and vitality, and in the long run, it will have a negative external effect on society, leading to further widening of the wealth gap! In addition, some unscrupulous businessmen maliciously exploit employees in order to reduce labor costs. For example, forcing overtime and doing everything possible to reduce wages. Moreover, some companies regard Ireland as an "international tax haven" and use various unexpected means to evade various tax laws and violent profits. These behaviors undoubtedly exacerbate the wealth gap in society and have extremely negative external effects on human society.

#### **Where there is light, there is darkness, but darkness can never conceal the light!**

I believe that the positive externalities that businessmen have on society when making money and spending money are greater than the negative externalities! My viewpoint is as follows: it can be seen from above that social innovation, as well as the provision of charity and even employment opportunities, heavily rely on the actions of the business class. So, merchants can have significant positive externalities on society, whether they are making money or spending money. Of course, sometimes merchants can also cause harm to society. But I

believe that these hazards are either disappearing or preparing to disappear. Taking China as an example, the Chinese government's strong promotion of the concept of environmental protection as the top priority has awakened the conscience of many businessmen. Currently, some Chinese companies have made concessions to environmental protection. For example, Huawei's headquarters has been relocated from Shenzhen to Dongguan. At present, China and many countries adopt a progressive tax system, and crack down on tax evasion and punishment. This undoubtedly greatly eliminates the evil idea of tax evasion in the minds of unscrupulous businessmen and reduces the wealth gap in society! In addition, China has also mobilized social resources, balanced regional development, awakened the conscience of businessmen, and achieved tremendous results. China announced the achievement of "comprehensive poverty alleviation" in 2020! Many people were involved in poverty alleviation construction back then, among which there were many traces of businessmen. For example, "Stone Boss" Wang Wanchuan believes that giving people fish is not as good as giving them fish. Wang Wanchuan believes that it is better to teach impoverished households skills and transform "blood transfusion" into "blood production" by directly donating money and materials. To this end, he actively collaborated with the human resources, social security, and poverty alleviation departments in Pinggui District to build the company into a poverty alleviation immigration training and education base, and formulated preferential policies. He arranged for more than 200 people to participate in training for resident workers, crane workers, mechanical and electrical workers, and trained them into skilled and capable technical workers. According to their wishes, he arranged for employment in the company, transforming batches of rural impoverished people into enterprise workers, making a huge contribution to the victory of poverty alleviation. In summary, I believe that the positive externalities that businessmen have on society, whether they are making money or spending money, are greater than the negative externalities, just like where there is light, there is darkness, but darkness can never obscure light!

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