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Austrian writer Christian Felber proposes to switch the drivers of the economy. Replacing current money-orientated indicators of economic success - such as GDP, financial profit or return on investment - by criteria such as quality of life, fulfilment of human needs and fundamental values. In an opinion piece, he shares how he believes this could happen.

Economy for the Common Good: an economic model for the future



Classical economic science has to widen its narrow money-bound horizon to fulfil human fundamental values

According to a [poll by the Bertelsmann Foundation](#) in the summer of 2010, which was repeated in 2012, 80 to 90% of Germans and Austrians desire a "new economic order." The time is ripe for a new "[Great Transformation](#)," as described by Karl Polanyi in a book published in 1944. The idea is to re-embed the economy into the social context, a set of constitutional base values and the ecological foundations of life. For this quantum leap to happen, classical economic science has to widen its narrow money-bound horizon to become a holistic science.

Path to Common Good

The majority of the people already agreed. According to another [representative poll](#), 67% of the Germans wish a Gross National Happiness to replace the Gross Domestic Product (GDP) in measuring a nation's success.

The move would only put the economy in coherence with existing democratic constitutions. Indeed, the Bavarian Constitution, for example, states: "The whole economic activity serves the common good." The German founding law, the [Grundgesetz](#), says: "Property obliges. Its use shall always serve the welfare of all."

The [Economy for the Common Good](#) (ECG) is a 5-years-young alternative economic model. There, economic actors--namely, businesses, investors, consumers, public procurers--strive for the common good. And not for financial gain or GDP growth.

Rewarding ethical achievements

The core of this idea is simple: economic success is currently measured using monetary indicators such as GDP, financial profit or the return on investment--which, in fact, are the means of the economy, not their end. Today, success is not measured in terms of human needs, quality of life and fulfilment of fundamental values--which in fact are the goals of the economy.

To fundamentally rectify this distorted practice, we need to introduce a "Common Good Product", "[Common Good Balance Sheets](#)" and a "Common Good Creditworthiness Assessment" (CGCA). For instance, loans will only be granted in the ECG if the ethical assessment is positive.

Political measures will be discussed according to their contribution to the Common Good Product. Good balance sheet results of companies shall be rewarded with lower taxes, tariffs, better loan conditions and priority in public procurement. Thanks to these legal incentives, ethical products and services would become cheaper to consumers than less ethical ones. As a consequence, only responsible businesses can survive whereas non-ethical business would have to change or exit markets.

The strongest advantage of the ECG is that it is not limited to a theoretical model. The international movement 'Economy for the Common Good' started in October 2010, based on the initiative of a dozen companies in Austria. Since then, almost 2,000 businesses from 50 nations have joined the movement: from Sekem in Egypt to the Sparda Bank Munich; from Sonnentor in Austria to CanCet in Catalunya, from VAUDE in South Germany to a Camphill Community in the USA. About 250 of them have already implemented the common good balance sheet and submit it to an external audit.

Better insights required

Scientific research is now needed on how all types of companies and organisations can implement such an ethical balance sheet, including large stock market companies. Currently, the universities of Flensburg and Kiel are working with three corporations listed at the Frankfurt Stock Exchange on the applicability of the Common Good Balance Sheet in big companies.

In addition, further investigation could uncover how to improve the existing ECG instrument--currently a raw diamond--to transform it into a fully holistic instrument encompassing all values such as human dignity, solidarity, justice, sustainability, transparency, and democracy--as well as becoming effective and susceptible to be evaluated externally.

What is more, research could also help figure out which would be the most effective legal consequences to make ethical businesses viable. The incentives could range from priority in public procurement over taxes and tariffs to different loan conditions and being listed or not in "regional common good stock markets".

Finally, further technological support could help bring the common good balance result on all products and services--on a scale ranging from 1,600 to 1,000 common good points. Already an implementation project has started within the ECG movement.

Bottom-up approach

At the political level, the movement seeks to bring about changes to current legislation via democratic bottom-up processes. On the one hand, the ECG movement has drafted a proposal for a new economic order composed by 20 core elements which is described in my [book](#) 'Change Everything. Creating an Economy for the Common Good', published in June 2015. Money shall become a public good, cooperation shall be enhanced, "counter-petition" de-incentivated; a variety of types of property shall coexist; and [trade shall become a means](#), not a goal.

The movement also demands a democratic and participatory process. There, all core elements of this new economic order will be discussed in economic conventions. Ultimately, the goal would be to draft a new economic constitution. The final vote on all cornerstones--between several alternatives in each--will remain with the sovereign citizens.

[Christian Felber](#)

Christian works as an independent author of best-sellers about the economy. As a writer based in Vienna, he regularly contributes to Austrian newspapers. He has a background in psychology, sociology and political Sciences and has been a lecturer at the [Vienna University of Economics and Business](#) since 2008. He is a co-founder of Attac Austria and initiator of the projects "Bank for the Common Good" and "Economy for the Common Good". In his spare time, he enjoys being a contemporary dancer and contact improviser.

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