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## MEDIA REVIEW

### Three Books on a New Economics: A German Perspective

*LIBERATION FROM EXCESS: THE ROAD TO A POST-GROWTH ECONOMY,*

Niko Paech (2012)

*CHANGE EVERYTHING: CREATING AN ECONOMY FOR THE COMMON GOOD,*

Christian Felber (2015)

*THE REAL WEALTH OF NATIONS: CREATING A CARING ECONOMICS,*

Riane Eisler (2008)

Reviewed by Ulrike Brandhorst

#### Abstract

The first part of this paper presents the ideas of Niko Paech and Christian Felber, two popular exponents of alternative economic models in Germany and Austria. Both authors invoke psychological and behavioral factors, noting that our current economic system is leaving people dependent, unhappy, and dissatisfied, and that this system's values are contradictory to our constitutional and fundamental values. The book presented in the second part of the paper helps understand this absurdity. It's Riane Eisler's *The Real Wealth of Nations: Creating a Caring Economics*, in which she explains how we can reach an understanding of connections that are still largely invisible, and change the mindsets responsible for replicating harmful behavior and policies reflected in our current economic system.

**Keywords:** Economic models; Caring Economy; Post-Growth Economy; Common Good; psychological and behavioral factors; dominator; partnership; sustainability; women's rights

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Facing the challenges of the 21st century, all over the world people are searching for a common reason for:

- why hunger, ecological devastation, the re-growing social differences, ongoing poverty and the exploitation of people and nature are proving so intractable
- why we are using our scarce and essential resources, not in a wise manner to feed the world, but on our second car, third flat-screen television, fourth smart phone, or hundredth gadget.
- why we do not invest a fraction of the energy and financial resources used for the production of tons of toys, decoration material, and other “stuff” to care for people and our environment.
- why we keep producing and buying superfluous trash despite facing peak oil, peak soil, peak everything.

The common reason they point to is the economy. Or more precisely, the mentality of our economy.

In consequence, many alternative economic models have been developed. Not as competing ideologies, as are capitalism and communism, but as complementary and integrating tools, projects, ideas, and systems. There is a wide variety of different approaches to the question of how to find a better way to organize our economy so that it serves humanity, and not vice versa.

## TWO GERMAN BOOKS

In Germany and Austria, two authors are especially known for their work on alternative economic models. One is Niko Paech, author of *Liberation from Excess: The Road to a Post-growth Economy*. The other is Christian Felber, author of *Change Everything: Creating an Economy for the Common Good*. While their approaches are quite close to one another, Paech focuses more on the individual, while Felber

emphasizes more the need for change in the finance system, entrepreneurship, and politics.

The post-growth economy referred to by Paech is an economy with a stable supply and without growth in gross domestic product (GDP). Such an economy obviously requires a reduced level of consumption, which in turn requires a fundamental change in the Western lifestyle as well as changes in supply chains, production, and institutional settings.

Change of lifestyle starts with reducing consumption to the essentials. Or, to put it in more positive terms, a lifestyle freed from all that is superfluous. It also includes more self-subsistence, and therefore the re-activation of crafts, skills, and knowledge to satisfy basic human needs beyond the market. Increased self-subsistence requires a shift in the employment market to give people the time to grow and prepare their own food and/or take part in community gardens and networks; to organize mutual help; to establish repair-café, in which skilled volunteers help people repair broken items and empower them to do these repairs on their own; and so on.

However, Paech does not advocate a society of completely self-sufficient households. He wants to complement increased self-subsistence with the concept of regional economy -- i.e. regional markets with short supply/value chains and community currency, to continue using the advantage of money-based division of labor without running the risk of ecological or social disaster as we do if we continue to stake everything on a global, industrialized growth economy.

Paech points out that the renunciation of a growth economy is inevitable. New techniques or methods of production will not help us to find a sustainable way if they are just added to the continually rising consumption of resources. He illustrates this statement with the example of a person who brings his old diesel car to the junk

dealer and buys a new electrically powered car. While this person is driving a more environmental friendly car now, the result of the transaction is environmentally very unfriendly. This person scrapped a functional car, creating more clutter, and bought a new one that had to be built with a huge effort of resources. Even if the new car is not using diesel fuel, it is still running on energy that has to be produced using essential resources (even photovoltaic cells and wind turbines are made out of material, and have to be disposed of when they are no longer functional). So it would have been much more sensible to keep the old diesel car until it breaks down - and to use it as seldom as possible.

Paech's approach has several elements:

- Exclude all consumption that is not essential.
- Try to satisfy all essential consumption needs on your own or on a local/regional level, in non-industrial production if possible.
- Only those needs that cannot be satisfied sensibly in this way should still be met by global and/or industrial production.
- Increase the duration and utilization of already existing products and infrastructure, e.g. by sharing their use or by maintaining or upgrading them.
- Reduce the use of energy for transport by walking or biking, and minimize the use of any other forms of transportation - especially airplanes - preferably to zero.

To handle possible growth constraints inherent in the current system, the property and finance sectors must be reformed. Furthermore, the environmental stress induced by production has to be measured and taxed. This part of the needed changes is discussed in more depth in Christian Felber's *Change Everything: Creating an Economy for the Common Good*. His book is part of two projects Felber started in 2010: "Economy for the Common Good" and "Democratic Bank."

In 2014, Felber started a cooperative that today has more than 3,200 members and 2.3 million Euros of start-up capital to found a “Bank for the Common Good.” Additionally, together with a group of entrepreneurs, he developed the model of the Economy for the Common Good. According to the project’s association, this model is supported by 1,760 enterprises, 60 politicians, and more than 6000 private citizens. In 2015 the European Economic and Social Committee (EESC) considered the model compatible with the legal framework of the EU and its member states.

In the Common Good model, GDP is not considered an adequate measure of the quality of an economy. It uses new measures to evaluate the “Common Good Balance” of an enterprise. In Austria and Southern Germany, there are already about 200 enterprises applying these measures.

Both Felber and Paech invoke psychological and behavioral factors within their models. Paech underlines that there are not only ecological, but also psychological dangers connected to superfluity and global industrialized production. People are becoming more and more dependent on external supply and at the same time overwhelmed with the current oversupply of everything. Paech calls this phenomenon “consumption burn-out”. For him, the way to self-subsistence is also a way to more satisfaction, happiness, and autonomy. In like manner, Felber states that the current economy does not conform to our human endowment. He notes that the Common Good Economy is in line with our constitutional and fundamental values of trust, appreciation, cooperation, solidarity, and sharing.

## **A BOOK NEEDED IN GERMANY - AND THE WORLD**

Both Paech and Felber note that the current economic system is leaving people dependent, unhappy, and dissatisfied, and that our current economic values are

contradictory to our constitutional and fundamental values. There is a book that may help us understand this absurdity - and help us move forward.

This book is Riane Eisler's *The Real Wealth of Nations: Creating a Caring Economics*, which should get much more attention in Germany and Austria than it does today. The insights in this book are basic for the implementation of the economic models presented by Paech and Felber, because before we can change the current economic system, we need to understand how a system so contradictory to our well-being and our social values could become so strong and all-encompassing. We need to understand how our minds are set at the moment, and why they are set so. Eisler's analysis makes this understanding possible.

Eisler shows where the beliefs and assumptions that have led to our current economic system stem from, as well as their effects (often unconscious). She laid the foundation for these insights in her 1987 book *The Chalice and the Blade: Our History, Our Future*, in which she explains the differences between partnership and domination cultures. The different values connected to these two cultures lead to different social, economic, and individual impacts and outcomes. The problems we are facing today in our societies, economies, and our individual lives are due to the prevailing dominator values that go back to our mental coining since ancient history and are reflected in our religions. One of the characteristics of dominator cultures is the devaluation of everything considered as female. That is why Eisler's model of a caring economy, which she develops in *The Real Wealth of Nations*, emphasizes women's rights as basic for a sustainable economy.

She notes that the code of values and the resulting ways of thinking that have developed over the millennia have to be changed fundamentally. If we want better conditions for people and our environment all over the world, we have to consider the issue of women's rights as fundamental. Not just to ensure that the half of humanity

that is primarily educating and feeding our children have the possibility of improving their own situation and thus of their families, but also because only then will the typical women's work - all caring work - and the associated social values receive the appreciation needed for a sustainable economy, i.e. a caring economy.

The influence of dominator values in our societies is so deeply rooted that even facts do not make it falter. Eisler refers to a great number of studies and examples that show that investing in care pays off, while the lack of investment in care leads to huge costs for all members of a society. Clinging to dominator values and mindsets is the reason why even many benevolent people do not support investments in caring for people and nature. For instance, they consider it acceptable to invest in the penal system (understood as "public" and "male") rather than in care (considered as "private" and "female").

The characterization and differentiation of domination and partnership systems is an important feature of Eisler's work, and an important basis for the implementation of sustainable economic models. As Eisler and Paech point out, technologies are never good or bad - it is the way we develop and use them that determines their quality. Eisler shows where the mentality leading to harmful use of technologies stems from. It comes from the domination system of values that - often unconsciously - leads to dominator policies and actions, not only on a societal level but also on an individual level. One of Eisler's great contributions to the alternative economic models of our time consists of raising awareness of our patterns of thinking: an awareness that makes it possible to change them.

Other important contributions to the development of sustainable economic models are Eisler's well-structured full-spectrum map of economics, and her fervent reminder that economic systems do not follow general laws of nature, but human-made laws and habits, and hence can be organized according to human needs.



Eisler's economic map includes six sectors:

- Market economy (what is generally referred to when speaking of the economy)
- Government economy (sets the economic framework, organizing and financing of public services)
- Household economy
- Community economy (volunteer work, community currency)
- Natural economy (natural resources)
- Illegal economy (e.g. drugs, illegal weapons, sex trade)

Using this full-spectrum map of the economy, it becomes obvious that households and nature are the heart and foundation of every economy. Without them and the unpaid care work done in these sectors, none of the other sectors could subsist.

*The Real Wealth of Nations* leads to an understanding of these still largely invisible connections, and helps to change the mindsets responsible for replicating dominator behavior and policies against our better judgment. But Eisler had gone even further than writing this important book. She initiated the Caring Economy Campaign, offering online courses for people who want to become advocates and activists for a caring economy. That is what we need the most, if we want to create a sustainable economy that deserves this name.

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