

**7 Signposts to  
Post- capitalism**

**Project: “*Capitalism tamed?*”<sup>1</sup>**

Synopsis  
of the first and second project stages

[picture]

Coordination, editing, compilation and linking text:  
Dr. Klaus Woltron Dipl. Ing.  
Member of the Committee of the Club of Vienna  
Tuesday, 3 February 2004

---

1 © Club of Vienna/Woltron 2004

## Index of Contents

7 signposts to.....	1
post-capitalism.....	1
Index of contents.....	2
Foreword.....	5
Summary.....	5
The goals of the project.....	7
Which way... ..	7
...and how?.....	7
Questions to be answered.....	8
Neo-liberal economics.....	8
The extreme positions.....	9
The driving forces of competition, earning money and accumulation of capital and goods.....	10
Security.....	10
Concentration of power.....	11
Immortality.....	11
Freedom.....	12
Limitation: the Weber-Fechner Law and being misled by the asymptote.....	12
The paradox between real and imagined human capabilities.....	15
Capitalism and the market economy.....	16
The operational functions of money.....	18
Effects of neo-liberalism and globalisation –	
Theses and antitheses.....	18
Economic prosperity and continuity.....	19
Thesis.....	19
Antithesis.....	20
Autonomy, subsidiarity and development.....	22
Thesis.....	22
Antithesis.....	22
Peace.....	23
Thesis.....	23
Antithesis.....	23
Access to information and equality of opportunity.....	24
Thesis.....	24
Antithesis.....	24
Environment.....	25
Thesis.....	25
Antithesis.....	25
Social systems.....	26
Thesis.....	26
Antithesis.....	26
Values.....	27
Thesis.....	27

Antithesis.....	27
Material welfare.....	28
Thesis.....	28
Antithesis.....	28
Individual satisfaction .....	29
Thesis.....	29
Antithesis.....	29
Culture.....	31
Thesis.....	31
Antithesis.....	31
The ways.....	32
Measures on an international basis.....	33
Measures on a national basis.....	34
Re-regionalisation.....	34
New emphasis for the value issue.....	34
Intervening in the monetary system.....	35
Provision of local autonomy and diversification in the use of raw materials, energy and forms of labour.....	36
Measures in the monetary and interest systems .....	40
Further recommendations.....	40
Additional problem areas.....	42
Topics worth investigating in the short term. ....	42
The seven solutions.....	42
Further proceedings.....	47
Appendix.....	49
Participants in the project .....	49
Steering Committee at the Club of Vienna .....	49
Experts.....	49
Other sources .....	49
The working method.....	50
Organisation of the project.....	50
The experts' curricula vitae.....	51
Mathias Binswanger.....	51
Richard Douthwaite.....	52
Nadia Johannisova.....	52
Herman Knoflacher.....	53
Marco Lehmann-Waffenschmidt.....	53
Christoph Maeder.....	54
Gerhard Scherhorn.....	54
Manfred Sliwka.....	55
Klaus Woltron.....	56
Titles of the experts' contributions.....	56
Definition of terms.....	57
Common property.....	57
Market economy.....	58
Socialism.....	63
Neo-liberalism.....	65
Globalisation.....	66

Political cybernetics.....	67
Feedback.....	68
Psychophysics.....	69
Interest theories, monetary freedom, ergocracy ( <i>Färber et. al.</i> ).....	69
Further reading .....	74

## Foreword

The present project is a long-term interdisciplinary programme. It has set itself the target of investigating the neo-liberal economic and social system in a scientific manner and without preconceptions regarding the

### **possibility of avoiding harmful effects.**

Both the current state of knowledge and conceivable corrective developments, taking into account knowledge of evolutionary epistemology, are presented here.

Internationally famous [experts](#) from the most varied [specialist areas](#) are involved in the project and they weigh up the arguments “*pro and contra neo-liberalism and globalisation*” in a balanced and way and with as little prejudice as possible. By this means not only a summary of considered and already tried and tested solutions but also provocative ideas on [unconventional new solutions](#) are discussed.

## Summary

The driving forces behind earning money and capital accumulation are in the opinion of the experts:

- **The use of a practical, neutral medium of exchange**
- **Personal security and securing one's existence**
- **Securing individual freedom and concentration of power**
- **The instinctive search for endurance, eternity, infinity and immortality.**

All of these motives, which partly operate in deep psychological layers of the human mind, are, in the opinion of the supporters of the ruling system, supposed to lead by means of the system of neo-liberalism to lasting, ever-growing and secure personal affluence of human beings.

The original “[economy of common property](#)” led via the barter economy and, later, the introduction of money, to the [market economy](#). This satisfied individual and local requirements of people to some extent and was largely in harmony with nature, culture and harmonious social and local relationships.

[Neo-liberalism](#) and [globalisation](#), which evolved from feudalism and capitalism, have, after the failed experiments of fascism and [collectivism](#), largely supplanted local economies.

*The independence of anonymous capital is beginning to rapidly crowd out other individual, social, ecological and regional aims and to kill them off. By this means there comes about the concentration on a single aim, the accumulation of capital, which kills off many formerly effective local control mechanisms and leads to monotony, dehumanisation and increasing inability to influence the system, which rapidly becomes independent. Moreover, as shown by reliable empirical studies in an international context, even the goal of increasing individual affluence beyond a certain level of welfare is no longer attained.*

The positive feedback inherent in the system (the “[vicious circle](#)”) of the self-reproduction of capital leads to its dissociation from its social, material and energy basis. This is an effect that must lead sooner or later to a collapse of an economic, ecological and social nature if in the current system hidden and as yet not functioning self-regulating effects do not emerge, since capital per se cannot of itself provide the basis for life and only justifies its existence as a (*but not the only!*) [control mechanism](#) of human economic activity.

The above-mentioned (perhaps) hidden self-regulating mechanisms can thus only occur in the course of lesser or greater crises, which are inevitably associated with the destruction of large volumes of capital. But this cannot be in the interests of society, not even in that of the owners of the capital.

As the capitalistic control mechanism is clearly beginning to get out of step, ways must be found, as in every other man-made system, to reset the algorithm of the system in such a way that it is capable of doing its job again and does not need periodic “correction” by crises and collapses. These control mechanisms are summarised in the “7 ways to post-capitalism” and are made the subject of further studies that, based on current estimations, will be completed by the end of 2005. These ways, which are established and investigated

in more detail in this interim report, concern the following areas ranked by their expected “difficulty”:

	<b>Attractive areas for intervention</b>
1	Social and environmental laws
2	Value systems
3	Regionalisation
4	Corporate governance and responsibility
5	Accurate calculation of national economic costs
6	Monetary and interest systems
7	Systematic implementation methods

*It seems as if the economic, system and value cycles in capitalism correspond to those of a living hedge: if you don't let it grow wild for a while, it cannot stand being cut; if you don't cut it back hard now and then, it grows into a monstrous uncontrolled shape and chokes the lowest branches. The problem that has still not been solved is how often, how hard and with what tools this cut should be made and how well the hedge can in any case withstand this painful operation.*

### **The goals of the project**

Which way...

- *Freedom, opportunities for development and equality of opportunity*
- *Justice, peace and diversity and minimum poverty and misery*
- *Nature in a healthy state*

... and how?

The aims, carefully defined by the project [steering committee](#), consist in giving factually and scientifically founded

**presentations of the opportunities for the systematic avoidance  
of the harmful effects  
of the neo-liberal economic and social system**

and

**instructions that can be implemented in practice  
by socially and politically active  
decision-makers.**

Special emphasis should be given here to the careful evaluation of possible “[collateral effects](#)” of the ways selected so as not to lead the readers into conflicts that cannot be resolved or to mislead the readers (those with responsibility, the public).

Further special attention will therefore be given to the broad internal and external discussion (in the form of public symposia). In order to create clear rules of language use for the interested reader, there is a list of [definitions of terms](#) from socio-economics and sociology in the appendix.

**Questions to be answered**

1. What drives people to accumulate capital?
2. What advantages and disadvantages does the neo-liberal economic system have? (Thesis – antithesis)
3. How can it be organised in a more humane manner?
4. What approaches are there to this already?
5. What others are conceivable?
6. How can one establish new patterns of behaviour?
7. What resistance is to be expected from the system?
8. On what topics should more detailed studies preferably be made in order to define achievable ways that will work?

**Neo-liberal economics**

Despite numerous attempts, no comprehensive success is in sight regarding “*getting a grip on*” the increasingly evident manifestations of neo-liberal economics.

We are left with the likelihood that existing systems can only be logically modified, albeit in all possible ways, although from the studies of the possible ways we have a real chance of an intellectual breakthrough to a completely new paradigm. To find this by analytical means is naturally impossible. It would require an act of creative genius which could only arise in the course of a broad process carried out by many thinkers and with a lot of luck.

First we should go for patient analysis, the compilation of what is available and its interpretation. That's difficult enough by itself. It will be much harder again to practically assist even small steps in the right direction towards a breakthrough. Politicians surf on the wave of public opinion. It is worth effectively influencing this with good arguments and ideas, a task that would only lead to success after many years. But at least it would be a start.

[picture]

### **The extreme positions**

The currently most common positions of committed critics of neo-liberalism and globalisation can be grouped into the following seven positions:

1. **“Modifications” of the existing system achieve nothing.**  
You can't correct wrongly set “rough steering” by fine steering. **Criticism misses the mark** if those criticised feel vindicated.
2. **Multicultural homogeneity will be created.**
3. **The resources and standards in the social and environmental spheres will decline.** Communal facilities will be systematically dismantled.
4. **The IMF, the WTO and the World Bank** want to introduce a **“stateless world economy”**, a global economic system that increases the wealth of the richest at the expense of the poor.

5. **The variety of opportunities will decline drastically.** Self-determination will be replaced by more and more external determination.
6. **Understanding and the likelihood of peace** between the various cultural sectors will **decline**.
7. **The current policies of the USA (under G.W. Bush) represent only their own interests** in an unacceptable form. It imposes “values” on others if these are of use to itself.

In contrast with this, the champions of neo-liberalism and globalisation take up almost diametrically opposed positions. Both sides believe that they have good reasons for their respective views. For reasons of objectivity and in the effort to build a bridge between the two extremes, which is sought in the context of creation of understandable, explicable and practical approaches to a solution to the problem, the respective positions are compared with each other in the following presentations.

[picture]

First of all, though, the question must be asked, what in any case drives people to amass money, capital, that itself represents the central medium of neo-liberalism and globalisation.

### **The driving forces of competition, earning money and accumulation of capital and goods**

The drive to amass goods and money has of course several roots. One of these, and no doubt one of the strongest, is:

#### *Security*

Since mankind became settled, he has been concerned to take timely precautions for times of shortage, dangerous situations and other crises. With this process an entirely new quality could come into people's lives: the accumulation of the results of work

and the amassing of material goods. Stored effort offers an increased chance of survival e.g. the basis for material power. The storage of food and goods (weapons, clothing, household goods) in better ways and thereby of power over the elements and other people began.

In the animal kingdom, this opportunity is exploited by many species that hoard. Bees, hamsters, squirrels, to name but a few, take precautions for bad times and thereby survive the winter.

But these creatures tend, in contrast to humans, not to break out of their seasonal behaviours, which are limited in their application and by their set of instincts. Man is different. He takes it to the limits of the possible in each situation irrespective of whether the consequences of his actions are good for him or not. He is homo sapiens in his thinking, homo ludens in his actions. The chief engine of increased specialisation, the growing degree of organisation, the ever-growing interdependence of people, the increasing complexity of communal human life, are therefore to a great extent the drive to safeguard one's own existence by means of storing material goods, to translate the resources gained in good times into long-term secure power.

#### *Concentration of power*

The process of division of labour gained a major and profound dynamism when people began to change from the awkward and in many ways limited exchange of goods, via a middleman to a neutral medium for value, an equivalent of the values of goods and labour services, with the introduction of money. It didn't matter whether it was in intrinsically valuable material items such as gold or cowrie shells or much more typical paper money, cheques, promissory notes etc. that provided the basis of the entire system. With money came the final breakthrough to long-term storage of material and intangible goods. It is only the arrival of the medium of money that empowers the superhamster, the megasquirrel, the most efficient species at power concentration, Man. Money became frozen power.<sup>2</sup>

#### *Immortality*

---

<sup>2</sup> Lit. 3

M. Lehmann-Waffenschmidt (8) sees one of the strongest driving forces towards the concentration of capital (money) as being in the Faustian longing for omnipotence and immortality. Even back in the days of the alchemists, there were attempts to turn worthless material (“philosopher’s stone”) into gold and thereby to produce omnipotence. Closely associated was the search for the elixir of eternal life, the desire for immortality. Faust wants (in the second part of the play) to maximise his personal luck by the production of unlimited material resources (by technical and economic measures) and fails in this just as in matters of sex or relationships (Gretchen) and also in the area of (godlike) power.

Conclusion: Faust overlooks the phenomenon of limitation, of the [asymptote](#) (see below): even with a further great expenditure of material and energy, a significant increase of subjective pleasure, personal affluence, sense of power, length of life and pleasure is not possible. All aspects of human life are limited, and you can only approach the theoretical maximum, if at all, with an effort close to infinite (see also under [personal satisfaction](#)).

### *Freedom*

Money, stored up frozen power, gives, or better, transmits a feeling of freedom to do and to leave what you want. Money provides geographical independence, access to luxury goods, independence from the influence of other people, attractiveness to society and the attention of the opposite sex (as a means of access to power, respectability and independence). Even in this area, though, the law of limitation applies: the effort for the amassing of capital is enormous. Once it has been amassed, the concern about holding on to it and increasing it arises. These latter circumstances lead again to the situation that a balance between concern and enjoyment, work and pleasure has to be found. The same old law of the asymptote, of logarithmically or exponentially increasing costs in order to come at best just one negligibly tiny step closer, shows up again.

### *Limitation: the Weber-Fechner law and being misled by the asymptote*

H. Knoflacher (4) attributes many of the extreme negative side-effects of material growth (and the associated recursively connected increase in capital) to a fundamental

discrepancy between the rapidly growing “potential for intervention”, the purely material and energy resources of Man provided by technology and his still archaic, unchanging millions-of-years-old senses and limited awareness of responsibility.

The opportunities for intervention in nature, which have grown by several orders of magnitude, are accompanied by comparably lamentable powers of cognition and responsibility. The Weber-Fechner Law for instance that applies to the physical recognition of colours also applies to material and energy growth. Whereas expectation associated with external stimuli is in a linear relationship, the subjective perception of reality (satisfaction, satiation, contentment, being rich, pleasure etc) obeys a logarithmic function. For one “unit” of satisfaction gained, an ever-increasing number of growth “units” is required (in the most varied dimensions). Moloch remains insatiable.

Behavioural law

Expectation behaviour [vertical axis]

Intervention to fulfil expectations [red line]

Expectation [black line]

Expectation behaviour [green line]

Perception of reality

External stimuli – the artificial environment [horizontal axis]

**Diagram 1: Relationship between external stimulus, expectation and perception of reality (1)**

An absolutely fundamental principle of our age is that of limitation. In mathematics, this is described with the term *asymptote*, a straight line that comes as near as it might to a curve but without ever reaching it. This is the case for example with what are known as hyperbolic or exponential functions (see the curve in Diag. 2).

It is characteristic of an asymptotic situation that the expenditure to reach a goal increases again and again and you come closer and closer to it by an ever smaller amount. The effort approaches the unbearable and the amount of ground gained is nevertheless smaller and smaller. You can meet this in more and more aspects of human life, both that of the individual and that of society. It is also the cause of one of the many manifestations of addiction.

[Diagram 2]

**Diagram 2: Asymptotic development of individual sense of happiness**

There are precise [opinion polls](#) that have established that from a certain level of affluence, personal satisfaction begins rather to decline. (Diag.2): an unmistakable sign for the fact that

trying to achieve further material growth is pushing against its limits, which means that one has arrived at the real goal, objective satisfaction of requirements.

Despite the expansion of motorways the rapid increase in the number of cars and airplanes, you need longer and longer to get from one place to the next.

Diagram 3

**Diagram 3: Error in estimate of effectiveness (4)**

Policy  
Reason  
Understanding

Predominant awareness of the estimation of the power of the levels

Although more and more money and effort are being invested in the school sector, there is no longer any appreciable improvement in the level of graduates'

knowledge. The costs of removing unwanted side-effects of civilisation and material progress are getting out of hand. We could think about the catastrophes in connection with tanker accidents and the expense on security because of the threat of terrorism. By the use of previously avoided areas for building (avalanche paths in the Alps, areas

threatened by flooding in Bangladesh, traditional forest fire areas in Australia and California), millions of Euros of damage is caused. The damage no longer covered by insurance and the major financial problems of international insurance companies in the last few years bear eloquent witness to this in figures.

*The paradox between real and imagined human capabilities*

Real capabilities of the levels of evolution

[illegible]

This explains the success  
of the natural sciences

Biomolecules

Molecules

Atoms

**Diagram 4: Real capability  
relationships (4)**

On the basis of work carried out much earlier by R. Riedl, H. Knoflacher (4) establishes a fundamental disparity between people's estimates concerning the capabilities of various evolutionary levels (atom, molecule, genome, cell nucleus, cell, organism, society etc.) and the actual objective achievable situations: whereas we humans believe that the most powerful drivers of evolutionary processes are

currently our manmade instruments, in reality it is as ever those on the cellular, molecular and atomic levels. And nothing will ever change there either.

Conclusion: When effective mechanisms are set in motion by mostly unintended intervention in deep evolutionary levels (genome, cell, molecule) as has so often been the case as a collateral effect, so to speak, of our actions, those with "the instrument panel" (politics, biology, use of capital and knowledge) can never be effectively controlled again. The capability of these layers is a

magnitude greater than that of people: Pandora's box can never be closed again.

### ***Capitalism and the market economy***

G. Scherhorn (7) presents the following theorem:

***“We have the market economy to thank for our general welfare; capitalism drove it on for a while. Today it threatens it and it threatens the market economy itself.***

***To keep this threat at bay, capitalism must be tamed. In order to know how it can be tamed, we must know the source of the threat. It lies in the irresponsibility of capital.”***

The capitalist economic system started with a broad base with the development of capitalist agriculture which had started even before the 16<sup>th</sup> century. 200 years later, in the 18<sup>th</sup> century, this principle was transferred from agricultural to technical production. The producers owned the production plants and the income, of which they gave out to the wage and salary earners only so much as would still leave them with a considerable profit.

Diagram 5: Disproportions in the distribution of income  
**Growth in monetary assets, the Gross National Product and net wages and salaries**

[Diagram 5]

Annual averages in billions of Deutschmarks

Monetary assets [red line]

GNP [blue line]

Net wages and salaries [green line]

What than is the capitalist principle (according to 7)?

1. Capitalism rests on the assumption that the factors of production, labour, capital and nature are freely traded. That presupposes that the workers are not to be regarded as people and nature is not to be regarded as a natural environment, but both are to be treated as things so as to be put on a par with capital. By this decision, capitalism becomes

irresponsible i.e. freed of responsibility for Man and his environment.<sup>3</sup>

Here Scherhorn sees the most enormous birth defect of capitalism.

2. Capitalism rests on the assumption that private ownership in the means of production and the right to the profits of production are the property of the owners of the capital. That ranks capital above both the other production factors. There is insufficient protection given against the exploitation of labour and nature, against favouring suppliers and customers and against the elimination of corrective measures. The monopolistic capitalistic preference is accepted.
3. Capitalism rests on the effort to achieve profits. Capital even achieves surpluses at the expense of the environment and society, so that it can further expand with interest and compound interest.<sup>4</sup>

Capital may expand without limitation, whereas labour and nature can only renew themselves cyclically. So monetary assets grow exponentially, with the result that they depress the other two factors.

Many theoreticians have come to the conclusion that interest rates should be fixed in order to control the expansion of capital ([see also Measures on Money and Interest](#)) and [Färber et al.](#) The consequences of this would, according to (7), affect the wrong parties rather than the right ones. This expansion privilege is said not to apply *to natural persons since the capital amassed by individual people is also subject to the cycle of death and rebirth. The assets that a person amasses in the course of their lives are again distributed and reused sooner or later after the death of the individual. It is only with the granting of privileges to legal persons that exponential capital expansion is secured. And it is complemented by many other privileges e.g. the guarantee of protection of brand names for legal persons and the priority of creditor*

---

<sup>3</sup> In this context it must in any case be established that capital and its administrators operate within a clearly-defined legal framework, that is, they absolutely cannot act in a completely free manner.

<sup>4</sup> In the opinion of the compiler of this report, therein lies the really profound reflexive control mechanism which cannot even be deactivated by framework legislation and regulations.

*banks over employees and suppliers in insolvency proceedings.*

The solution to the problem described and the equal treatment of anonymous and personal capital thus lies in the creation of a new charter for corporations and their responsibilities of an ecological, economic and social nature (see measures [at the level of the company](#)).

### **The operational functions of money**

In conventional economic theory, money has three major functions:

- 1. As an exchange medium: it enables buying and selling**
- 2. As a means of conservation (of value)**
- 3. As a means of comparison (for the tracking and comparison of financial measures)**

Douthwaite, however, points out that these functions not infrequently conflict with each other in harmful ways. In times of an overheated economy, for instance, people can make a lot of purchases, but they thereby lose a part of their savings because of the inflation this causes. At the same time, the comparability of the figures suffers on the time axis. These and other contradictions are one of the main causes for the inherent instability of the capitalist system and they present one of the most interesting approaches for revolutionising it. ([see New kinds of method](#)).

### **Effects of neo-liberalism and its globalisation – theses and antitheses**

R. Douthwaite (2) and many others have established from the most varied of perspectives that:

*no society can survive long-term in a constantly changing world if it cannot pursue its belief that it must change.*

Clearly, Douthwaite and most of the other members of the project are right in this assumption that capitalism is not currently capable of making an appropriate change by

itself. If a collapse of a combined social, economic and ecological nature does not occur, the system must be changed. The key question remains in any case how that should happen without the result of the change being more unstable than the current situation.

In the case of the uncompromising establishment of a radical mental construct, communism, people suffered, as is widely known, a catastrophic failure that cost millions of people their lives and barely missed causing a global atomic war. Many attempts at a fundamental change to the interest and saving mechanisms (monetary freedom etc.) failed. **The greatest care and attention in the evaluation of the most plausible suggestions is therefore recommended.**

In the following chapters we will attempt to contrast the pros and cons and thereby to distil an, albeit draft, synthesis of practical approaches. The question of whether with the approaches we are dealing with fundamental or conversely with marginal changes is a difficult one<sup>5</sup>. With reference to the mechanisms described by Knoflacher (1), all man-made corrections are marginal in the long term. Nevertheless, the approaches can, on completion of an analysis, be [classified into two distinct categories](#).

- 1. Those that exercise a guiding, braking or damping influence on the self-reproduction of capital (“flanking” measures);**
- 2. Those that intervene directly in the internal system control mechanism (“inherent” measures).**

### *Economic prosperity and continuity*

#### **Thesis**

Capitalism and neo-liberalism currently present the best system for the satisfaction of individual and social requirements. Personal selfishness and the selfish interests of capital, which are not controlled by any altruistic mechanisms inherent to the system, are the subject of elaborate legal regulation that protect the interests of the environment and society to a sufficient extent and which are continuously adapted to changed circumstances.

---

<sup>5</sup> pointless as such

The interplay between individual interests and the constantly refined regulation ensures a harmonious, long-term development. As many success stories in the privatisation of ailing state businesses show (e.g. ÖIAG, VÖEST in Austria) the neo-liberal approach, seen from an economic point of view, is vastly superior to any nationalisation or collectivisation approach. A burden of social and ecological duties for management in the context of corporate regulation gives rise to conflicts that cannot be resolved, is not the concern of corporations and must be the reserve of the laws applicable to all people and legal persons.

### **Antithesis**

In a competitive world, international competition hampers individual regions, states and smaller companies in their timely adjustment of the regulation to the situations required in each region and individual case. International regulation is moreover largely built on undemocratic principles or does not observe voluntary regulations (e.g. human rights or general declarations on protection of the environment, Kyoto protocol etc.). Global regulation needs a very long time until it becomes legislation and is observed.

This all has the effect that, despite the fact that everyone knows better, necessary adjustments do not succeed at the regional level because of the pressure of international competition (*least-cost production, economies of scale, domination of the small by the large*) and at the international level are not implemented in time or at all. The result is a fossilisation of the rules and an ever greater neglect of social and ecological concerns relative to the dictates of earning interest on the capital invested (2).

The laws that are supposed to deal with social and ecological matters are adapted only insufficiently and/or after a delay because of the pressure of the power of capital.

Looked at cybernetically, this is the classic case of an interrupted or defective [control loop](#) or, even more drastic in its effects, of positive feedback in the sense of the accelerating selfishness of capital. The capitalist system, which for a long period was appropriate and sufficient for the adequate satisfaction of people's requirements, has literally run out of control in the course of its expansion over the whole planet, the loss of

regional corrective measures and the increasing de-democratisation of international legislation.

There is in this (10) a very interesting analogy with the frequent practice of international groups: the motto is: “Act local, be global.” That means nothing other than that intelligent heads of groups make very good use of the system of subsidiarity imposed when they divide their firms into small, mobile and locally adapted “task forces”, “subsidiaries” etc. But it is precisely this principle that erodes the local interests of citizens and the environment that have to bow to remote central powers without being able to apply the local control loops.

Douthwaite speaks of an inadmissible coarsening of the control mechanisms which would no longer be in a position to keep the complex system consisting of economy, society, regional ecological and cultural relationships stable because the finer adjustment mechanisms are increasingly being put out of action by the dictates of a single power: the payment of interest on capital and its consequences. Woltron comes to [similar conclusions](#) in a different context. Douthwaite therefore proposes some drastic [changes to the financial and monetary system](#).

Maeder (6) enumerates a list of evident failures of neo-liberal economics: the enormous destruction of capital by the UMTS auctions, the disappointing “successes” of the British Rail privatisation, the devastating development in Argentina and the degeneration of the national economy in Russia after the collapse of communism. Further negative examples are the large-scale cases of fraud at corporate level (Enron, Parmalat etc.) and the exorbitant handshakes of top managers even when they have failed.

About 10% of people of all classes in Europe drop out of their social and economic relationships because of an increasing “ability to swap”, about double the previous rate (6). This phenomenon is described with the terms “exclusion” (dropped out, so no longer classified) and “underclass” (stable in declassification). In the USA where neo-liberalism has been practised for a long time, 35 million people are poor, in percentage terms three times higher than in Europe.

## ***Autonomy, subsidiarity and development***

### **Thesis**

The supporters of the neo-liberal system stress that direct political intervention and hence manipulation of the economy are reduced, that the population's productivity, amongst other things, is raised by freedom of trade and that the freedom of the individual, his choices and his access to information are improved. With global division of labour (globalisation) there is, they say, a blossoming of the economies of threshold and developing countries and a relative improvement in affluence there.

### **Antithesis**

In contrast to this the sceptics complain that regional production and supply structures are disintegrating and that alienation of people from each other, a retreat of subsidiarity and announcements such as the replacement of small local structures by higher-level organisations are gaining the upper hand. National and local politics are increasingly losing their autonomy; jobs are rapidly being subcontracted abroad. The USA is developing an ever more visible one-sided dominance – political, military and economic.

On the supra-national level, almost all approaches to democracy and joint social self-determination are being eroded; societies are increasingly bound to a politically undemocratic global economic system. Those groups that are especially successful in the use of natural resources have the greatest economic advantages thanks to the positive capital feedback loops, in particular where the use of resources occurs outside its own national borders and therefore the “repair costs” are not borne by themselves (2).

A greater variety of raw materials, forms of energy, building materials etc used would on the other hand lead to better distribution and reduction of the damage done by exploitation. But the global pressure towards rationalisation and concentration are opposed to this.

Johanisova (3) also attributes most of the observable mistakes to the distancing of economics from [common property](#) (“Allmende”) and the associated centralisation,

the concentration of power and capital and the dominance of social values by material ones. At the same time she expresses justifiable doubts in a “way back” that is virtually never to be observed in history. She recommends combining the successful old strategies with the contemporary situation – see [Measures at the company level](#). The method of using the profits gained, amongst other things by damaging the environment, partly for repair, is of course, by comparison with one that does not cause such damage in the first place, to be preferred. The first steps in this direction have in fact been taken, especially in wealthy societies, but they are insufficient.

There is in this (10) a very interesting analogy with the frequent practice of international groups: the motto is: “Act local, be global.” That means nothing other than that intelligent heads of groups make very good use of the system of subsidiarity imposed when they divide their firms into small, mobile and locally adapted “task forces”, “subsidiaries” etc. But it is precisely this principle that erodes the local interests of citizens and the environment that have to bow to remote central powers without being able to apply the local control loops.

## *Peace*

### **Thesis**

The likelihood of peace grows with increasing international interdependence. States become more and more economically dependent on each other and shrink back in fear, also for economic reasons, from warlike aggression. Thanks to increasing mobility as a result of globalisation, cultural spheres understand each other more and the understanding between diverse cultures grows. The USA is the powerful guarantor of the stability of the western way of life and cultural sphere.

### **Antithesis**

The feeling of being exploited is growing amongst the poorer people and with it resentment and aggression. Global order structures are becoming increasingly fragile. Terrorism could be the start of a long-term revolt by non-western civilisations and given the close interconnections, it could seriously threaten prosperity in

western countries. The USA as the only remaining world power is acting increasingly selfishly and is turning many countries and entire cultural spheres against it and the West in general with this behaviour.

### ***Access to information and equality of opportunity***

#### **Thesis**

Knowledge is available worldwide faster and more cheaply. The variety of opportunities for shaping one's life and evolving it is increasing. Education and training is becoming permanently accessible for more and more people thanks to growing affluence. The free choice of career and access to third party capital and equity enables more and more people to found their own firms and thereby their own independence. Innovations are supported in a targeted manner by subsidies and venture capital and by this means the capacity of the community to solve problems at all levels grows. More and more countries are in a position thanks to increasing wealth to offer their populations modern educational and training institutions. The Internet is a worldwide, almost freely available, infinite information source.

#### **Antithesis**

Access to knowledge is more and more becoming the privilege of those with the best education. (Without a good basic education, the Internet is also of no value). A two-tier society has arisen in respect of knowledge. Free enterprise in the medium-size sector is just illusory. In reality the small businessman works chiefly to service third party capital (credit and third party equity). The landscape of innovation is more and more dominated by the needs of the big groups that set the research goals, put the best scientists to work for them and thereby exploit the best intellectual material globally and transnationally ("*economies of brains*") whereas the cost of the education of the scientists is borne by everyone. Freedom and the ethos of science are rapidly declining. The media are increasingly controlled by economically governed pressure groups and thus also put into the service of capital. The power of opinion is concentrated in fewer and fewer hands and is being internationalised as are also the groups and the capital.

## *Environment*

### **Thesis**

The defenders of neo-liberal economics present the view that, after a period of damage to the environment (at the beginning of the period of heavy consumption of materials and energy), society has learned to pay greater attention to ecological issues and thanks to greater financial room for manoeuvre and the raising of the environmental standards of “mature” national economies, environmental damage is being reversed (see also [Johanisova](#)). Moreover, the economy is visibly becoming less material, methods that protect the environment and recycling techniques are increasing, new, environmentally friendly methods of energy production (wind, solar, geothermal etc.) could provide ever larger proportions of energy requirements thanks to technological progress.

[Diagram 6]

Inequality, environmental damage [vertical axis]  
Per capita income [horizontal axis]

### **Diagram 6: Kusnets curves (relationship between social inequality, environmental damage and economic development)**

This is illustrated semi-empirically by what are known as Kusnets curves (Diag. 6) which are said to apply equally both to the relationship between inequality and growth or

economic development and to global inequality. As evidence of this, the clear improvement of air and water quality in Europe over the last few decades and the comparably catastrophic situation, for example, in Africa and Latin America is cited.

### **Antithesis**

Douthwaite (2) attributes the critical problem of the environment in neo-liberal economic systems, which in his view has remained unaltered for a long time (despite undeniable short-term successes) to the fact that the (long-term) principles of ecological sustainability are always given lower billing than short term economic priorities.

Undermining the ecological system is a stealthy process that goes unnoticed for a long time because of its great resilience, but when it does occur, it then does so with so much greater force and irreversibility (death of species, erosion by weathering, expansion of desert areas, natural catastrophes due to the greenhouse effect etc.).

### ***Social systems***

#### **Thesis**

With ever more available resources for rich states, more capital is available for social purposes. Infrastructure, communal institutions, education and healthcare are being constantly improved and despite the increasing gap in income between rich and poor, the material situation of the lower income earners is steadily improving. Provision is made for the sick, the old and the needy as never before. We are currently in a situation where, because of “overdoing it” with welfare payments in recent years, we are now in a restriction and consolidation phase for social systems; this is, they say, aggravated by the effects of changes in the demographic structure of populations (too old). After this consolidation phase, social welfare will again increase. The sixth Kondratieff cycle of the economy (concentration of innovation and investment on people’s direct, individual requirements) is just around the corner.

#### **Antithesis**

The amount of tax in periods of unemployment declines and is lost from the social budget. Many European states are therefore obliged to cut social spending drastically, which leads to not inconsiderable social tensions and exclusions at all levels of income. Uncertainty affecting the stability of social systems leads to a more and more marked “every man for himself” in the form of unrestrained personal competition that increasingly undermines sociability, social cohesion and old tried and tested values.

Maeder (6) argues that in the neo-liberal system, people are seen increasingly as a purely cost and profitability factor, with the result that new problems of social exclusion and stigmatisation arise, the solution of which requires more than purely “managerial” thinking. Neo-liberal thinking builds a new “standard personality”: the neo-liberal self. It

is removed from its traditional roots and becomes a *nomad in the crosshair of supply and demand*. More and more aspects of life and society are dealt with using management methods; management has thus already legitimised itself.<sup>6</sup> This also leads to a levelling of the approach of politicians of apparently different social orientation: practically all heads of state in the western world have dedicated themselves to the doctrine of management without any discernible ideological differences. Maeder's socio-political answers are to be found under [Measures on a national basis](#).

## Values

### Thesis

Values are a matter for religions and of the personal convictions of the individual. The pluralistic society lets "*everyone be spiritual in their own way*", value systems are imposed on no-one, man in the neo-liberal age is free as never before and is only bound to society by generally applicable, democratically controlled laws.

### Antithesis

Critics have established a decline in social cohesion, the disappearance of taboos and an increasing alienation of people from each other. This loss of values can also be detected in the family and leads to an ever more noticeable generational conflict with the consequent inevitable loss of tradition. Social cement is crumbling.

Sliwka (8) argues: *we live in a pluralistic world, and in this world there allegedly no longer exist any central arbiters of values. Our value systems are diffuse. The philosopher Jürgen Habermas speaks of "the new fragmentation". We therefore have a dilemma with our values. But a pluralistic world in particular needs values because "otherwise everything gets messy."* (8)

---

<sup>6</sup> For the sake of orderliness, it should be mentioned here that this report, including the underlying systematic approach and project organisation, was also quite definitely produced by using the methods of management. This comes from the intention to address the opposition with its own highly efficient methods and this applies also to the laws of capitalism and its modification. One might also characterise the Recommended Solutions given later as the product of a jujitsu effect (using the "opponent's" momentum.)

*Values are organising ideas that give us direction. We live, think and act on three levels: values, knowledge, effect. Where we find our values is where we eagerly gather knowledge. We learn more easily there. And there is where we prefer to act.*

If a car manufacturer states “I want to build the best car in the world”, that is a totally different approach to thinking than when an automobile manufacturing boss says “I have three values: 1. Profit. 2. Profit. 3. Profit.” Money and the payment of interest on it have reached the apex of the pyramid of values. Sliwka’s recommendations are to be found in the [instructions on how to act](#).

## ***Material affluence***

### **Thesis**

The freedom of movement of capital, goods, services, information and people is increasing and the variety of products and services available to more and more people is growing. This is thanks to not only the logical, motivating and innovation-friendly flexible allocation of capital, but also the improvement in productivity with global division of labour and comparative cost advantages. Although the gap between rich and poor is widening both locally and globally, there is nevertheless occurring even in the comparatively poor countries an improvement of their material situation. The transfer of production that requires fewer qualifications to threshold and developing countries is creating significant affluence there, which will provide the basis for later beneficial development.

### **Antithesis**

The inequality of wealth is increasing, enormous obscure flows of capital lead to an increasingly uncontrolled concentration of economic and therefore military, publicity-related and financial power. A small fraction of the global community uses the vast majority of the available energy and material resources. These phenomena indicate a self-reinforcing, [self-referential](#) tendency.

The growth in the national product is at present the most important indicator of sustainability and forms a measurement index of the attractiveness of a country to investors. If investment does not pay because of lack of growth, the result will be unemployment and a self-reinforcing downward spiral of economic growth. (Lower tax income, less growth, less investment, bad debt etc.) This rule forces

governments to maintain growth at almost any price, even that of adversely affecting social systems and environmental standards. This leads inevitably to disregard of the long-term concern about sustainability – a really classic paradox. [Keynesian](#) recipes (deficit spending with national debt) have shown themselves to be unworkable in this context. (Douthwaite, 2).

### *Individual satisfaction*

#### **Thesis**

More income gives more independence, freedom, security, power and therefore also more and more satisfaction to individual people.

[diagram, partly illegible]

German ISEW

Affluence indicator [red line]

“Wellbeing” [black line]

Scarcely any improvement since 1970 in the ISEW

#### **Antithesis**

#### **Diagram 7: Dependence of individual satisfaction on GNP (Germany)**

People’s average subjective wellbeing (happiness, satisfaction) stagnates according to Binswanger (1) from a certain level of income. Many people feel increasingly stressed. Question:

*Why do people chase after a higher income although (from a certain level onwards) it doesn't make them happier and they would really prefer less stress and more time?*

#### **The satisfaction of the Swiss people with...**

...their standard of living. 43% of Swiss people are more satisfied with what they can earn. Especially the over-60's. [not quite legible]

#### **The satisfaction of the Swiss people with...**

...their housing situation. In ... Switzerland an astonishing 57% are satisfied with their housing. Only 10% suffer from high rent or noise.

#### **Diagram 8: Satisfaction indicator (Switzerland)**

**Diagram 9: The Austrians' ranking of values****What is “sacred” to Austrians?**

[illegible]

**Diagram 10: Happiness factors (USA)**

[already in English]

Binswanger (1) attributes this satisfaction effect to the following “braking mechanisms” or treadmills in “The paradox of happiness”:

1. The treadmill of relative social position and relative income (which in general cannot be changed by increasing income since the income of others increases and the race is never-ending);
2. The treadmill of increase in absolute income (since expectations grow in line with income, see <sup>7</sup> also Woltron: *...because Man's will and imagination, not his actual surroundings and situation, are his heaven. He may in certain circumstances be extremely happy in poverty and restriction, and lost with excessive riches. His happiness depends not on his condition but on the difference of this condition from a hypothetical, imaginary still better one, and this difference will probably always remain just as great.*
3. The multi-options treadmill: the stress of having to choose from an ever-growing variety of options which was of course sought in the first place and
4. The time-saving treadmill (which in reality leads to an ever more hectic way of life).

---

<sup>7</sup> Lit. 2.

[Diagram 11, English]

### **Diagram 11: Satisfaction indicators worldwide**

As Diagram 11 so vividly shows, this relationship is also classically subject to the phenomenon of the asymptote or in analogous form to the Weber-Fechner Law of individual perception.

#### ***Culture***

##### **Thesis**

Globalisation, growing affluence and international division of labour favour multicultural society and the development of ways of life that were previously suppressed under poverty and dependence. All cultures have the freedom to develop individually as it suits them.

##### **Antithesis**

All other values of human communal life are ranked in a primitive geometrical order

below one single construct: capital, and therefore a pyramidal structure of terminology and values is imposed on life, this in no way corresponding with its complex branching structure. We are dealing with a primitive monetarisation of the world and all its ramifications such as overhasty globalisation without consideration for cultural distinctions, the commercialisation of culture and spiritual life, the commercial exploitation of youthful ignorance without consideration for the later, often irreparable consequences to the attitudes of young people, the gruesome business of virtual violence and pornography, the commercial devaluation of taboo violations and much more besides. The cause of all this misguided behaviour and serious foolishness is to be found in people's incurable obsession to squeeze even values and goals into a pyramid-shaped hierarchy, as is unfortunately to be expected of their rectilinear intellects.

The mass production of consumer goods, clothing and vehicles has led to a uniformity that has spread over the whole world in the course of something more than a hundred years. Books, radios, films and television produced en masse have standardised thinking and produced globally worshipped standardised film goddesses and heroes. Long-established myth, sagas, stories, popular songs and tales are increasingly forgotten in favour of the film and music industry products that are primarily produced for reasons of profit. The discovery that money can be made out of the age-old need of people for songs, stories, dramas and the representation of human fate and social relationships has led to the commercialisation of a sphere that was once quite independent of moneymaking; that of representational art and poetry. The levelling of cultural diversity has entered the world through technology, mass production and the ever firmer stranglehold of money, frozen power, over all spheres, along with the disappearance of a few species each day.

(Woltron<sup>8</sup>)

## The Ways

The directions indicated by the following recommended approaches, can be classified into two fundamentally different categories, as already mentioned:

- 1. Those that exercise a guiding, braking or damping influence on the self-reproduction of capital (“flanking” measures);**
- 2. Those that intervene directly in the internal control mechanism of the system (“inherent” measures).**

---

<sup>8</sup> Lit. 4

Of course, the risk of unexpected and unintended serious effects and the expected massive opposition of the entire powerful system in the event of the second category are considerably greater. See [Feedback](#).

### **Measures on an international basis**

In principle we must establish here that all global regulation carries within it the risk of a new centralisation (which is additive to the globalisation of capital) with all its possibilities for uncontrollable manipulation by powerful interest groups. Furthermore, it must be assumed that the establishment, control and observance of such regulation needs a very long time, including that for the constantly required adjustment and updating.

One should preferably view the instruments that are listed below not as goals with priority since they do not correspond to the principle of local, subsidiary, flexible self-regulating mechanisms (editor's comment)

International regulation and agreement on the global control of social and environmental standards could create a fairer framework for the activities of capital. This would make the diversion of capital to ecologically and/or sociologically more economic regions more difficult but it would have to happen in a form adapted to one of the development stages of the regions in order not to entirely disengage them from global development. The problem of concentration would not thereby be solved.

Sliwka (8) Recommends supervision of capacities and exploitation of global raw material stocks by *international resource agencies*.

The activities of international organisations: World Bank, WTO, OECD etc. should be subject to strengthened democratic controls e.g. by the UN and NGO's.

Global environment taxes, emission trading, the taxation of currency and other speculative transactions (Tobin tax<sup>9</sup>) would be a further creative taxation element. The

---

<sup>9</sup> Tobin tax: control of international finance markets and the taxation of speculative gains and currency transactions in accordance with the concept of the American economist and Nobel Prize winner James Tobin.

support and financing of alternative technologies should be controlled on a global basis. Political control structures at a global level should be created taking strict account of the principle of subsidiarity. In the course of the development aid special attention should be given to putting greater emphasis on education and training systems.

### **Measures on a national basis**

#### *Re-regionalisation*

The following measures may lead to the mitigation of the effects of neo-capitalist economics within a state (but without intervening in the real control cycle of capital):

Thorough enlightenment of elites about the internal logic of financial trading and political shaping of society: support for a new “culture of intellectual self-sufficiency”, emphasis of the responsibility of the citizen.

Strengthening of social systems that solve those problems that the economy cannot and will not solve by itself;

Stabilisation of regional welfare structures and decision centres; the introduction of plebiscite elements into politics at a regional level; regulated regional protectionism and protection and support of regional cultural production.

Reorganisation of the educational budget in the direction of life-long learning; constant fight for subsidiarity; restructuring of the distribution of resources to regional corporations; space-friendly traffic planning, taxation of luxury consumption, restructuring of the working life and working hours regulations: part time for women; part time working for the elderly; longer unpaid leave times

#### *New emphasis on the value issue*

Sliwka (8) proposes a new set of values.

#### Value 1:

Legal regulations and the attribution of costs must ensure that the use of resources is adjusted to the long-term sustainable supply from renewable sources and that irreversible damage to the foundations of life and production is prevented.

## Value 2:

The economic and political context must be organised so that it supports the use of labour, human creativity and human resources rather than increasingly burdening them.

## Value 3:

As many autonomous systems as possible, even down to the smallest units that can develop with their own responsibility and initiative, should be created, instead of increasing centralisation.

## Value 4:

Inequalities in the development of people, regions and countries are to be eliminated with greater effort and in a sustained fashion by the introduction of training processes instead of just by material transfers.

## Value 5:

Humanitarian aid is to be provided where disability, illness and old age prevent the realisation of people's own initiative, own responsibility and own development.

This demands a series of actions that can be summarised as follows:

- 1. The creation of global, continental and national resource agencies**
- 2. Strengthening of the freedom to form communes**
- 3. Strengthening of the subsidiarity principle**
- 4. Education as a foundation and condition for support and development aid**
- 5. Restriction of abuses of the social system**
- 6. Creation of new jobs in the area of "fellow human beings"**

*Intervention in the monetary system*

Douthwaite (2) recommends that governments should spend money into the economy in times of recession. This money would not be borrowed from the banks, as Keynes taught, but created by the state itself. This assumes that the money creation system is under the state's control which necessitates a fundamental change to the current commercial banking system.

According to (2), this would have the advantage that state investment would be directed towards sustainability and additional money could be made available to the poorer classes, that money could be paid for their real needs (not for excessive luxury, pointless investments or purely for lending and payment of interest).

The most radical step on the national level is the uncoupling of multinational currencies and the introduction of a two-currency system (see [measures in the monetary and interest systems](#)).

Support for local autonomy and diversification of the use of raw materials, energy and forms of work.

[Picture]

“In the swamp up to his ears...”

**1 Mark**

“...but still not lost.”

*“Sustainability can best be achieved as the result of thousands of local units that can look after their special resources, conditions and jobs and have the corresponding freedom to do so (2)”*

Picture 12: Münchhausen’s “solution”

In opposition to this stand the (man-made) law of comparative cost (internationally) and economies of scale (nationally and internationally). The two-currency monetary system and special regionally determined duties and protection mechanisms are proposed as control mechanisms (2). A certain difference of opinion can be detected with Scherhorn (7) here. (Editor’s comment)

Maeder (6) proposes a conscious rejection of the sole ruling approach of managerial thinking in order to remove the social problems of neo-liberal economics. The social state is required to become more actively involved again in responsibility for those affected by the phenomenon of “*exclusion*” and “*underclass*”. One cannot expect every individual to pull himself out of the swamp by his own hair.

The way to this more active involvement of each state is however severely limited by international pressure (e.g. the EU), local competition and the pressure of comparative cost and economies of scale. For the sake of clarity, the “national economic instrument panel” is shown here in very simplified form.

[Diagram]

What can a national government in Europe still do on its own initiative?

Knowledge, thought, action [vertical]

[rest illegible]

### **Diagram 13: National states’ “instrument panel” (10)**

[Diagram, in English]

The colours show the degrees of freedom to create (green: wide, red: narrow)

Streiff (9) describes the mostly voluntary corporate responsibility code of behaviour of a multinational group (an insurance company).

### **Diagram 14: The driving forces of good governance**

The motives for this are not in the least unselfish: groups that span the globe are beginning to suffer from social tensions, ecological damage and loss of image just like individuals and they are therefore developing rules of conduct and codes to address these threats. Above all, the attitude of employees, customers and the public can be positively influenced by this, much less so the attitude of anonymous shareholders who are mainly concerned with the growth of share prices. Nevertheless, in recent years share funds have been established that include in their portfolios companies selected according to certain financial and sustainability criteria, and they have achieved surprisingly high returns with these. One result of this encouraging development is the Dow Jones

Sustainability Index which shows the movement in the prices of the ecologically and socially most successful listed companies worldwide.

[Diagram, in English]

These and similar initiatives at the level of “group company morality” are a hopeful sign of a rethink but they require (see diagram) a high level of awareness of responsibility by the heads of groups and also the understanding of the shareholders of a short-term suboptimal orientation of results (for the propose of long-

**Diagram 15: Corporate governance - effectiveness**

term sustainability), which is very rarely the case. The major obstacles are:

- Short-term thinking by management and owners (shareholders)
- Inappropriate incentives for management
- (Still) little interest by the investors in the stock market

Scherhorn (7) therefore insists that anonymous capital (from corporations) should be treated the same as that in the possession of natural persons.

[Diagram, in English]

**Diagram 16: Elements of good corporate governance**

A charter for corporations must define the responsibilities of an ecological, economic and social nature and also make them enforceable.

From an economic point of view, the limitation of liabilities can only be justified if the shareholders’ capital is invested in real production.

It should not apply to purely financial investments and currency speculation – “profits without production”. Corporations must have their privileges tied to a prohibition on externalisation and a rule on upcycling – the reclamation of materials used without loss of quality. Without consistent upcycling there will be no economic activity based on the example of Nature and consequently no sustainable development.

In the end, experience shows that corporations evade their social responsibilities to a large extent and must be obliged to fulfil them: regarding the education and training of employees, humane organisation of working conditions (even in special economic zones), management supportive of autonomy and, last but not least, contribution to the financing of the common cultural products from which the company profits on its sites.

All these responsibilities are of course also applicable to partnerships and one-man businesses. But, not only are these often fulfilled by these parties without legal obligation but also the obligation of corporations will set standards for them too.

In the fulfilment of these three responsibilities, one can see the basis for a *cultivation of capital* since by this means the initial faults of capitalism can be removed and it will become possible to integrate capital into the entirety of production forces. The stakeholders are not then obliged to appeal to the company image. They can also appeal to codified responsibilities that tie the company to a policy of sustainable development. Sustainability does not of course demand that companies make losses but that they bring their profit goals into harmony with ecological and social requirements. By this means, the expansion of capital will be guided back to a level sustainable by nature and society.

Johanisova (3) sees in the reintegration of capital a practical approach to humanising capital. The “local and ethical corporation”

- Produces locally for local consumption
- Uses local resources
- Focuses on local tradition

and thereby fulfils the following responsibilities:

- Better democratic control
- Less packaging and transport
- Smaller risk of job losses due to transfers
- Emotional and spiritual ties
- Less risk of instability caused by external factors.

Johanisova (7) describes by means of an example of a company (agricultural cooperative on a democratic and ethical basis) in the Czech Republic how such a model can trade with complete success and stability. (One may assume that many of the small and medium-sized businesses in Austria still fit Johanisova's postulates in most respects).

### **Measures in the monetary and interest systems**

In order to control the inherent conflicts of the various functions of money, Douthwaite (2) recommends the introduction of two separate currencies: one for "normal" buying and exchange of goods and a second one for saving which is linked to the first by variable exchange rates. The savings currency would be used for all trading in investments such as shares and real estate. It would have to be purchased to buy foreign currency for investment abroad, and overseas investors would convert their foreign currency into it before buying domestic capital assets. Douthwaite's underlying reasoning may be condensed into the following points:

1. The issue of money and the control of the volume of money should be taken away from commercial banks entirely. It is the exclusive concern of the state.
2. Two currencies should be introduced: one for the exchange of goods, another for savings
3. In the exchange of goods sector, mild inflation (4-7%) may be permitted which then according to (2) should make possible a gradual restructuring of the economy in the direction of a sustainable form, without system collapses.

### **Further recommendations**

In detail (10):

- Introduction of a simple set of rules for the creation of economic systems, social systems and provision for the elderly as an element of constitutions to take them out of the realm of political opportunism.

- Emphasis on and support for non-material economic growth in developing regions
- Logical connection between development and migration policies
- Planning, propagation and creation of a specifically European caring culture
- Strengthening of the UN, parliamentary government of international regimes and NGO's
- Continue to work with those components and experiences that have already been kept within the state.
- Clear definition of each decision level (subsidiarity), formulation of clear articles of the constitution that govern economic and political, social and ecological relationships
- Taxes for the use of space, tax relief and incentives for ecological and social purposes
- Citizens' participation, strengthening of families and other structures tied to the local area, access to schools, education and political dialogue
- Social and ecological training for management, performance-related payment of management not just by material criteria, obligatory sustainability investment share in pension funds
- Extension of intellectualised transmission of knowledge by creation of values
- Creation of representative bodies, partly attended by people from national parliaments, partly from NGO's, definition of a fixed share of representation for countries and districts (that can no longer be politically negotiated) in the value of production generated in the region
- Periodic evaluation of progress

## **Additional problem areas**

- Are the factors listed all to be laid at the door of the neo-liberal system? Do they not also have other causes? To what extent do such causes influence each other?
- What other influences have an effect?
- Growth of population
- Differences of culture, religion and civilisation
- Enlightenment
- Influence of information channels
- Lobbies
- Is there a “way back”?
- What is the banner for the “way forward”?
- To what extent do banners apply globally?
- To what extent must they be locally differentiated?

With the final formulation of systematic rules of conduct to be given to those with responsibility, these factors absolutely must be considered.

## **Topics worth investigating in the short term**

### **The seven solutions**

From the collection of ideas produced by the Club of Vienna since the middle of 2003, which was greatly enriched and extended by the contributions of the experts at the December symposium in Vienna, 7 ways can be derived to achieve a “*post-capitalist*”, more stable economic and social system that is fairer to people. Several of these ways have already been tried, several only theoretically considered. The more radically they intervene in the regulatory system, the greater is the risk of unexpected and unintended system collapses and hence the duty of careful investigation by more detailed consideration and modelling with computer models and testing out of plans.

In the [table](#) below, the core points of the projects already undertaken are outlined

and summarised in their major aspects including any necessary explanation. They are ranked by the intensity of their intervention in the system so as not to raise unfounded hopes of patent recipes or miracle solutions. All the ways indicated require careful additional explanatory and testing work (e.g. with computer models and simulations) not to speak of the massive tasks of convincing people and implementation, which will have to have their own dedicated project planning in the future.

No.	Way	Intensity of system intervention 10	Measures	Risks	Requirement to explain, further activities on the project. <b>Follow-on projects marked in yellow</b>
1	Social and environmental laws	3	Constant adaptation, internationalisation	Internationally slow, disputed, can be evaded, vulnerable to strong lobbies	None currently. The process is occurring.
2	Value systems	4	Infiltration of the education system, lobbying via the public and SME's	Small	No major ones, the facts are clear. Constant application of the scale of values (8) given in all statements and projects of the CoV

---

10 1 = small; 10 = high, drastic

3	Regionalisation	5	More competence and capital in the regions. Regional investment and innovation support, regional autonomy	Strong systemic (existing regulation) and political resistance on national and international basis	<b>Pragmatic approach. How large is the room for manoeuvre for optimum negotiation and organisation in a region in a globalised environment to be defined? What options for organisation, main negotiating points and aims are recommended?</b>
4	Corporate governance and responsibility	7	Legal regulation/transfer of social and ecological responsibilities to firms, removal of unlimited liability, liability principles like those for private individuals	Major conflicts of goals for management, resistance of shareholders, risk of return to attitudes from the era of nationalisation, loss of efficiency	<b>Revolutionary approach. What does the regulation for a legal person (firm) look like in detail? What legal and constitutional changes are required? How are the terms of trade affected nationally and internationally? What effects will be felt by the various players (shareholders, management, employees, customers etc.)</b>

5	Accurate calculation of costs	7	Internationalisation of external costs	Fundamental change Untested Strongest resistance	How to calculate? Who decides the consequential costs? Which parties have the competence to do this? Who determines these? Is their expertise sufficient? How are they allocated to firms? Effects on taxation systems
6	Interest and monetary system	10	Two-currency system Tobin tax ergocracy	Fundamental change Untested Strongest resistance	<b>The most revolutionary approach. Expand literature, develop algorithm, computer model, strategy. Play with various versions and optimise the model. Then work out a clear presentation by means of a “model state” for the purposes of understandable communication.</b>
7	Restructuring methods	-	Publications, congresses, opinion formers	Increasing resistance of established powers; discrediting the subject and the people	<b>Develop the long-term communication strategy</b> (once the completed model is available)

## Further proceedings

What counts from now on are to –

- finally define the interesting *points of emphasis* (suggestions marked in yellow in the *table* above) together, work out clearly the aims and questions to be asked and make these the subject of further work.
- identify the most suitable experts and coordinate the cooperation accordingly and make it fruitful.

This should happen in the following way:

<b>Activity</b>	<b>Date</b>
Control and expansion of the current synopsis by the experts and the steering committee	15.03.2004
Selection of the most important suggestions and the ones most worth pursuing, and the open questions ( <i>see “Ways” table</i> and the points of emphasis of the projects already sketched out there)	15.03.2004
Condensing these suggestions into “ <i>clusters</i> ”	15.03.2004
Definition of central questions and unclarified aspects in the centre of these clusters. Recommendation of suitable people/institutions to do further work.	15.03.2004
<b>Approval by the project team</b>	15.03.2004
Further search for and contact with those people who can show the highest competence in these contexts	Mid-April 2004
Directing the questions to these people and/or institutions in clearly defined form regarding content and cost	End of April 2004
Work by the external specialists, progress reports to the team; interim reports	End of October 2004
Presentation in a subsequent symposium with	Mid-November 2004

attractive keynote speakers and the external specialists	
<b>Integration of the results and further open questions arising in an interim report</b>	January 2005
Continuation	By end of 2005