

# Common Welfare Economy

## An economic model for the future

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*The purpose of the book is to put an end to the ever-recurring dilemma that a 'No' to capitalism equals a 'Yes' to communism" and to provide a tangible alternative to the world's leading economic system. This new economic model is built on Felber's previous book "New Values for our Economy" (Felber 2008) and related public discussions during more than 100 lectures and speeches. During this process the author and two dozen (Attac) entrepreneurs consequently refined the Common Welfare Economy in a concerted effort.*

*At the moment of publication, 70 companies have declared their support by becoming initial signatories and are listed in the appendix of the book. The number of supporting companies increased to 160 at the end of 2010 and is growing continuously. A "pioneer group" of 60 signatories will implement the core element of the model, the "Common Welfare Balance Sheet" and present the first results to the public on 6 October 2011.*

### Cornerstones of the Common Welfare Economy (highly condensed):

1. The same **collectively shared values** that contribute to **fulfilling interpersonal relationships** are the basis for the Common Welfare Economy: confidence building, cooperation, appreciation, democracy, solidarity. (Scientific research proves that fulfilling interpersonal relationships constitutes a key factor to happiness and motivation.)
2. A shift from competition and profit-orientation to **cooperation** and the **pursuit of the common good** will take place, established through a new regulatory incentive framework. Entrepreneurial success will be redefined from financial profit to the positive effect on common welfare.
3. A broad participatory bottom-up process predefines the parameters of common welfare; these are later handed over to a democratically elected **economic constitutional convention** and then anchored in the constitution via referendum.
4. A new main balance sheet serves to measure common welfare: the **Common Welfare Balance Sheet**. The more a company adheres to the social, ecological, democratic and solidary principles, the better is its balance sheet result and the higher its **common welfare grade**: the maximum attainable are 1000 **common welfare points**.
5. The better the common welfare result, the more **legal advantages** are granted to a certain company: lower taxes, less customs duties, loans on more favourable terms, priority in public procurement and research programs, etc. These benefits allow the socially responsible, democratic and cooperative businesses to more easily cover their (increased) expenses.
6. The financial balance sheet thus becomes a secondary balance sheet alongside the primary Common Welfare Balance Sheet. **Capital** is no longer an end, but a **means**. It merely serves to achieving the goal of the company or, to be more precise, the goal of all entrepreneurship: to further and increase the common good. A **financial surplus** may be used for: investments (with social and/or ecological value), loan repayment, accrued liabilities (to a limited extent), profit distribution to employees (up to 20 times the minimum wage) and for interest-free loans to other companies. It may not be used for profit distribution to non-employees, hostile acquisition of another company, investments in financial markets (those will not exist anymore).

7. As profit is no longer an end in itself, companies may now aspire to their **optimal size**. They are not in danger of being bought out and they are not forced to outgrow or outperform other companies. Businesses will be freed from the prevailing **force of continual growth** and the **pressure of dog-eat-dog competition**.

8. **Inequalities in income and wealth are limited**: the maximum salary is capped at 20 times the minimum wage, individual wealth at 10 million euros. Capital transfer and inheritance can be permitted tax free up to 500.000 Euros and in the case of family-owned enterprises up to 10 million Euros. Any exceeding amount is distributed to the next generation as a **democratic endowment**: Equally, seed capital is indispensable to ensure equal opportunities.

9. **Large-scale enterprises** with more than 250 employees partially pass over into a shared ownership by its employees' as well as the public. Enterprises with more than 5.000 employees pass over entirely. Elected delegates of **“regional economic assemblies”** will represent the public. The government does not exercise authority over public enterprises.

10. The same applies to **democratic commons**, the third category of property, next to a majority of (small) privately owned businesses and a minority of large-scale enterprises owned (partly) by employees and public. “Democratic commons” are enterprises which provide basic services in the sectors of education, health, social welfare, mobility, energy, communication, and banking: services of general interest.

11. The **democratic bank** is a major democratic common. Like every enterprise it serves the common welfare and, as a democratic common, the democratic sovereign – not the government – exercise control over the bank. Its core services include guaranteed savings, loans on favourable terms, eco-social high risk loans and free demand deposits accounts. **Financial markets** as we know them today will not exist anymore. The development and use of **complementary currencies** will be supported as far as useful and possible.

12. **Direct democracy** and **participatory democracy** will augment representative democracy. The democratic sovereign (the people) will be able to regulate its representatives, initiate and pass laws and control important economic domains, such as banks.

13. Alongside the democratic economic/common welfare convention, a number of other assemblies are summoned to further develop democracy: **education convention, media convention, convention for services of general interest**.

14. To anchor the values of the Common Welfare Economy deeply in the next generations (as the social Darwinist and capitalist ideals are engrained in the current generation), a few new obligatory subjects in school education are introduced: **values and ethics, “emotionology”, communication, democracy, nature and environmental education/wilderness**.

15. As the parameters of entrepreneurial success have a new definition in the Common Welfare Economy, **different leadership skills** will be required. Those persons that are socially responsible and competent, empathic and compassionate, socially and ecologically oriented will be the highest in demand and serve as the new role models for business leaders.

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