

Towards a Post-Covid Economy for the Common Good

Joint Proposal of Representatives of the International Economy for the Common Good Movement from 16 Countries¹

International ECG Movement

The international Economy for the Common Good (ECG) movement, which is for the first time going public jointly with this text, has been proposing since 2010 a consistent and complete alternative economic model. ECG is based on fundamental values—such as sustainability, inclusion, and cooperation—instead of putting financial goals first and privileging competition. The prevailing model contributes to growing threats to humankind such as climate change and the loss of biodiversity—as well as the current pandemic. COVID-19 is only the latest of a

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series of viruses seriously affecting human health and lives. HIV, Ebola, Sars1, and Mers and now Sars2 are all examples of zoonosis, which means that a virus changes its host from animal to human. There is scientific evidence that the increased occurrence of zoonosis is a consequence of over-exploiting natural resources and growing pressure on wildlife habitats, from deforestation, uncontrolled hunting, industrial agriculture, and air pollution (Shah 2020).

The current pandemic—as well as other threats—did not appear without previous warnings from scientists: *Limits to Growth* (1972), *Brundtland Report* (1987), *Earth Charter* (2000), *Millennium Ecosystem Assessment Synthesis Report* (2005), and the concept of *planetary boundaries* (2009) are prominent examples. This leads us to the question: How is it possible that these warnings have not been heeded by decision-makers on all levels?

1. The Influence of Business Lobbying

In the last decades, lobbying organizations serving vested economic interests have spent a lot of money to capture the Rio-Johannesburg process, to question or deny climate change, to prevent binding regulations for multilateral enterprises—and, most recently, to put a Multilateral Investment Court (MIC) on the international agenda of the EU (European Commission 2016). These interventions are detrimental to nature and basic rights of the large majority of human beings, and they have been undermining democracy.

Consequently, the systemic root causes of ecological and health problems are not represented adequately in the public discourse; media attention is mainly focused on vaccination and products created by pharmaceutical companies. The progressive privatization of the WHO—the private foundation of Bill and Melinda Gates is already the second biggest funder of this body (World Health Organization 2019)—is severely undermining public policies and democratic priorities. A holistic health policy approach would develop strategies to avoid future zoonosis—by improving the sustainability of economic activ-

ities, and by fostering people's health and resilience through healthy food, safe employment, social inclusion, and eradication of poverty.

2. Flatten Other Curves

We can learn from the current crisis: humankind has to take a respectful attitude towards Earth, considering ourselves as part of the web of life, neither external from, nor superior to the rest. We need to raise awareness of our own vulnerability and our dependence on an intact environment, creating a respectful co-existence with all forms of life. Endless economic growth has turned into a dangerous risk: scientists have defined nine critical planetary boundaries, some of which we have already exceeded (Stockholm Resilience Centre 2021). With the same rigor and determination governments have shown when trying to flatten the COVID-19 contagion curve, we now need to flatten the curves for land use, energy and resource consumption, inequality, and the unlimited power of international corporations.

3. Towards an Economy for the Common Good

Since 2010, the Economy for the Common Good movement has spread to 30 countries on all continents, where 200 local chapters are active. 3000 organizations support the movement. 700 companies, schools, universities, municipalities, and city districts have implemented a common good balance sheet. Eight regional governments in Spain, Austria, and Germany have included it in their government programs. In 2015, the European Economic and Social Committee published an own-initiative opinion on the ECG model (European Economic and Social Committee 2015), in a second opinion the EESC declared the ECG a “new sustainable economic model” (European Economic and Social Committee 2017).

The ECG is a fully ethical market economy that puts private enterprises and property at the service of the common good—in order to

protect global ecosystems and fundamental values, from dignity to justice and solidarity to sustainability and democracy (Economy for the Common Good 2021). The Common Good Product, measuring all relevant aspects of life quality, could sit above the GDP. An economy that puts people's needs and democratic values first and considers money and other forms of capital as resources to achieve these goals, is actually what the ancient Greeks meant by *oikonomía*. Prioritizing financial results is its opposite: *chrematistiké* or capitalism, as we call it today (Dierksmeier/Pirson 2009). An economy oriented to the common good is the only way to leave a healthy and viable planet to our children and grandchildren. The current COVID-19 crisis gives us the opportunity to master this transition.

4. Change the Trade Paradigm

Trade should serve the goal of stabilizing the planet's climate, maintaining biodiversity and cultural diversity, and of protecting human rights, basic needs, and dignity. It should help create the "safe space" proposed by Kate Raworth's "Doughnut model" (Raworth 2021). *Ethical trade* and *economic subsidiarity*—giving priority to proximity and local economies and using international trade as a complement—should replace *free trade* as the dominant doctrine in global trade (Felber 2019). Mercosur, CETA, and other agreements, are clearly examples of the old-style *enforced trade* paradigm with harmful consequences. One example of how such an *ethical world trade order* could be established is a carbon tax of for example 100 USD per ton CO₂, as recommended by the *Stiglitz-Stern Report* in 2017 (Carbon Pricing Leadership Coalition 2017: 3). Countries that fulfil this goal get the right to levy the difference to countries with lower (or no) taxes with an ecological tariff.

5. Change the Tax Paradigm

An urgent and just solution to skyrocketing inequality is a higher taxation of capital income, private property, and inheritances—while at the same time democratizing progressively to prevent corruption and put states in service to the people. In the Euro zone, private wealth exceeds public debt by a factor of five. Higher taxes on wealth would enable needed investments in health, education, poverty elimination and economic transformation. The *financial transaction tax* should be introduced, ideally on a global level. It is a worrying symptom of post-democracy that this highly accepted proposal for a regulation of financial markets was pushed off the EU agenda, although tax revenues would have amounted to up to 310 billion euros, according to the Vienna-based WiFo (Schulmeister 2011: 33). Principally, the international movement of capital should be linked to fiscal transparency and cooperation, in order to reduce tax evasion and close tax havens.

6. Combine Fiscal and Monetary Policy

As the economic downturn in 2020 will be very steep, joint forces of fiscal and monetary policy are advisable. Quantitative easing is a measure with limited effect—if used to buy corporate bonds, it can even be counterproductive. A combination of Eurobonds (*coronabonds*) and interest-free loans from central banks to the state (Modern Monetary Theory) up to a reasonable cap, would be more effective. Art. 123 (1) of the TFEU, which prohibits direct loans from the ECB to members of the eurozone, should be adjusted.

7. Change the Rescue Priorities

The current crisis management should not repeat earlier failures: in the 2008 financial crisis, we have seen the saving of so-called ‘systemically important’ entities (‘too big to fail’), most of them closely linked to the

vested economic interests mentioned before. It is time to break this logic, and focus on what we all need:

- public investment in health, education, sustainable public transport, housing, and sustainable food production, thereby creating meaningful and climate-friendly employment and help transform the economy towards sustainability;
- the introduction of an unconditional basic income (UBI), which is sufficiently high to cover all of a person's basic needs;
- a minimum wage (sensibly higher than the UBI) combined with a maximum income, in view of reducing inequality to an acceptable level and making our societies more inclusive;
- financial or fiscal support primarily to SMEs which contribute to the common good, for example, they are climate-friendly, strive for social inclusion and cohesion and are aware of the importance of biodiversity. One criterion could include an externally audited non-financial report, such as a Common Good Balance Sheet, a B Corps Certification, or a similar tool. We envisage that in the mid-term *all* organizations will have to take on these responsibilities.

We are aware of the scale and huge challenge of the proposed changes, as the current model is firmly established, and many people are dependent on it. Nevertheless, more and more companies, municipalities, regions, and governments are engaging in the implementation of these new ideas and practices. Companies which have started to take social, ecological, and democratic responsibility are winning awards and are receiving support from all sides. Cities like Barcelona, Amsterdam, Stuttgart, and Vienna are beginning to promote these necessary changes. The growing ECG movement is willing to work with more citizens, companies, and governments to achieve these goals.

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