

# EUropainfo

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Österreichische Post AG  
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Wellbeing Economy

Wirtschaften für sozial-ökologisches Wohlergehen





## Creating an Economy for the Common Good

The Economy for the Common Good (ECG) is an innovative concept of the economy that puts people's wellbeing and the greater good at the center of its design. It measures success with a Common Good Product for national economies, a Common Good Balance Sheet for companies, and a Common Good Assessment for investments and finance. The movement started in 2010 in Vienna and has spread since to 33 countries. A current focus lies in developing a holistic framework of sustainability reporting.



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By Christian Felber

The wellbeing of the members of the household ("oikos") was the original goal of the Greek "oikonomia". Aristotle differentiated this eponymous concept of the modern word "economy"

from its opposite "chrematistiké" which was characterized by turning the means money and capital into ends. Whereas chrematistiké translates into modern language with capitalism, oikonomia was

by definition a wellbeing economy or, in other terms, an economy for the common good. The common was not the exception in the history of thought but the rule. Claus Dierksmeier concludes:

# Internationale Zivilgesellschaft

“From Aristotle via Thomas Aquinas, up to and including Adam Smith, there was a consensus that both economic theory and practice needed to be legitimised as well as limited by a certain overarching goal (Greek: telos)

**The principal claim and goal of the movement is the orientation of all economic activities towards the – democratically defined common good.**

such as the “common good”.<sup>1</sup> Whereas economics as a science, took a different route with the upcoming of the neoclassical school since the 1870s until today, the constitutions of democratic nations still contain the common good imperative for the economy. For instance, the Bavarian Constitution says: „The economic activity in its entirety serves the common good“. (Art. 151). The Constitution of Columbia states: “Economic activity and private initiative must not be impeded within the limits of the public good“.

Taking these historical precedents and contemporary imperatives as a model, the Economy for the Common Good (ECG) movement saw the light of day in Vienna in 2010. Since then, it has spread to 33 countries up to date. Some 5000 individuals engage in 200 local chapters and cooperate with companies, cities, and educational institutions from schools to universities. The principal claim and goal of the movement is the orientation of all economic activities towards the – democratically defined – common good. Concretely, economic success should be measured with a Common Good Product on the national level, a Common Good Balance Sheet for companies, and a Common Good (Impact) Assessment on the microlevel of investment and finance.

## Common Good Product and Balance Sheet

A nationally defined Common Good Product can indicate a country’s success in meeting democratically defined goals that align with universal values. The sovereign citizens should define the Common Good Product at this national level. Perhaps in local assemblies, citizens would identify the twenty most relevant aspects of quality of life and wellbeing and convert them to a measurable and comparable indicator that tells us much more than the GDP. The Organization for Economic Co-operation and Development’s (OECD) “Better Life Index,” Bhutan’s “Gross National Happiness,” or the 17 Sustainable Development

Goals all exemplify alternatives to GDP. The Common Good Balance Sheet shows how much a company contributes to the

common good on the microlevel. Balance Sheet questions include, for instance:

- Do products and services satisfy human needs?
- How humane are working conditions?
- How environmentally friendly are production processes?
- How ethical is the sales and purchasing policy?
- How are profits distributed?
- How diverse is the workforce and do they receive equal pay for equal work?
- How involved are stakeholders in core strategic decision-making?

Businesses who complete a Common Good Balance Sheet assess their activities and contribution to the common good. Independent auditors examine the results, and a Common Good Report is published. The current average score, around 200-300, shows that these companies are going above the legal minimum standard and have a greater understanding of their broader influence in society, with areas for improvement. For a maximum of 1,000 points to be possible, it would mean a world living in peace with no poverty or unemployment, a stable climate and clean environment, equality, and engaged and motivated workers: society’s ethical goals would be accomplished. Companies with high balance sheet scores can be rewarded with tax benefits, lower tariffs, better loan terms, and priority in public procurement. These measures would make ethical and environmentally friendly products and services cheaper than ethically questionable ones. An example of applied common good economics is Portland. The city in Oregon is charging higher taxes on companies if the CEO’s pay is greater than 100 times the median pay of all employees, and an extra 25 per cent if the ratio exceeds 250 times.<sup>2</sup>

## Holistic model

Next to the reorientation of economic

activities towards the democratically defined common good, the ECG model includes more innovative elements, such as ecological human rights, limiting a person’s environmental consumption to a fair share of the Planet’s sustainable offer. Ethical world trade would replace “free trade” without falling back to protectionism. Finally, balancing feedback mechanisms would moderate inequality in personal income and wealth and limit the size of corporations. Money could become a public good, and banks, stock markets, and other financial service providers could apply an ethical risk assessment or common good assessment before they help finance an investment. If no fundamental value is damaged and no common good expropriated, monetary means would flow in the future. The Genossenschaft für Gemeinwohl in Vienna created the first Common Good Account (Gemeinwohlkonto) in cooperation with the Umweltcenter of the Raiffeisenbank Gunskirchen and has developed a “Common Good Banking”.

## International movement

Since its start in 2010, the ECG movement has spread to 33 countries and founded 200 local chapters, with almost 5,000 volunteers engaging. In Austria, companies such as Sonnentor, Baumeister Lux, Gugler, Adamah, CulumNatura, Trumer Brauerei, FH Burgenland or Bildungshaus St. Virgil did a Common Good Balance Sheet. The first Common Good Municipalities are Mäder and Nenzing in Vorarlberg. The City of Münster has decided to do a Common Good Balance Sheet for all public enterprises. Steinheim is the first city to implement a Balance Sheet for the whole

**Companies with high balance sheet scores can be rewarded with tax benefits, lower tariffs, better loan terms, and priority in public procurement.**

city. In 2017, an ECG Chair was established at the University of Valencia, a first study, “Angewandte Gemeinwohl-Ökonomie” started in Austria in 2018, and the first scientific conference was held in 2019 at the City University of Applied Sciences in Bremen. In 2021, the ECG’s theoretical foundation, “From Neoclassical Economics to Common Good Economics”, was published in sustainability.<sup>3</sup> Already in 2015, the European Economic and Social Committee declared by an 86-per cent majority that “the Economy for the

Common Good (ECG) model is conceived to be included both in the European and the domestic legal framework". On the website of the Federal Chancellery on the SDGs, ECG is highlighted as one example of successful implementation.<sup>4</sup> Currently, the movement is engaging in the revision of the European Unions' Corporate Sustainability Reporting Directive, which will

affect companies with at least 250 employees from 2024 with mandatory sustainability reporting duties. Smaller companies mainly apply the Common Good Balance Sheet.



Christian Felber

Co-founder of the movement and author of the book "Gemeinwohl-Ökonomie", which has been translated into 13 languages, English "Change everything. Creating an Economy for the Common Good"  
christian.felber@ecogood.org

## Common Good Matrix

The Common Good Matrix lies at the heart of the Common Good Balance Sheet. Version 5.0 can be seen below.

VALUE	HUMAN DIGNITY	SOLIDARITY AND SOCIAL JUSTICE	ENVIRONMENTAL SUSTAINABILITY	TRANSPARENCY AND CO-DETERMINATION
STAKEHOLDER				
<b>A: SUPPLIERS</b>	<b>A1</b> Human dignity in the supply chain	<b>A2</b> Solidarity and social justice the supply chain	<b>A3</b> Environmental sustainability the supply chain	<b>A4</b> Transparency and participation in the supply chain
<b>B: OWNERS, EQUITY- AND FINANCIAL SERVICE PROVIDERS</b>	<b>B1</b> Ethical position in relation to financial resources	<b>B2</b> Social position in relation to financial resources	<b>B3</b> Use of funds in relation to the environment	<b>B4</b> Ownership and co-determination
<b>C: EMPLOYEES</b>	<b>C1</b> Human dignity in the workplace and working environment	<b>C2</b> Self-determined working arrangements	<b>C3</b> Environmentally friendly behaviour of staff	<b>C4</b> Co-decision making and transparency within the organisation
<b>D: CUSTOMERS AND BUSINESS PARTNERS</b>	<b>D1</b> Ethical customer relations	<b>D2</b> Cooperation and solidarity with business partners	<b>D3</b> Impact on the environment of the use and disposal of products and services	<b>D4</b> Customer participation and product transparency
<b>E: SOCIAL ENVIRONMENT</b>	<b>E1</b> Purpose of products and services and their effects on society	<b>E2</b> Contribution to the community	<b>E3</b> Reduction of environmental impact	<b>E4</b> Social co-determination and transparency

Figure: Common Good Matrix 5.0, ECG movement

1 Claus Dierksmeier (2016): Reframing Economic Ethics. The Philosophical Foundations of Humanistic Management, palgrave Macmillan, S. 35.

2 Gretchen Morgenson: Portland Adopts Surcharge on C.E.O. Pay in Move vs. Income Inequality, in: New York Times, Dec 7, 2016.

3 <https://doi.org/10.3390/su13042093>

4 [www.bundeskanzleramt.gv.at/themen/nachhaltige-entwicklung-agenda-2030/erfolgsgeschichten-agenda-2030/gemeinwohl-oekonomie-at.html](http://www.bundeskanzleramt.gv.at/themen/nachhaltige-entwicklung-agenda-2030/erfolgsgeschichten-agenda-2030/gemeinwohl-oekonomie-at.html)

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