Erich Hoedl DRAFT VERSION

**Relation between Economy and Social Power**

**Preliminary Remarks:** Each of the terms economy and social power describe highly complex societal phenomina and represent artficial subsystems of the society. In a rationalistic understanding of social sciences, we should have a coherent theory of the society to get grip of the relation between the economy and social power. From an evolutionary perspective the interrelations between between the economy and social power is a part of an evolutionary theory of a society. Such an approach needs references to empirical developments. As we live actually in a highly economised society and intend to contribute to a human-centred development we discuss the reduction of social power of the economy in favour of a more equal distribution of social power in the society in five steps:

The transitions from (1) the economic society and its inequalities to an evolutionary societal development,(2) from industrialism and economic growth to sustainability and the service economy, (3) from production and consumption to wealth creation and human wellbeing , (4) from work and income to human creativity and social capital and (5) from social instabilities and economic policy to democratic governance and human development.

**1.Evolutionary Societal Development**

**A society is constituted by the interrelations of individuals with different personal characterisics, aspirations and values.**

**These interrelations are strongly superseded by the distribution of properties, its organisation and values to which they are handled.**

**As properties, organisation and values are interdependant societal development is an open process, not any more governed by a social class, but the large population.**

**The power of the large population can be increased by human-centred education and creating** **regional and global networks of social capital.**

**2. Industrialism and the Service economy**

**Industrialism has produced a huge stock of economic resources: What should be done with them?**

**The existing stock of capitals can be aggregated to four forms of capital: Financial, man-made, natural and human capital. For all forms of capital the distribution of ownership is important.**

**The limits to economic growth are ultimately nature and consumption (consumerism).**

**A sustainable economy has not to be supply-driven, but demand-driven by human needs.**

**A turn from industrialism to a sustainable service economy is bound to a reduction of financial, man-made and natural capital, which implies higher human capital inputs**.

**3. Production and Wealth Creation**

**Wealth creation is a societal process, which is directly or indirectly interconnected with all human activities.**

**The same applies for all forms of capital: Capital is not a physical, but a societal category. The most important dimensions are ownership, organisation and handling values.**

**Financial capital is a societal subsystem, including banks, funds etc., man-made capital a subsystem with material and immaterial equipments etc., natural capital are the natural resources involved in economic processes and by this a subsystem of nature and human capital is the potential of the population to create societal wealth.**

**Each capital represents a complex dynamic network and is interrelated with other capitals. The interactions result in an open economic and societal development.**

**In contrast to supply-driven industralism, in a sustainable service economy wealth creation becomes the vicar, i.e. the servant for economic and societal needs.**

**4. Human Creativity and Social Capital**

**Human capital is the wealth-creating potential of the whole population, composed by the potential labour force, the younger,elder etc.**

**None of the financial and man-made capitals can create wealth and earn income without labour and its creativity and productivity.**

**Unfolding the human potential takes place by human-centred education and learning by doing in the private, public and alternative sectors. Human capital increases by cooperation in networks, may it be in connection with the networks of other capitals or between individuals.**

**Whereas financial, man-made and natural capitals are internally and among them highly organised, human capital is far behind and needs the development of a coherent social capital**.

**5. Economic Policy and Democratic Governance**

**Prevailing economic policies accepts the basic societal power structures and concentrate on competition,** mon**etary and fiscal/taxation policies. By this they can smoothen cycles and crisis, but not prevent the fundamental instabilities of affluent industrialism.**

**Within the classical concept of freedom, equality and solidarity economic policy touches only the flows for equal exchanges and income for solidarity and not the distribution of property. As economic power structures consists of property, organisation and values the property comes into the picture of democratic governance.**

**Human economic development depends on the redistribution of properties of financial, man-made and natural capital, which can be enhanced by human-centred education and the augmentation of human and social capital.**

**For this, prevailing economic policies have to be surpassed by a democratic governance where each human has not only a political vote, but also more equally distributed economic properties to contribute actively to a human development.**