



Economy and Society: Strategies for a More Equal Distribution of Societal Power

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Abstract

Unequal distribution of societal power is to a large extent responsible for poverty, hunger, the destruction of nature, and inhuman living conditions. From the perspective of its redistribution, we distinguish three basic means of power: The ownership of material and immaterial properties, the kind of organisation and the values according to which properties and their organisation are handled. This framework permits us to identify crucial power structures in less industrialised and industrial countries and within the financial, real productive, political and social subsystems of the society and allows us to sketch strategies for redistribution of societal power: Industrial countries have to reduce their real and financial capital inputs in favour of higher human capital investments and increase their direct investments in less industrialised countries, supported by a Global Marshall Plan. Less industrialised countries need to enhance both their industrial and alternative sectors, establish more democratic structures and human-centered educational systems. By these cooperative strategies the costs of former colonialism can be partly refunded. The main obstacle for such global cooperation is the global financial system, which has to be decentralised towards a multi-currency system, including regional currencies and barter. In the real productive sector, financial governance and capital-oriented hierarchies should be markedly reduced, which will increase creativity and productivity of work, underpinned by an enlarged human-centered education. Redistributing the prevailing power of the financial and productive sector rests considerably on democratic governance, which has to include increasing informal and legitimate interests and prevent plutocratic tendencies. For this, an economic democracy should be evolved where each individual not only has a vote, but also a guaranteed minimum income. Individual security, welfare and well-being are the foundations for higher creativity and productivity and ensure for each individual more freedom to organise themselves according to their own values. Extending the increasing individual social power to a large population creates social capital, which will accelerate the transition into a human-centered societal development.

1. Introduction

Accelerating globalisation and increasing interdependencies between countries and regions lead to the emergence of a global society with manifold cultural, social, economic and ecological differences. The coming global society will not be uniform; the prevailing

distribution of societal and economic resources has already resulted in environmental destruction, poverty, hunger and inhuman living conditions. At the same time, industrialism has produced enormous economic resources, which could alleviate the still-increasing global problems. But a transition into a human-centered society is enormously hampered by the prevailing unequal distribution of societal power.

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From the perspective of a human-centered society we can distinguish three fundamental means of societal power:

- a. the ownership of material and immaterial properties
- b. the kind of organisation of these properties and
- c. the values according to which properties and organisations are handled.

All three means are highly interdependent and in cases of high inequalities they are mutually reinforcing and result in rigidities, which lead to heavy crises. Therefore, a redistribution of societal power has to question simultaneously the existing distribution of properties, to modify the organisation of the inherited society and to create new values. In the long run, human-centered education is the most important strategy to change the prevailing distribution of properties and its organisational handling. But the change in values is only one of the three main means to unleash societal power and we will discuss here human-centered education only marginally and concentrate on the role of properties and their organisation.

To get a grip on the immense complexity of the global society, we will restrain our considerations to

- a. the main power relations between industrialised and less-industrial countries and
- b. the power structures of the financial, economic, political and social subsystems in industrial countries, which largely dominate global power structures.

Characterising these power structures is only possible in a systemic way and by referring to the empirical realities of a society. Therefore, we sketch in each area the prevailing power structures, the moderate reforms proposals envisaged and the deeper strategies in favour of a human-centered development of the global society. By this, we go beyond the general idea that we live in the age of the Anthropocene in which mankind has the ability to manage global crises. From the perspective of the social sciences, a transition into human-centered society is a highly complex process of interactions between individuals and social groups

and a transition depends ultimately on the vigorous enlargement of regional and global social capital.

In all areas exists a vast literature and we will abstain from using any citations, which allows us to trace the main lines for a human-centered redistribution of societal power.

2. Less Industrialised Countries

At the global level societal power is highly unequally distributed, which originates partly from colonialism. If we distinguish between industrialised and less industrialised countries, the latter have an enormous potential of human and natural resources. But they are—whatever the criteria may be—much less organised than industrial countries, which have established huge machinery with many detrimental consequences. Attempts to create regional economic areas, like Mercosur, ASEAN etc., fair trading blocs and regional currencies are initiatives that rest largely on advances in global political governance, the nucleus of which are the United Nations and its organisations. Although the Sustainable Development Goals and the Paris Agreement are globally accepted, their implementation is highly endangered by the still reigning neoliberal thinking, which does not reduce global gaps and considerations, for compensating for the exploitations of colonialism is beyond the reach of free market thinking.

There are several proposals for regulations of trade and direct investments, which could ameliorate the power position of less industrialised countries. The World Trade Organisation could be complemented by agreements on global social and environmental standards and for multinational firms legally binding codices of conduct could be ratified, which would ameliorate working conditions and protect nature. Instead of adopting the free market doctrine, the International Monetary Fund and the World Bank could take into account social and ecological criteria, which applies also for G7 and G20. But even these rather moderate regulatory proposals are very marginally implemented and could hardly change the basic global power relations.

More advanced but only academically discussed proposals are the Global Marshall Plan and the Global New Deal, which intend—maybe they are financed by public budgets or taxes on financial markets—to refund partly the costs of former colonialism. Equally important are strategies to increase private direct investments and establish human-centered educational systems, which could cooperate with the rapidly growing alternative sector with its non-profit enterprises, microcredits etc. To clarify the ownership of land in the agricultural sector would enhance motivation and transformational strategies can learn in some areas from experiences of transitions from the feudal to manufacturing and industrial era. However, a redistribution of societal power from industrial to less industrialised countries is mainly bound to a transfer of real productive capital, which has to be in the ownership of the population and public organisations and not be invested in international firms. Together with domestic resources this could accelerate the maximisation of the huge potential of human and natural resources, which need a more democratic reorganisation toward mixed economies. Societal wealth creation and sustainable human development depend on the interaction between more equally distributed financial, real productive, political and social power and

less industrialised countries should go beyond traditional industrialisation and find their own development strategies, based on new forms of ownership of material and immaterial properties, their regionally adequate organisation and human-centered educational systems.

3. Industrial Countries

Although global consciousness in industrial countries increases and leads to more global cooperation, the so-called First World acts to a large extent self-referentially. This is visible in the concentration of direct investments and trade among industrial countries, the financial centres in New York, London and Tokyo and more recently evident in the welcome culture for immigrants. The industrial world still attracts real and financial capital and finally, people, and it is not the globalisation of real production that they intend. Simultaneously, the industrial world suffers from over-accumulation of real productive capital and decreasing demand. It adopts mercantilistic strategies, which propel emerging countries towards export-led economic growth because of which they neglect their internal social development. Although in the past there were partly negative experiences with

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direct investments, they have to be increased considerably and combined with legally binding codices and with exports of socio-ecologically oriented technologies. The overdone fear of job losses in industrial countries cannot be fought with higher economic growth, but with a reduction in working hours and investing more in unleashing human capital instead of resorting to real and financial capital investments.

The expanding discussion of a turn into a socio-ecological market economy is a first step out of the self-referential bias in industrial countries. Capital-saving innovations reduce energy and material inputs, which needs higher human capital inputs and results in a lower growth path. A precondition for a socio-ecological reorientation is higher educational and research investment, which goes partly beyond traditional economic efficiency and employability. Instead of the prevailing high costs of ex-post social policies, more ex-ante social investments should be combined with a transition from high taxation of labour into higher taxation of natural, real and financial capital. Less real capital investments in industrial countries and more real capital formation in less industrialised countries will contribute to a global convergence of societal wealth creation.

A transition into the socio-ecological market economy is a moderate step toward creating a human-centered society, because it still centres on modified real capital accumulation. What is needed is that human and social capital should become the centre of gravity of real and financial capital accumulation, which are just instruments for more security, welfare and well-being. A precondition for such a profound transition is the creation of a strong social capital, but this is hampered by the prevailing unequal distribution of societal power. The main obstacles are the unequal distribution of financial means and the relatively autonomous organisation, the unequal distribution of real productive capital and its capital-centred hierarchical organisation and the political governance restricted to voting. In the longer run,

human-centered education is a powerful instrument to meet these obstacles, but it has to be supported by simultaneous strategies for a redistribution of financial, real productive and political powers in favour of the large population.

4. Financial Power

As there exists no coherent global political governance, the real governing institutions are the financial markets, which have lately been leading to inhuman consequences. Supported by the neoliberal free market doctrine, the financial markets collect the savings surplus in industrial countries, the up-stream savings and the nearly unlimited money created from private banks and thus produce huge debts. In case of a repayment of debts, the global demand will shorten and contribute to global stagnation. Central banks, like the Federal Reserve, European Central Bank and the Bank of Japan, issue enormous quantities of artificial money and reduce money interest rates sharply without an increase in real investments. The ensuing wealth inflation augments the inequality of wealth distribution, increases speculation and also endangers states in Europe and partly in Japan and creates pressure on small and medium sized firms, including socio-ecological projects of the alternative sector. Paradoxically, the irrational financial sector attracts many of the best brains. The 2008 crisis was certainly a wake-up call, but even after minor corrections the financial system is still a threat and clearly contradicts the formation of a human-centered society.

Political and academic institutions are aware of the threats of irrational financialisation. Their reform proposals range from debt reductions by monetising, haircuts, heavy taxation, dissolution of tax oases, changes in rating agencies etc., but if we look at their implementation, minor progresses could be accomplished. The financial subsystem of the society has become more powerful than states and the private productive sector accepts this, because large firms act partly like banks and become part of them. What was formerly a transmitter of the population's savings to productive activities mutated to a relatively autonomous and closed subsystem of the society with marginal political control and nearly no influence on the large population.

Provided money is in the right hands, it is a powerful instrument for a transition into a human-centered society. But today, money is highly concentrated in the global financial system governed by the financial elites and large funds. However, in the face of recurring financial crises, the uni-polar global financial system tends to turn into a multi-polar system. Decentralisation beyond the dollar and euro areas would allow the coming tectonic plates of Asia and South America to rearrange their increasingly specific trade relations and production structures. Such regional currencies could be further disaggregated to local regions and include barter. Decentralisation permits more democratic control of regional central banks, which are actually subject to the globally interconnected network of the rather unipolar financial system. Decentralisation of the global financial system will bring money closer to real productive activities and contribute to a more human-centered societal development. But decentralisation of the monetary system has to be combined with strong responsibilities for its socio-ecologically oriented allocation which is bound to a more equal distribution of power in real production, political governance and an increase in the population's social power.

5. Power in Real Production

The real productive sector in industrial countries is mainly governed by the financial sector, but there is a considerable growth in the alternative sector, which in a few decades may reach nearly half of the world's total production. We have to expect a great diversity of productive activities both in highly and less industrialised countries. Actually, in the traditional economic sector—composed of industrial and the service sectors—we find a constantly augmenting substitution of labour by capital and capital owners gain more power vis-a-vis employees, visible through decreasing wages and relatively increasing returns on capital inputs.

During the last few years, innovations like energy-saving products, ICT applications and robotisation have partly modified the relations between capital and labour, but not the basic orientation to optimise the return-on-capital inputs. Whatever the concept of modern management may be, it results in capital-oriented hierarchy, heterarchy and in less employment, social inconvenience, mental diseases etc. Generally speaking, there is a tacit coalition between financial capital holders and real production management—enhanced by the Anglo-American business schools—which restrains freedom and the creativity of employees.

Moderate reform proposals include different softenings of the power structures of production management, control of market structures and a reduction in negative social and ecological externalities. They range from decentralising competition policies, concepts of humanisation of work by techno-organisational changes to more participation of workers, codices for Good Management and Corporate Social Responsibility.

More recently, firms have started augmenting their internal qualification programmes to enhance the entrepreneurial behaviour of the employees partly by going beyond the target of employability. This indicates their increasing need for creative employees with an enlarged consciousness beyond the immediate fulfillment of their job descriptions. However, the limits are set by the capital-oriented targets of firms instead of strategies that unfold the creativity and productivity of employees, a result of human-centered education and modified hierarchies in production and market exchanges.

A human-centered reorganisation of the real sector has to accept some hierarchies, which are unavoidable in any institution. But there is a tremendous difference between a capital centred and a human-centered hierarchy, heterarchy in particular. Such a turn has to be anchored in universally accepted human rights and the dignity of workers.

The humanisation of the productive system may entail additional costs, but they will be largely out-weighed by an increase in the creativity and productivity of labour. A precondition is a vigorous turn-back to the cooperation between management and employees and participation of workers in ownership and management decisions. An increasing number of small and medium firms and primarily the alternative sector practice such management with success and in many cases large firms have enough financial means for decoupling their decisions from the oppressive financial markets.

6. Political Power

Formal political power is mainly institutionalised by constitutional law at the level of nation-states with its different sub-levels in terms of provinces and communities and the division of legislative, executive and judicial powers. Such democratic governance rests on majority of rules according to which political parties govern. Their successes depend highly on the degree to which the population adheres to the values of a democracy. Within this framework exist semi-public organisations, like trade unions and business associations. In the last few decades, civil society, non-governmental organisations, parts of the alternative sector, internet fora etc. have gained considerable political influence. Thus, the complexity of the society and its power distribution change and formal democratic power structures strongly overlap with informal power. Prevailing democracies are endangered by the difficulties to channelise legal and legitimate informal powers into existing bureaucratic procedures and political parties tend to become plutocracies by turning around their own personnel and follow opinion polls instead of resorting to direct communication with the large population.

The extensive discussion of many political reform proposals ranks around more direct elements of democratic voting, limited periods for mandatories, dependency of their income on political successes etc. Whereas these proposals centre on the traditional political and bureaucratic procedures, others take into account the extensive economisation of the society, which results in economically-oriented decisions, including corruption, and deviates public policy from the original target to increase societal welfare by balancing-out diverging interests. Both in industrialised and less industrialised countries, the economisation of political decisions is underestimated, which undermines trust in democratic values. For example, central banks are marginally controlled by governments, but determine—together with the financial markets—most of the budget decisions. The highly unequal distribution of income and wealth can only very marginally be approached by the traditional monetary and fiscal policies. Even in the case of well-functioning voting democracies, the transition into a human-centered societal development is bound to an enlargement of the understanding of a democracy.

A redistribution of societal power towards the large population needs, beyond the individual right to vote, a minimum of individual economic resources. In a human-centered society each individual has a value and should have the right both for the political “property” of a vote and an economic property, be it guaranteed minimum wages and/or a minimum of property of material and immaterial capital. Such a twofold endowment would induce individuals to take care of and protect them and it enhances their creativity and productivity in their working places in the sketched financial, real productive political and social systems. The resulting broader societal engagements represent a corrective to the actually increasing distance between political governance and the values of the population. Complementing political democracy with an economic democracy augments the power of the population and contributes to a redistribution of properties, favours their human-centered reorganisation and enhances the development of human-centered values.

7. Social Power

We distinguished between the societal power structures as an interdependent system of financial, real productive and political powers and characterised social power as the potential of the population to redistribute power within the society. As the population is involved in all societal processes and all changes depend on human activities, it is only more social power of the population which can redistribute the societal power, because each society is man-made and can only be changed by humans. Therefore, the transition into human-centered development is bound to empower the population. Already now, purely economic estimates show that human capital accounts in industrial countries for about three quarters of total economic resources. A redistribution of properties, their human-centered reorganisation and an increase in human-centered education are interdependent and each of the three approaches can contribute to human development. In the face of existing vested interests in properties and their organisation and the increasing consciousness of the immense irrationalities of the society today, the overall increase in human-centered education may be more feasible than a redistribution and reorganisation of properties.

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Nearly all investigations of national and global developments propose more education and an increase in human capital formation both for the industrialised and less industrialised world. But, if we look into some detail it is mainly meant as a contribution to a higher and slightly modified economic growth and in the face of changing labour markets, for better employability. Neoliberal education policies expect from higher qualification a redistribution of properties, because higher income should enable workers to save more and each person is considered to be able to accumulate productive capital and possibly enlarge the alternative sector. No doubt, this may have a certain effect, but at the same time it represents an individualistic concept to protect the enormous inequalities of existing wealth distribution and its handling according to prevailing efficiency targets.

Human-centered education goes beyond the integration and adaptation of humans to the existing distribution of properties, their organisation and presently governing values. It puts humans at the centre of societal development and intends to unfold their creativity and productivity in favour of a human-centered society, where the techno-organisational equipments are only “things” for an increase in individual and societal security, welfare and well-being. Such a perspective is an immense challenge for educational systems, which in history have always been prone to the demands of dominant power structures, starting from religious to mercantilistic and industrial demands and culminating in present concepts of Industry-University cooperations. Human-centered education will question the traditional educational systems fundamentally, including the role of universities in education.

Human-centered education will enhance the consciousness of global economic, social and ecological limits and the educated population will contribute to the emergence of regional and global social capital. But human-centered education has to be underpinned by the discussed advanced strategies for a redistribution of properties and their organisation. Transferring real productive capital by a Marshall Plan and more direct investments in less industrialised countries, decentralising the financial system, the establishment of human-centered hierarchies in production and a really political and economic democratic governance will allow the development of regional and global social capital, which are decisive for a transition into global human-centered society.

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8. Summary and Perspectives

The presented outline of prevailing global developments and their main power structures lead us to think about crucial strategies for a redistribution of societal power, which are necessary for a transition into a human-centered global development. In the face of rapid changes and the enormous complexity of global development, its many dimensions could only be shortly touched and need deeper investigation. But the adopted approach to get a systemic picture is highly legitimate, because most comparable investigations are much more fragmented and neglect the interdependencies of power structures in a finite world. Moreover, to characterise main empirical relations between the economy and societal power, references are needed for traditional economic treatments, which overlook the new qualities of the emerging global society. For bridging these gaps, we presented for each of the discussed areas a widely accepted description as well as rather moderate reform proposals for the existing power structures. This demonstrates the enormous uneasiness with the existing power structures. Therefore, we go further and derive the following human-centered strategies for a redistribution of societal power:

- a. Industrialised countries should abandon their self-referential strategies and adopt a global perspective by a domestically strong socio-ecological reorientation with low economic growth and shortened working time, increase direct investments, reduce global trade and pay back partly the cost of former colonialism by a Global Marshall Plan.
- b. Less industrialised countries should activate their huge human and natural resources by developing their industrial and alternative productive activities, establish human-centered educational systems, define clearly the property rights of their resources, develop mixed economies with more democratic governance and abandon export-led economic growth.

- c. The rather unipolar global financial system has to be decentralised toward a more democratically controlled multipolar currency system, private and central banks have to abstain from the creation of artificial money, avoid debt accumulation and wealth inflation and reduce their influence on real productive activities and political governance.
- d. The management of real production has to retreat from the coalition with the financial sector, reestablish a coalition between firms' management with the employees, increase the creativity and productivity of employees by a turn from capital-centred to human-centered hierarchies and cut back augmentation of growth in favour of service-augmenting strategies.
- e. Political governance has to avoid dangerous tendencies toward plutocracies, channelise increasing informal and legitimate political powers into democratic processes, reorient bureaucratic administration toward services for the large population and encourage political voting in an economic democracy where each individual has a guaranteed minimum income.
- f. Social power of the population has to be increased through widespread human-centered education, more participation in political and economic decisions, secure minimum income, freedom of choice and organisation of autonomous individuals into social capital, which increases the social capital of the larger population.

Evidently, the implementation of these strategies can only be expected in the long-term and as societal development is an open process, the strategies may be subject to modifications. But their main orientation to turn from a capital-centred to a human-centered development where humans are at the centre and "things" are not more than instruments for higher security, welfare and well-being will remain. As we already detected strong resistances against moderate reform proposals, they will certainly increase; they may come from vested interests or simply from lack of insight. However, the simultaneous approach to redistribute the basic means of societal power, the properties, their organisation, handling values and the formation of a global social capital opens up strong perspectives for a global human-centered society.

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