Fashion DIET

# Overcoming the Growth Dilemma – Rational Collective Economy

Hochschule Reutlingen
Reutlingen University

Co-funded by the European Union

# Learning Objectives

After this lecture students should be able to:

- Explain and distinguish business economics and behavioral economics
- Name and explain various sustainable economic models, including Economy for the Common Good (ECG), Post-Growth Economy, A New Societal Contract, Green Growth, Moral Economics (Moralökonomie) and Integrative Business Ethics (Integrative Wirtschaftsethik)
- Explain the Growth Dilemma and its hierarchy
- Describe the basic assumptions of Rational Collective Economy, as well as challenges this theory faces


Co-funded by the European Union

# Content

1. Basic Knowledge
2. Sustainable Economic Models
3. Growth Dilemma
4. Rational Collective Economy


Co-funded by the European Union

# Structure

The chapters are structured as follows:

1. Theoretical basics
2. Tasks for understanding & deepening the contents
3. Recap
4. References



Co-funded by the European Union

# 1. Basic Knowledge

**1.1 Economics**

1.1.1 Economics & Market Economy

1.1.2 Homo Economicus

**1.2 Business Administration**

1.2.1 Business administration based on economic theory

1.2.2 Business administration based on behavioral science

**1.3 Sustainability**

1.3.1 Brundtland Report

1.3.2 Triple Bottom Line

1.3.3 Human Ecology



Co-funded by the European Union

# 1.1 Economics

- Founder of economic theory is Adam Smith with his work "Wealth of Nations" (1776)
- Topics: Allocation, distribution and coordination of factors of production and goods
- Factors of production: Labor, capital, land


Co-funded by the European Union

# 1.1.1 Economy & Market Economy

Economy:

- Oikonomia: oikos=house, nomos=law/norm
- Factors: people, business, home & agriculture
- Goal: Satisfying the needs of various actors with scarce resources
- Principles: Rationality, optimization, efficiency


Co-funded by the European Union

# 1.1.1 Economy & Market Economy

Market economy:

- Contrasts with Planned Economy
- Free competition = competitive economy
- The production of goods is demand-driven
- Actors always strive for the greatest possible profit
- Freedom of contract, private property, free pricing & free production quantities


Co-funded by the European Union

# 1.1.1 Economy & Market Economy

Market economy:

- Results from the sum of the decisions of individual actors
- Actors: Private households, companies, state & foreign countries
- Open economies: Both import and export occur



Co-funded by the European Union

# 1.1.1 Economy & Market Economy

Criticism of the market economy:

- Asymmetry of market economy: usually only monetary aspects are taken into account in market economy decisions
- Market failure: Non-paying people cannot be excluded from the use of a good or could be excluded but are not (free-riders)


Co-funded by the European Union

# 1.1.2 Homo Economicus

- Model for explaining human decisions in economic contexts
- Goal: Maximization of individual utility independent of the utility of others
- Acts according to the economic principle: Achieving the highest possible benefit while incurring the lowest possible costs
- Evaluation of actions arises from his personal understanding of costs and benefits


Co-funded by the European Union

# 1.1.2 Homo Economicus

- Acts rationally
- Acts according to the economic principle
- Has consistent preferences
- Responds to environmental constraints
- Is fully informed about all possible actions and their effects


Co-funded by the European Union

# 1.1.2 Homo Economicus

Free-riders

- The actions of others have an impact on the Homo Economicus
- For him it is logical to profit from the commitment of others
- Problem: "If many or all act rationally in this sense, i.e. behave as free-riders, then the collective good is not or only insufficiently provided" (Dehling & Schubert, 2011)


Co-funded by the European Union

# 1.1.2 Homo Economicus

Criticism of the Homo Economicus:

- Economic decisions are not always made rationally
- Disregards factors such as morals, habits & the social environment
- Humans do not usually have all the information relevant to decision making
- Human preferences do not remain stable, changes in values can occur


Co-funded by the European Union

# 1.1.2 Homo Economicus

Extension 1: Kant's Categorical Imperative

- "Act only according to that maxim whereby you can at the same time will that it should become an universal law" (Immanuel Kant, 1791)
- Each individual should act as he or she wants the collective to act
- Every individual decision is part of a collective result
- Parallel to methodological individualism


Co-funded by the European Union

# 1.1.2 Homo Economicus

Extension 2: Adam Smith's Theory of Moral Sentiments

- Emotions are the most important human impetus
- Striving for wealth is a consequence of the social need for prestige and attention

→ Maximization of utility is subordinated to the social need for attention



Co-funded by the European Union

# 1.2 Business administration

- Management of businesses
- Examines entrepreneurial activity within a market economy
- Based on the economic principle
- Two major currents:

1. Business administration based on economic theory
2. Business administration based on behavioral science


Co-funded by the European Union

# 1.2.1 Business administration based on economic theory

- Prevailing economic theory
- Image of man: individualism
- Goal: long-term profit maximization
- Action paradigm: rational
- Basic principle: economic principle
- Definition of wealth: monetary


Co-funded by the European Union

# 1.2.1 Business administration based on economic theory

Benefit definition: rational benefit

- Results from the action by which a maximum of profit can be achieved by a minimum of cost
- Result of a systematic decision between all available alternatives for action
- Type of benefit results from the value system of the individual
- Rational benefit = individual benefit


Co-funded by the European Union

# 1.2.1 Business administration based on economic theory

Benefit definition: rational benefit

- Goal in business economics: long-term profit maximization
- benefit = profit
- Wealth = material resp. monetary
- greatest possible benefit is achieved through division of labor
- Closely linked to methodological individualism


Co-funded by the European Union

# 1.2.1 Business administration based on economic theory

- Problems in the pursuit of the individual benefit
- Individual benefit is maximized at the expense of all other actors

→Destruction or exploitation of public goods

- Public goods have no assigned monetary value

→ Investments in the preservation of these goods are therefore irrational

**→ In such cases, the state intervenes in a regulatory manner**



Co-funded by the European Union

# 1.2.2 Business administration based on behavioral science

- Subdiscipline of the social sciences
- Image of man: Collectivism
- Goal: Hedonistic goals
- Action paradimga: emotional
- Basic principle: group orientation
- Definition of wealth: emotional


Co-funded by the European Union

# 1.2.2 Business administration based on behavioral science

Benefit definition: emotional benefit

- Many different approaches and different behavioral science theories
- Benefit = emotional
- Wealth = inner values
- Utility can be dependent on reactions & emotions of others as well as one's own emotions



Co-funded by the European Union

# 1.3 Sustainability

- Necessary to prevent overshoot and collapse
- Can only be achieved if technology & social policy fundamentally realign themselves
- Term originates from forestry

→ Sustainability is the condition that must be met for an ecosystem to persist over the long term

- Understanding of the term very diverse

→ Brundtlandt Report, Triple Bottom Line, Human Ecology


Co-funded by the European Union

# 1.3.1 Definition according to the Brundtlandt Report

- Ensuring long-term ecological sustainability
- Satisfying basic human needs
- Promoting intragenerational equity
- Promoting intergenerational equity

"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (Report of the World Commission on Environment & Development, 1987)


Co-funded by the European Union

# 1.3.1 Definition according to the Brundtlandt Report

- Economic growth as a mean of achieving sustainability goals
- Sustainability requires a shift in institutional arrangements' goals

→ Every decision should be based on economic & ecological factors

→ Protection of the environment is our "obligation to other living beings & future generations" (Report of the World Commission on Environment & Development, 1987)



Co-funded by the European Union

# 1.3.2 Triple Bottom Line

- Balance of the economic, environmental and social factors
- Basis: social & environmental performance are measurable
- Factors can be compared
- Problem: measuring the social impact of a company is virtually impossible
- Common good & happiness are strongly subjective and difficult to measure


Co-funded by the European Union

# 1.3.3 Sustainability in Human Ecology

- "Modes of action & behavior [that] are not self-destructive over a long period of time [...]" (Sieferle, 2004).
- Factors: culture, society, economy, ecology
- The areas must be considered hierarchically

→ Ecology must be considered above all

"We can only arrive at true sustainability by recognizing a primacy of ecology, for after all, it is ecology that guarantees our livelihoods." (Steiner, 2003)

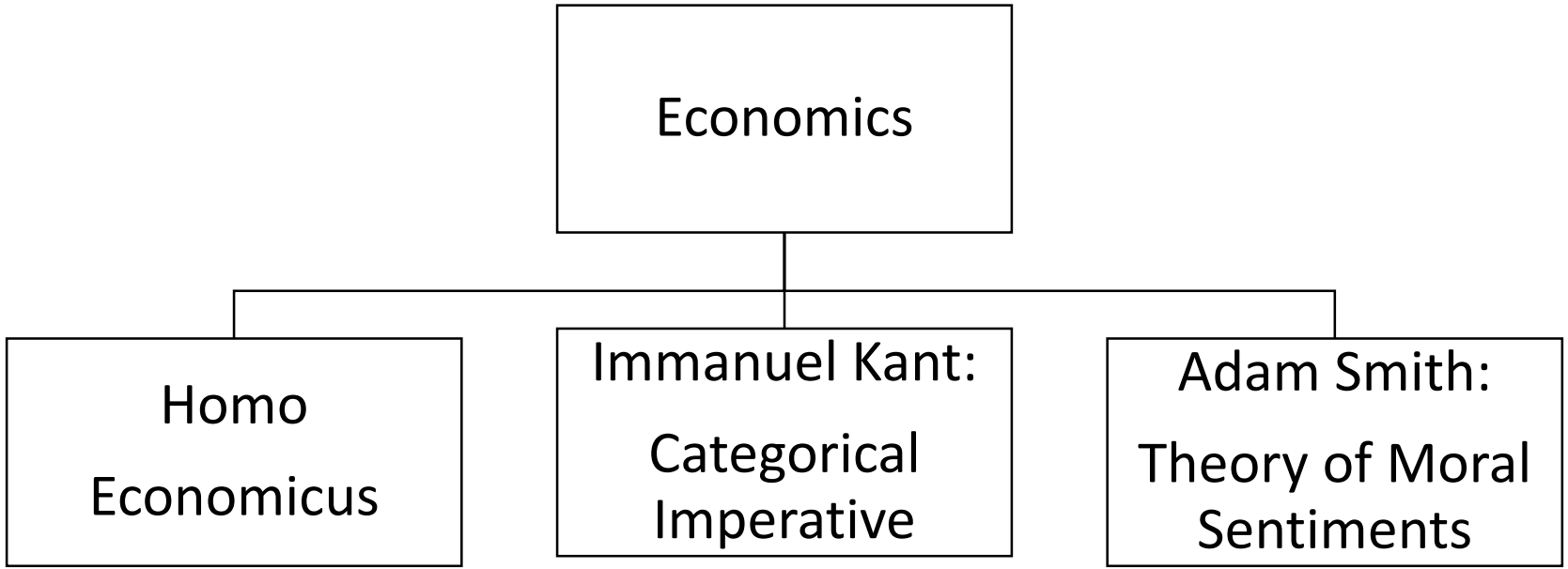

Co-funded by the European Union

# Tasks: Chapter 1 “Basics“

1. Which other models could be used to counter the criticism of Homo Economicus?
2. Discuss what rational utility could be if the value system of long-term profit maximization is not taken as a basis.
3. It is debatable whether behavioral science-based business management can actually be associated with collectivism. Research arguments for and against this linkage.
4. Discuss whether in our society emotional benefits are more dependent on one's own emotions or the emotions of others and why this might be so.
5. Discuss the advantages and disadvantages of the different definitions of sustainability.


Co-funded by the European Union

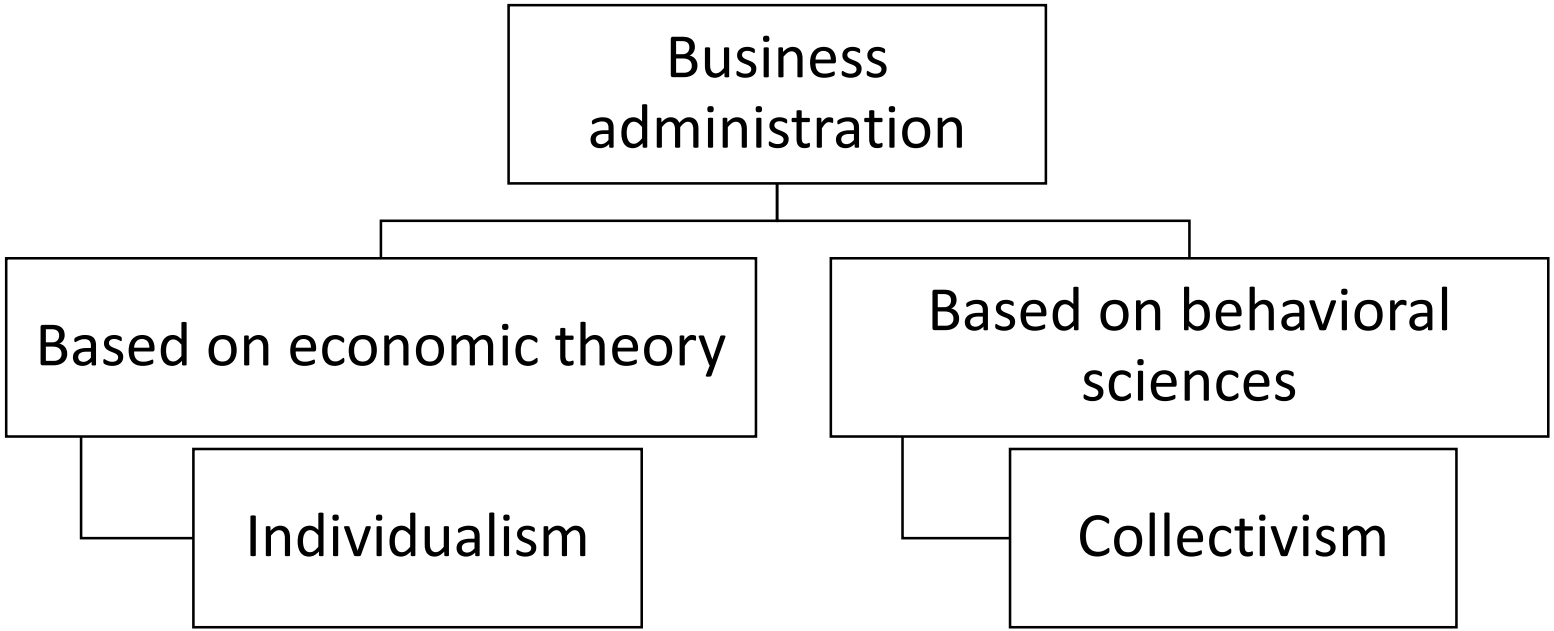
# Recap: Chapter 1 “Basics“





Co-funded by the European Union

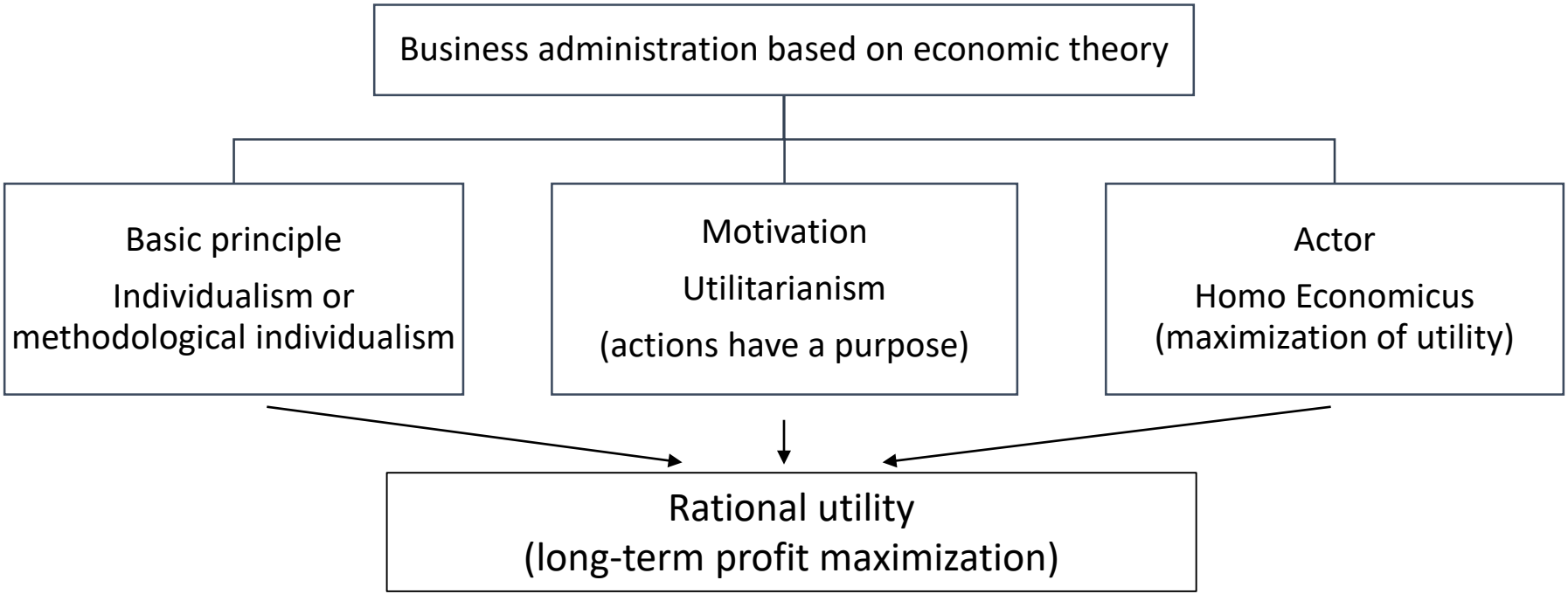
# Recap: Chapter 1 “Basics“






Co-funded by the European Union

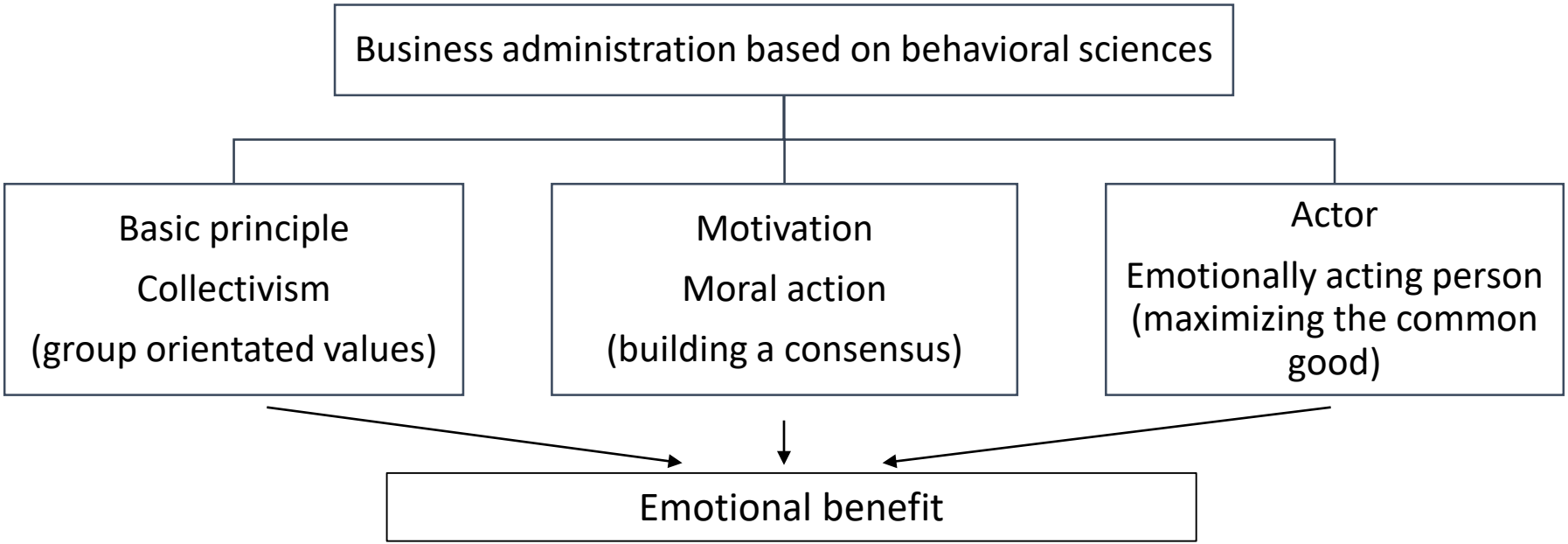
# Recap: Chapter 1 “Basics“






Co-funded by the European Union

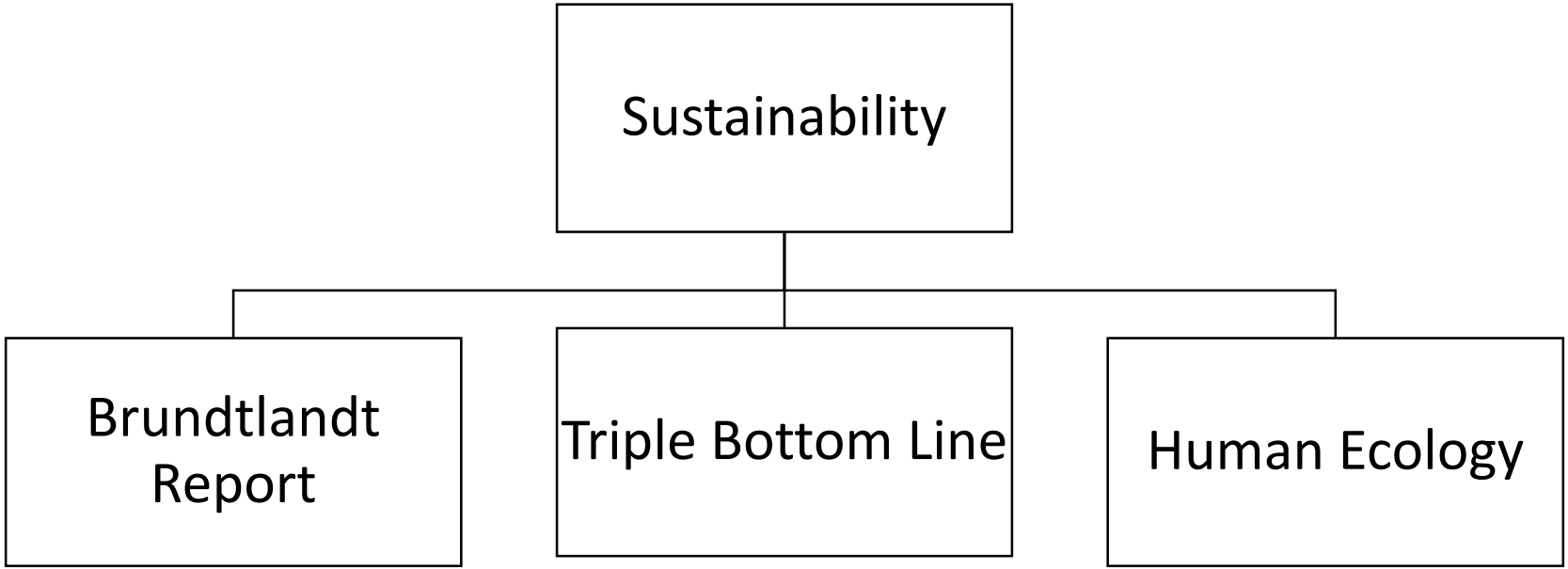
# Recap: Chapter 1 “Basics“






Co-funded by the European Union

# Recap: Chapter 1 “Basics“

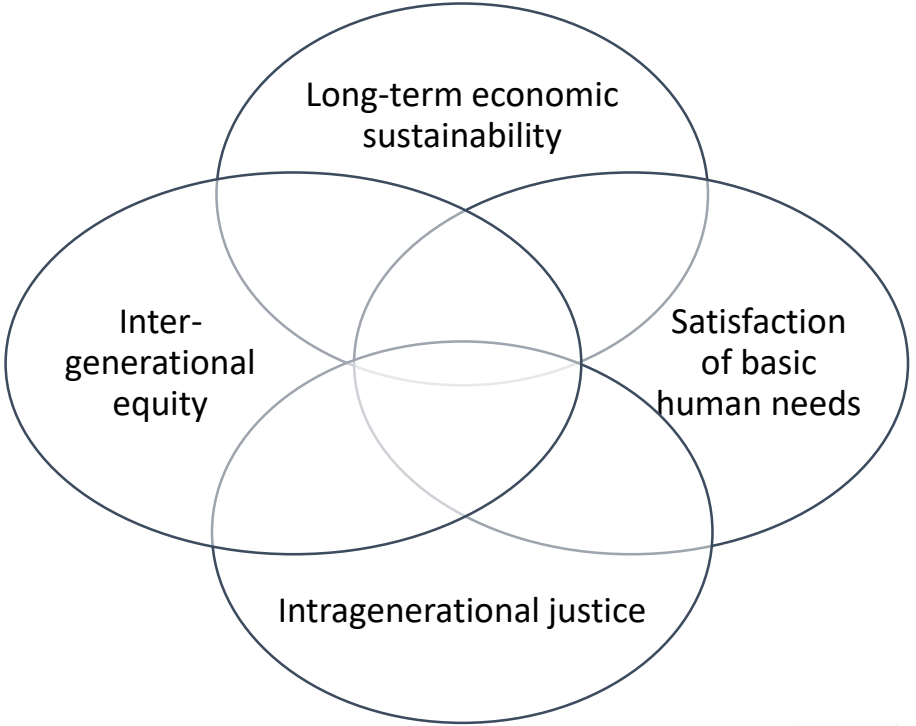





Co-funded by the European Union

# Recap: Chapter 1 “Basics“

Sustainability according to the Brundtlandt Report

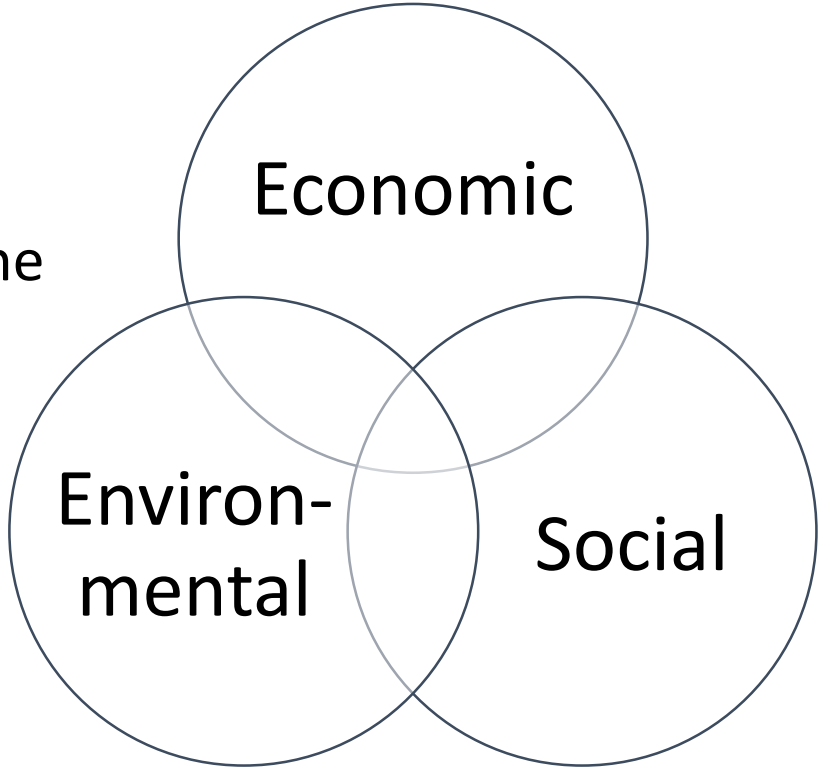





Co-funded by the European Union

# Recap: Chapter 1 “Basics“

Sustainability according to the Triple Bottom Line



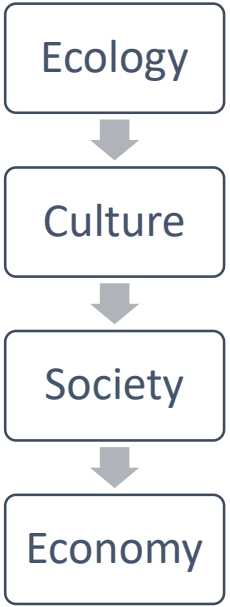



Co-funded by the European Union

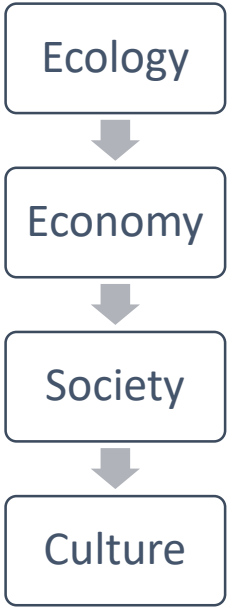
# Recap: Chapter 1 “Basics“

Sustainability according to the theory of Human Ecology

Spiritual food chain




Material food chain






Co-funded by the European Union

# References: Chapter 1 “Basics“


Becker, W., Brem, A., Eckstein, P., Hartmann, M., Müller-Stewens, G., & Schmeisser, W. (2018). *Neue Betriebswirtschaft: Theorien, Methoden, Geschäftsfelder*. UVK Verlagsgesellschaft mbH. https://doi.org/10.24053/9783739803647

Bernhard, S. (2010). *Netzwerkanalyse und Feldtheorie—Grundriss einer Integration im Rahmen von Bourdieus Sozialtheorie*. Springer.

Brundtland, G. H. (Hrsg.). (1987). *Report of the World Commission on Environment and Development: Our Common Future*. United Nations Environment Programme. https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf

Conrad, C. A. (2016). *Wirtschaftsethik: Eine Voraussetzung für Produktivität*. Springer Gabler. https://doi.org/10.1007/978-3-658-12403-8

Dehling, J., & Schubert, K. (2011). *Ökonomische Theorien der Politik* (1. Aufl). VS, Verl. für Sozialwiss.

Döring, T. (2019). Alternativen zum umweltschädlichen Wachstum. *Wirtschaftsdienst*, *99*(7), 497–504. https://doi.org/10.1007/s10273-019-2481-1

Eckstein, W. (1994). *Auszug aus Theorie der ethischen Gefühle von Adam Smith (1759)*. Felix Meiner Verlag.





Co-funded by the European Union

# References: Chapter 1 “Basics“


Fischer, R., Petersen, H., & Koch, G. R. (2019). *Mit Werten wirtschaften: Praxismodell Gemeinwohlökonomie*. Tectum Verlag.

Franz, S. (2004). *Grundlagen des ökonomischen Ansatzes: Das Erklärungskonzept des Homo Oeconomicus*. International Economics, Universität Potsdam. https://www.uni-potsdam.de/fileadmin/projects/prof-fuhrmann-vwl/Publikationen/Grundlagen_des_%C3%B6konomischen_Ansatzes_Das_Erkl%C3%A4rungskonzept_des_Homo_Oeconomicus.pdf

Gore, A. (2022, Mai 25). *Turning up the Heat on Greenwashing* [Panel Discussion]. World Economic Forum 2022, Davos

Hamann, K., Baumann, A., & Löschinger, D. (2016). *Psychologie im Umweltschutz: Handbuch zur Förderung nachhaltigen Handelns*. Initiative Psychologie im Umweltschutz e.V.

Holden, E., Linnerud, K., & Banister, D. (2014). Sustainable development: Our Common Future revisited. *Global Environmental Change*, *26*, 130–139. https://doi.org/10.1016/j.gloenvcha.2014.04.006

Homann, K., & Lütge, C. (2013). *Einführung in die Wirtschaftsethik* (Dritte, überarbeitete Auflage). LIT.





Co-funded by the European Union

# References: Chapter 1 “Basics“


Kant, I. (1791). *Grundlegung zu Metaphysik der Sitten*. https://books.google.de/books?id=MdBZAAAAcAAJ&ots=Ynxy0zSuBI&dq=immanuel%20kant%20metaphysik%20der%20sitten%20maxime&lr&hl=de&pg=PA17#v=onepage&q=immanuel%20kant%20metaphysik%20der%20sitten%20maxime&f=false

Kerscher, K.-J. (2013). *Homo Oeconomicus und Menschenbild: Form und Wesen einer beachtenswerten Spannung*. Metropolis-Verl.

Menthe, T., & Sieg, M. (2013). Das Verhältnis emotionaler/rationaler Nutzen. In T. Menthe & M. Sieg, *Kundennutzen: Die Basis für den Verkauf* (S. 73–85). Gabler Verlag. https://doi.org/10.1007/978-3-8349-3740-7_5

Meyer, W. (2000). Der Wohlstand der Nationen und die Moral der Wirtschaftssubjekte. *ORDO*, *51*(1), 127–168. https://doi.org/10.1515/ordo-2000-0108

Norman, W., & MacDonald, C. (2004). Getting to the Bottom of “Triple Bottom Line”. *Business Ethics Quarterly*, *14*(2), 243–262. https://doi.org/10.5840/beq200414211





Co-funded by the European Union

# References: Chapter 1 “Basics“


Pietsch, D. (2021). *Die Ökonomie und das Nichts: Warum Wirtschaft ohne Moral wertlos ist*. Springer. https://doi.org/10.1007/978-3-658-33277-8

Pörtner, H., Roberts, D., Adams, H., Adler, C., Aldunce, P., Ali, E., Betts, R., Bezner Kerr, R., Biesbroek, R., & Birkmann, J. (2022). *Climate Change 2022—Impacts, Adaptation and Vulneraility (Summary for Policymakers)* (Assessment Report Nr. 6; Assessment Report of the Intergovernmental Panel on Climate Change). Intergovernmental Panel on Climate Change. https://report.ipcc.ch/ar6wg2/pdf/IPCC_AR6_WGII_SummaryForPolicymakers.pdf

Reese-Schäfer, W. (2006). *Politische Theorie der Gegenwart in fünfzehn Modellen*. Oldenbourg.

Schmitt, C. T., & Bamberg, E. (Hrsg.). (2018). *Psychologie und Nachhaltigkeit*. Springer Fachmedien Wiesbaden. https://doi.org/10.1007/978-3-658-19965-4

Schneider, D. (1999). Geschichte der Betriebswirtschaftslehre. In M. Lingenfelder (Hrsg.), *100 Jahre Betriebswirtschaftslehre in Deutschland* (S. 8–36). Verlag Franz Vahlen GmbH. https://doi.org/10.15358/9783800650705-8





Co-funded by the European Union

# References: Chapter 1 “Basics“


Sieferle, R. P. (2004). Nachhaltigkeit—Eine Utopie? *GAIA*, *13*(1/2004). https://www.alexandria.unisg.ch/17955/1/Nachhaltigkeit-GAIA.pdf

Smith, A. (2018). *Der Wohlstand der Nationen* (G. von Wallwitz, Hrsg.). dtv Verlagsgesellschaft mbH & Co. KG.

Snower, D. J., & Bosworth, S. J. (2016). Identity-Driven Cooperation versus Competition. *American Economic Review*, *106*(5), 420–424. https://doi.org/10.1257/aer.p20161041

Steiner, Prof. em. Dr. D. (2003). Humanökologische und nachhaltige Entwicklung. *Vierteljahrsschrift der Naturforschenden Gesellschaft in Zürich*, *148*(2), 55–64.

Suchanek, Prof. Dr. A., Lin-Hi, Prof. Dr. N., Dautzenberg, Dr. N., Möhrle, Prof. Dr. M. G., Specht, Prof. Dr. D., Dennerlein, S. B., Leyman, Prof. Dr. F., & Nowak, A. (2021). Nachhaltigkeit. In *Gabler WIrtschaftslexikon*. Springer Gabler. https://wirtschaftslexikon.gabler.de/definition/nachhaltigkeit-41203/version-384781





Co-funded by the European Union

# References: Chapter 1 “Basics“


Suchanek, Prof. Dr. A., Lin-Hi, Prof. Dr. N., Thommen, Prof. Dr. J.-P., Woll, Prof. Dr. Dr. h. c. mult. A., & Gillenkirch, Prof. Dr. R. (2021). Homo oeconomicus—Definition: Was ist „homo oeconomicus“? In *Wirtschaftslexikon Gabler*. https://wirtschaftslexikon.gabler.de/definition/homo-oeconomicus-34752/version-384745

The Club of Rome, & SYSTEMIQ. (2020). *A System Change Compass: Implementing the European Green Deal in a time of recovery*. The Club of Rome. https://www.clubofrome.org/publication/a-system-change-compass-implementing-the-european-green-deal-in-a-time-of-recovery/

Trommsdorf, G., & Mayer, B. (2011). Intergenerationale Beziehungen im Kulturvergleich—Die Rolle von sozio-ökonomischen Faktoren, Werten und Beziehungsqualität für intergenerationale Unterstützung. In *Familie, BIndungen und Fürsorge: Familiärer Wandel in einer vielfältigen Moderne* (S. 349–379). http://nbn-resolving.de/urn:nbn:de:bsz:352-163708

Turner, G. M. (2012). On the Cusp of Global Collapse? Updated Comparison of The Limits to Growth with Historical Data. *GAIA*, *21*(2), 116–124.

Udowenko, N. I. (1983). Die Entwicklung des Kollektivismus—Der Hauptweg bei der Lösung von Widersprüchen im Sozialismus. *Deutsche Zeitschrift für Philosophie*. https://www.degruyter.com/document/doi/10.1524/dzph.1983.31.9.1044/pdf





Co-funded by the European Union

# References: Chapter 1 “Basics“


Ulrich, P. (2016). *Integrative Wirtschaftsethik: Grundlagen einer lebensdienlichen Ökonomie* (5., durchgesehene Auflage). Haupt Verlag.

Weise, P. (1989). Homo oeconomicus und homo sociologicus: Die Schreckensmänner der Sozialwissenschaften. *Zeitschrift Für Soziologie*, *18*(2), 148–161. https://doi.org/10.1515/zfsoz-1989-0205

Wildmann, L. (2014). *Einführung in die Volkswirtschaftslehre, Mikroökonomie und Wettbewerbspolitik. Band 1: Module der Volkswirtschaftslehre* (3., überarbeitete Auflage). De Gruyter Oldenbourg.

Wöhe, G., Döring, U., & Brösel, G. (2020). *Einführung in die allgemeine Betriebswirtschaftslehre* (27., überarbeitete und aktualisierte Auflage). Verlag Franz Vahlen.





Co-funded by the European Union

# 2. Sustainable Economic Models

2.1 Economy for the Common Good (ECG)

2.2 Post-Growth Economy (Post-Wachstumsökonomie)

2.3 A New Societal Contract

2.4 Green Growth

2.5 Moral Economy (Moralökonomie)

2.6 Integrative Economic Ethics (Integrative Wirtschaftsethik)

2.7 Economic theoretical classification of the models



Co-funded by the European Union

# 2. Sustainable Economic Models

Two approaches:

1. Appeal to morality
2. Technological solutions

→ According to Turner (2012), technological solutions and social policy must go hand in hand



Co-funded by the European Union

# 2. Sustainable Economic Models

**Appeal to morality:**

- Economy for the Common Good
- Post-Growth Economy (Post-Wachstumsökonomie)
- New Societal Contract

**Technological solutions:**

- Green Growth

**Other models:**

- Moral economy (Moralökonomie)
- Integrative Business Ethics (Integrative Wirtschaftsethik)



Co-funded by the European Union

# 2.1 Economy for the Common Good (ECG)

- "fully ethical market economy" (Leschke, 2015).
- Calls for an "ethical transformaition of the market economy" (Döring, 2019)
- Pursues the interests of the community → Collectivism
- Assumes that individual profit maximization does not lead to an increase in the common good
- Goal: increasing the common good instead of profit maximization
- Value change: common good orientation should be intrinsically motivated


Co-funded by the European Union

# 2.1 Economy for the Common Good (ECG)

Criticism of the ECG:

- Preparation of the ECG balance sheet is very costly for companies
- Restriction of profits for innovations leads to a decline in innovation potential
- Assumes an emotional view of human beings

→ Is hardly implemented in reality



Co-funded by the European Union

# 2.2 Post-Growth Economy (Post-Wachstumsökonomie)

- Growth is not compatible with environmental protection
- Paradigm of Growth will make sustainable development impossible
- Reasons: Rebound effect, resource-intensive transformation processes, innovations to "immunize immoderate lifestyles" (Paech, 2013)
- Economic growth must be eliminated to ensure environmental protection


Co-funded by the European Union

# 2.2 Post-Growth Economy (Post-Wachstumsökonomie)

Implementation (Döring, 2019):

- "decluttering and deceleration"
- "balanced ratio of self-supply and external supply"
- "regional economy"
- Prolonging the use of goods
- Money and financial market reform

→ Sufficiency (emotionally motivated)



Co-funded by the European Union

# 2.2 Post-Growth Economy (Post-Wachstumsökonomie)

Critique:

- Behavior change through "subjective enlightenment & individual insight" (Döring, 2019).
- Attitude-Behavior Gap
- Politics must proactively create framework conditions

→ In reality, only implemented in critical situations (energy crisis in Germany 2022)


Co-funded by the European Union

# 2.3 New Societal Contract

- Dennis Snower in 2019
- Behind every economic model is a social contract
- Market economies = materialistic social contract
- Materialistic: utility = profit
- Materialistic social contract fails: inequality becomes ever greater

→ Fundamental change through a New Societal Contract


Co-funded by the European Union

# 2.3 New Societal Contract

Characteristics of a New Societal Contract:

- Reassessment the importance of material well-being
- Reassessment of the importance of social solidarity
- Reassessment of the importance of self-determination
- Reassessment of the role of competition & cooperation
- Broader understanding of inequality

→ Recoupling economic prosperity with social prosperity through cooperation


Co-funded by the European Union

# 2.3 New Societal Contract

Critique:

Incoherent concept, because according to Snower:

- Cooperation is necessary to achieve goals
- Concept of goals is based on non-cooperation (man is selfish and concerned with the disadvantage of others)

→ Cooperation is impossible if an egoistic conception of man is assumed


Co-funded by the European Union

# 2.4 Green Growth

- Collection of many concepts and initiatives
- Economic growth has to be subordinated to sustainability
- Infinity of resources
- "Decoupling thesis" (Döring, 2019) made possible by technological innovations

→ Decline resource-intensive & emissions-generating industries

→ Establish resource & environmentally friendly technologies


Co-funded by the European Union

# 2.4 Green Growth

Implementation:

- Political & economic framework to promote environmental innovation
- Higher taxation of environmentally harmful businesses
- Higher investments in research & innovations
- Introduction of "social-ecological minimum standards" (Döring 2019).

→ Market economy to promote conservation of environmental goods & resources



Co-funded by the European Union

# 2.4 Green Growth

Critique:

- Resources are finite
- Social aspects are not taken into account
- Rebound effect: higher efficiency does not necessarily mean higher effectiveness

→ Club of Rome (2012) refutes that Green Growth can enable sustainable economic activity


Co-funded by the European Union

# 2.5 Moral Economy (Moralökonomie)

- Ethics at the center
- Ethics = "doctrine of morally right action" (Homann, 1997)
- No contradiction between ethics and economic activity (utilitarian ethics)
- Appeal to the Categorical Imperative (Kant)
- Extension to include "calculation of advantage/disadvantage" (Homann, 1997)


Co-funded by the European Union

# 2.5 Moral Economy (Moralökonomie)

Implementation:

- Political Framework: Desired moral behavior should be rewarded, undesired behavior should be sanctioned

→ Utilitarian individuals (according to the economic principle) act morally because it is worthwhile to do so

→ Moral action is made rationally desirable by rules (Homo Economicus as central model)


Co-funded by the European Union

# 2.5 Moral Economy (Moralökonomie)

Critique:

- Moral action is regulated by frameworks

→ Unclear, according to which principles the framework should be set (framework-creating authority has no utilitarian benefit from its action)

→ Unrealistic in a democracy: according to the economic principle, it is not desirable for the population to create rules


Co-funded by the European Union

# 2.6 Integrative Business Ethics (Integrative Wirtschaftsethik)

- Goal of economic activity: Increasing the quality of life & enabling a good life
- Economic action must be embedded in ethical action

→ "Primacy of ethics" (Bak, 2014)

→ Enabled by legitimacy

→ Rationality of Homo Economicus is ethical



Co-funded by the European Union

# 2.6 Integrative Business Ethics (Integrative Wirtschaftsethik)

Implementation:

- Ethically sound management (Ulrich, 2016)
- Legitimizing one's goals: Consideration of the moral rights of each person involved
- Efficient use of scarce resources & consensus building.

→ Socio-economic rationality is not a decision criterion, but a business ethical orientation


Co-funded by the European Union

# 2.6 Integrative Business Ethics (Integrative Wirtschaftsethik)

Critique:

- Economic actors are subject to the "profit principle" (Ulrich 2016)
- The profit principle can only be followed to a limited extent in integrative business ethics

→ How can the moral aspect be integrated into rational action if rational action cannot be fully lived out?


Co-funded by the European Union

# 2.7 Classification in economic theory

- Differentiation of economic models according to their conception of man: Emotional or Rational
- Majority of sustainable economic models are based on an emotional view of human beings

→ "Environmental consumerism" is associated with collectivism or an emotional image of man (Schmitt & Bamberg, 2018)

→ Emotional image of man hardly relevant in western market economies


Co-funded by the European Union

# 2.7 Economic theoretical classification

| **Rational view of man** | **Emotional view of man** |
|---|---|
| Green Growth | Economy of the Common Good |
| | Post-Growth Economy |
| | New Societal Contract |
| Moral Economy | |
| Integrative Economic Ethics | |


Co-funded by the European Union

# 2.7 Economic theoretical classification

Presence of economic models in public discourse

- Green Growth is currently the most relevant sustainable economic model
- Moral economy is also a recurring topic of discussion
- Energy scarcity means that ideas from post-growth economics are becoming more popular

→ Theories with a rational view of man (Green Growth) prevail

→ Green Growth is not suitable to cope with sustainability challenges and the climate crisis


Co-funded by the European Union

# Tasks: Chapter 2
# “Sustainable Economic Models”

1. Which of the sustainable economic models is realistically implementable in your opinion?
2. Where do you see further challenges in the implementation of sustainable economic models?
3. Discuss what a sustainable economic model would have to look like to meet sustainability challenges and is implementable.
4. Collect the results of Task 3 within your class.
5. Evaluate the results of the collection from task 4.


Co-funded by the European Union

# Recap: Chapter 2
# “Sustainable Economic Models“

| **Rational view of man** | **Emotional view of man** |
|---|---|
| Green Growth | Economy of the Common Good |
| | Post-Growth Economy |
| | New Societal Contract |
| Moral Economy | |
| Integrative Economic Ethics | |


Co-funded by the European Union

# Recap: Chapter 2
# “Sustainable Economic Models“

- Theories with a rational view of man (Green Growth) prevail
- Green Growth is not suitable to cope with sustainability challenges and the climate crisis

→ We need a new sustainable economic model on the basis of a rational view of man

→ We have to change our perspective towards sustainability not as an emotional goal but a rational necessity


Co-funded by the European Union

# References: Chapter 2 “Sustainable Economic Models“


Bak, P. M. (2014). *Wirtschafts- und Unternehmensethik Eine Einführung*. https://www.wiso-net.de/document/SPEB,ASPE__9783799269223125

Bundesbeschluss über die Klimapolitik (direkter Gegenentwurf zur Volksinitiative „Für ein gesundes Klima [Gletscher-Initiative]“), Nr. gestützt auf Artikel 139 Absatz 5 der Bundesverfassung, Die Bundesversammlung der Schweizerischen Eidgenossenschaft (2020). https://www.newsd.admin.ch/newsd/message/attachments/62671.pdf

Conrad, C. A. (2016). *Wirtschaftsethik: Eine Voraussetzung für Produktivität*. Springer Gabler. https://doi.org/10.1007/978-3-658-12403-8

Döring, T. (2019a). *Wachstum und ökologischer Fußabdruck: Zum Zielkonflikt zwischen wirtschaftlicher Prosperität und Umweltverbrauch einschließlich möglicher Lösungskonzepte*. Sonderforschungsgruppe Institutionenanalyse.

Döring, T. (2019b). Alternativen zum umweltschädlichen Wachstum. *Wirtschaftsdienst*, *99*(7), 497–504. https://doi.org/10.1007/s10273-019-2481-1

Fischer, R., Petersen, H., & Koch, G. R. (2019). *Mit Werten wirtschaften: Praxismodell Gemeinwohlökonomie*. Tectum Verlag.





Co-funded by the European Union

# References: Chapter 2 “Sustainable Economic Models“


Frankfurter Allgemeine Zeitung. (2022, Juli 9). Abfallwirtschaft—Remondis profitiert von steigenden Preisen. *Frankfurter Allgemeine Zeitung*. https://www.faz.net/aktuell/wirtschaft/recyclingkonzern-remondis-steigert-umsatz-deutlich-18161432.html

Hamann, K., Baumann, A., & Löschinger, D. (2016). *Psychologie im Umweltschutz: Handbuch zur Förderung nachhaltigen Handelns*. Initiative Psychologie im Umweltschutz e.V.

Homann, K. (1997). Sinn und Grenze der ökonomischen Methode in der Wirtschaftsethik. In D. Aufderheide & M. Dabrowski (Hrsg.), *Wirtschaftsethik und Moralökonomik: Normen, soziale Ordnung und der Beitrag der Ökonomik* (S. 11–42). Duncker & Humblot. https://elibrary.duncker-humblot.com/pdfjs/web/viewer.html?file=https://elibrary.duncker-humblot.com/pdf/book/35553/9783428491254_01656673818.pdf

Homann, K., & Lütge, C. (2013). *Einführung in die Wirtschaftsethik* (Dritte, überarbeitete Auflage). LIT.

Inforadio. (2022, Mai 2). Erneuerbare Energien—Habeck will 500.000 Wärmepumpen jährlich. *Tagesschau*. https://www.tagesschau.de/wirtschaft/waermepumpen-offensive-101.html





Co-funded by the European Union

# References: Chapter 2 “Sustainable Economic Models“


Jouvet, P.-A., & de Perthuis, C. (2012). Green Growth: From Intention to Implementation. *Les Cahiers de la Chaire Economie du Climat*, *15*. http://www.chaireeconomieduclimat.org/wp-content/uploads/2015/06/12-06-14-Cahier-ID-n15-Jouvet-De-Perthuis-EN.pdf

Kartschall, A. (2022, Januar 11). WWF-Energiebericht—Unumkehrbar erneuerbar? *rbb*. https://www.tagesschau.de/wirtschaft/weltwirtschaft/erneuerbare-energie-trends-strom-wwf-101.html

Konrad, W., & Nill, J. (2001). *Innovationen für Nachhaltigkeit: Ein interdisziplinärer Beitrag zur konzeptionellen Klärung aus wirtschafts- und sozialwissenschaftlicher Perspektive*. Institut für Ökologische Wirtschaftsforschung (IÖW) gGmbH.

Leschke, M. (2015). *Alternativen zur Marktwirtschaft: Ein kritischer Blick auf die Ansätze von Niko Paech und Christian Felber aus Sicht der konstitutionellen Ökonomik*. http://hdl.handle.net/10419/140887

Mayer, U. (2022, Juli 4). EZB-Pläne—Grüner Anstrich für die Geldpolitik. *hr*. https://www.tagesschau.de/wirtschaft/finanzen/ezb-geldpolitik-klimaschutz-101.html





Co-funded by the European Union

# References: Chapter 2 “Sustainable Economic Models“


Mayr, J. (2022, Juli 6). Atomkraft und Gas—Ökolabel—Übergang oder Irrweg? *ARD-Studio Brüssel*. https://www.tagesschau.de/wirtschaft/eu/eu-atom-gas-103.html

MDR aktuell. (2022, Juli 6). Energiekosten—Habeck leht Gaspreisdeckel ab. *Tagesschau*. https://www.tagesschau.de/wirtschaft/verbraucher/habeck-gaspreisdeckel-101.html

Paech, N. (2012). Das Wachstumsparadigma hat ausgedient—Vom grünen Feigenblatt zur Postwachstumsökonomie. *Ökologisches Wirtschaften*, *4*, 17–19.

Paech, N. (2013). Masssvolle Lebensstile—Lob der Reduktion. *Politische Ökologie*, *Suffizienz als Schlüssel zu mehr Lebensglück und Umweltschutz*(04), 16–22.

Pietsch, D. (2021). *Die Ökonomie und das Nichts: Warum Wirtschaft ohne Moral wertlos ist*. Springer. https://doi.org/10.1007/978-3-658-33277-8





Co-funded by the European Union

# References: Chapter 2 “Sustainable Economic Models“


Pörtner, H., Roberts, D., Adams, H., Adler, C., Aldunce, P., Ali, E., Betts, R., Bezner Kerr, R., Biesbroek, R., & Birkmann, J. (2022). *Climate Change 2022—Impacts, Adaptation and Vulneraility (Summary for Policymakers)* (Assessment Report Nr. 6; Assessment Report of the Intergovernmental Panel on Climate Change). Intergovernmental Panel on Climate Change. https://report.ipcc.ch/ar6wg2/pdf/IPCC_AR6_WGII_SummaryForPolicymakers.pdf

Rahmstorf, S. (2022, Juli 5). Deutsche Klimaziele—Ebbe auf dem CO2-Konto. *SPIEGEL Online*. https://www.spiegel.de/wissenschaft/klimakrise-und-co2-budget-ebbe-auf-dem-co2-konto-a-8e1f1826-3264-470a-bf57-9f74ac459e97

Santarius, T. (2012). *Der Rebound-Effekt—Über die unerwünschten Folgen der erwünschten Energieeffizienz*. Wuppertal Institur für Kliam, Umwelt, Energie GmbH. https://www.econstor.eu/bitstream/10419/59299/1/716107694.pdf;Der

Schmitt, C. T., & Bamberg, E. (Hrsg.). (2018). *Psychologie und Nachhaltigkeit*. Springer Fachmedien Wiesbaden. https://doi.org/10.1007/978-3-658-19965-4

Snower, D. J. (2019a). A new societal contract. *Economics*, *13*(1), 20190037. https://doi.org/10.5018/economics-ejournal.ja.2019-37





Co-funded by the European Union

# References: Chapter 2 “Sustainable Economic Models“


Snower, D. J. (2019b). Toward global paradigm change: Beyond the crisis of the liberal world order. *Economics*, *13*(1), 20190025. https://doi.org/10.5018/economics-ejournal.ja.2019-25

SPIEGEL Wirtschaft. (2022, Juli 6). Reaktionen auf Taxonomie—"Die EU-Klimapolitik ist nun nachhaltig geschwächt". *SPIEGEL Online*. https://www.spiegel.de/wirtschaft/unternehmen/eu-klimapolitik-umweltschuetzer-reagieren-enttaeuscht-auf-neue-taxonomie-a-d69b78c0-bd5c-4311-8f38-bc88eb7248d9

Tagesschau. (2022a, März 30). Gas-Frühwarnstufe—Habeck ruft zum Energiesparen auf. *Tagesschau*. https://www.tagesschau.de/wirtschaft/verbraucher/habeck-tagesthemen-gasversorgung-101.html

Tagesschau. (2022b, Juli 7). Beschluss des Bundestages—Schnellerer Ökostrom-Ausbau beschlossen. *Tagesschau*. https://www.tagesschau.de/inland/gesellschaft/oekostrom-bundestag-101.html

tagesschau24. (2022a, Juni 28). EU-Einigung—Neuwagen sollen ab 2035 emissionsfrei sein. *Tagesschau*. https://www.tagesschau.de/ausland/europa/verbrenner-verbot-eu-107.html





Co-funded by the European Union

# References: Chapter 2 “Sustainable Economic Models“

tagesschau24. (2022b, Juni 29). EU zu Verbrennerautos—Sind E-Fuels eine echte Alternative? *Tagesschau*. https://www.tagesschau.de/wirtschaft/e-fuels-verbrennerautos-diesel-benzin-e-autos-eu-kommission-101.html

Turner, G. M. (2012). On the Cusp of Global Collapse? Updated Comparison of The Limits to Growth with Historical Data. *GAIA*, *21*(2), 116–124.

Ulrich, P. (2016). *Integrative Wirtschaftsethik: Grundlagen einer lebensdienlichen Ökonomie* (5., durchgesehene Auflage). Haupt Verlag.

Vieweger, H.-J. (2022, Juli 7). CETA-Abkommen im Bundestag—Globalisierung neu gestalten—Aber wie? *ARD-Hauptstadtstudio*. https://www.tagesschau.de/wirtschaft/weltwirtschaft/welthandel-ceta-abkommen-101.html

von Hauff, M., & Jörg, A. (2017). *Nachhaltiges Wachstum* (2. Aufl.). Walter de Gruyter.

Wöhe, G., Döring, U., & Brösel, G. (2020). *Einführung in die allgemeine Betriebswirtschaftslehre* (27., überarbeitete und aktualisierte Auflage). Verlag Franz Vahlen.

ZEIT ONLINE. (2022, Juli 8). Gasknappheit—Erste Länder und Kommunen verkünden Energiesparmaßnahmen. *ZEIT ONLINE*. https://www.zeit.de/wirtschaft/2022-07/gasversorgung-energiesparen-nordrhein-westfalen



Co-funded by the European Union

# 3. Growth Dilemma

3.1 Definition of the Growth Dilemma

3.2 Hierarchical Structure in the Growth Dilemma



Co-funded by the European Union

# 3. Growth Dilemma

"On the one hand we want to continue to grow economically as before, on the other hand we do not want to consume resources as before, poison the environment [...] and thus make the earth successively uninhabitable" (Pietsch, 2021)

- Profit maximization is more important than emotional arguments
- Fundamental change requires an economic model based on a rational view of human beings

→ Fundamental change of perspective of economic actors


Co-funded by the European Union

# 3.1 Definition of the Growth Dilemma

Problems:

- Growth is inherent in the economic system system
- Production of goods depends on available resources
- Economic Growth exploits resources

→ Economic Growth causes further limitation of resources and therefore restricts and damages itself (Pietsch, 2021)



Co-funded by the European Union

# 3.1 Definition of the Growth Dilemma

Four dimensions:

- Resource constraints make growth inevitably impossible
- Growth does not necessarily help with equitable distribution of goods
- Growth does not help increase satisfaction above a certain level of prosperity
- Growth causes ecological damage


Co-funded by the European Union

# 3.1 Definition of the Growth Dilemma

Economic growth causes environmental damage & social inequality

- "The generation of material growth almost inevitably causes an intensification and aggravation of ecological crises" (Dörre, 2013)
- Economic growth is often achieved through an "expansion of insecure employment" (Dörre, 2013)


Co-funded by the European Union

# 3.2 Hierarchical Structure in the Growth Dilemma

Environmental damage & social challenges affect economic growth

Direct effects of environmental damage:

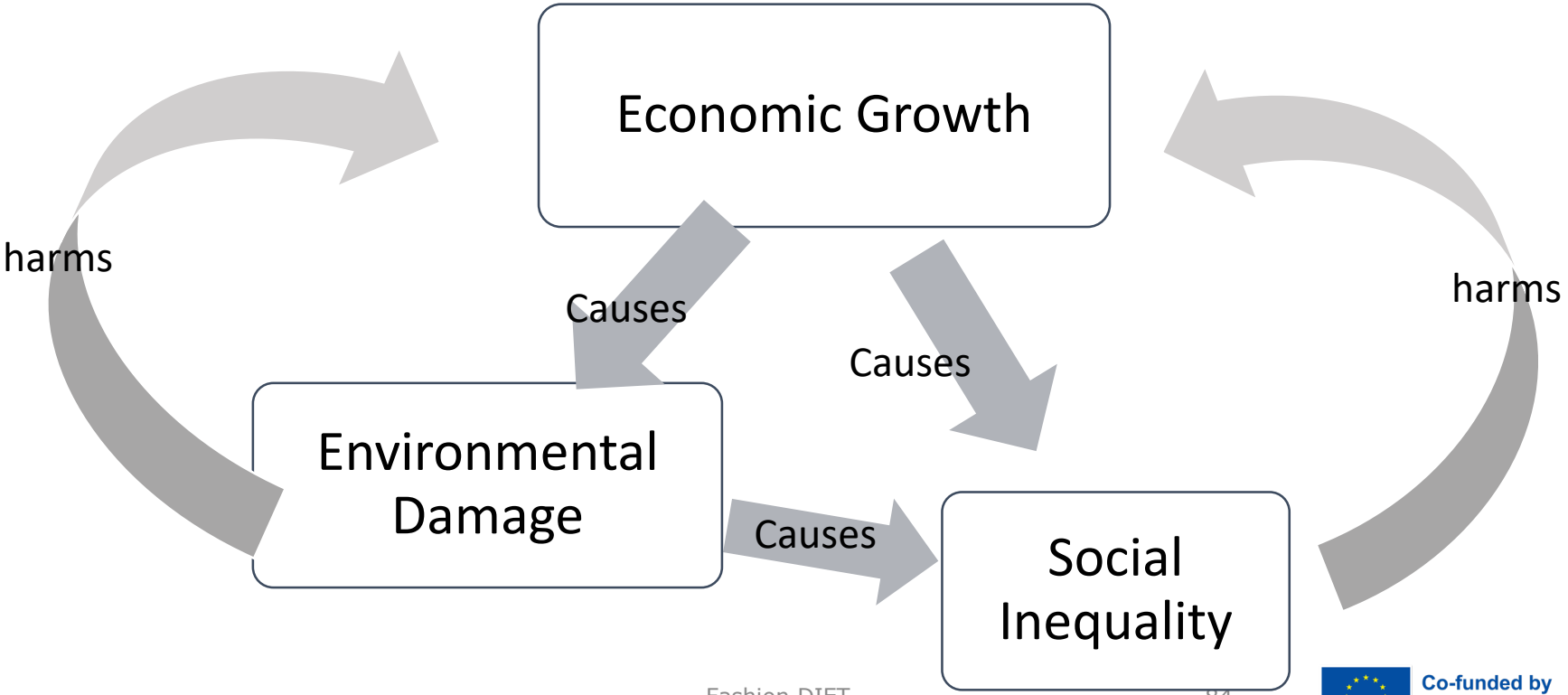
- High emissions & resource scarcity
- Environmental disasters & resulting costs
- Indirect impacts of environmental damage:
- Economies of the Global South are more exposed to environmental damage
- Supply shortages, inability to meet basic needs

→ Negative impacts on the global economy



Co-funded by the European Union

# 3.2 Hierarchical Structure in the Growth Dilemma






Co-funded by the European Union

# Tasks: Chapter 3 “Growth dilemma“

1. Find a current example illustrating the growth dilemma.
2. Find examples of (a) environmental damage that harms economic growth, (b) social problems that harm economic growth, and (c) social problems that cause environmental damage that in turn harms economic growth.
3. Discuss the hierarchical structure in the growth dilemma. Find arguments for and against such a hierarchy.

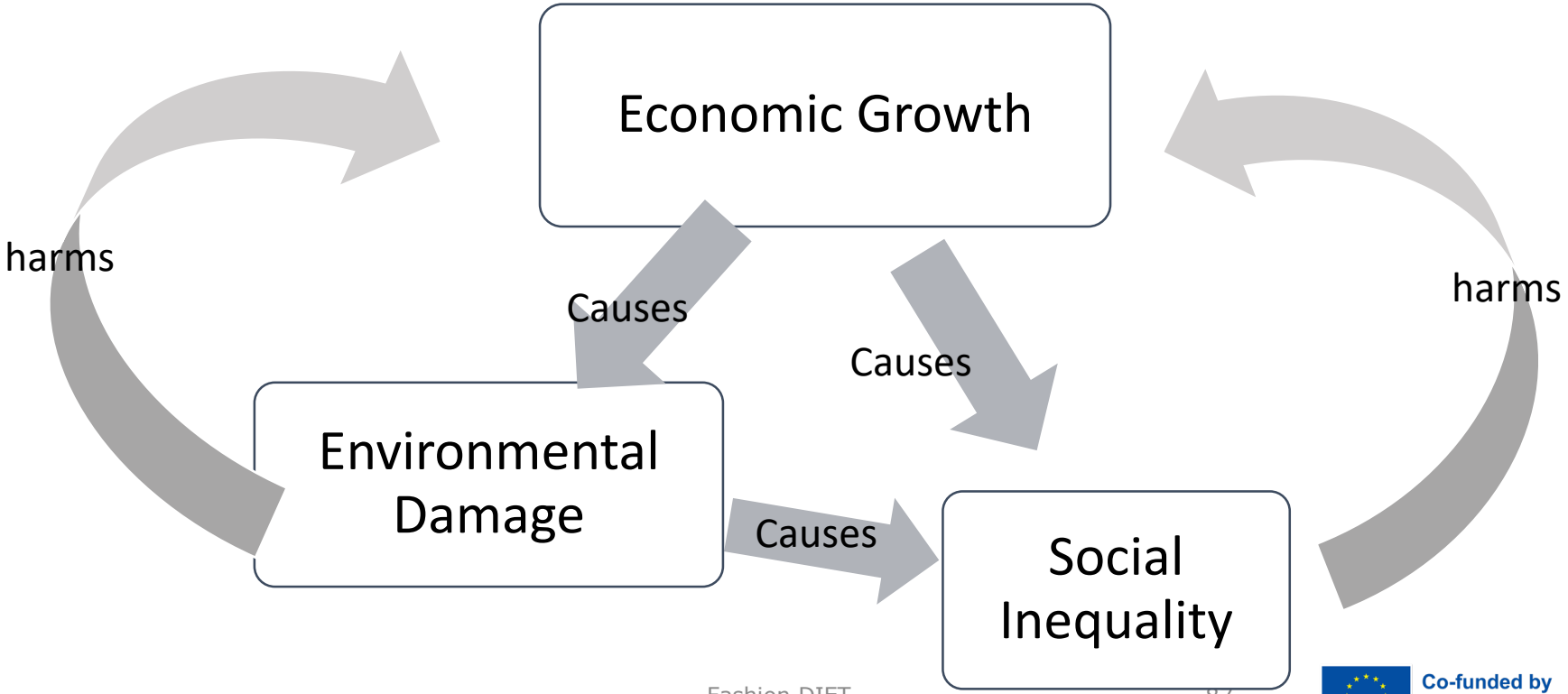

Co-funded by the European Union

# Recap: Chapter 3 “Growth Dilemma“

1. Economic growth causes environmental damage and social inequality
2. Environmental damage and social inequality harm economic growth
3. Environmental damage has a direct negative impact on economic growth
4. Environmental damage causes social problems and thus has an indirect negative impact on economic growth


Co-funded by the European Union

# Recap: Chapter 3 “Growth Dilemma“






Co-funded by the European Union

# References: Chapter 3 “Growth Dilemma“


Ahrens, S. (2020). *Ausstoß von Treibhausgasen in der deutschen Landwirtschaft nach Kategorien in den Jahren 1990 bis 2018 (in Millionen Tonnen)*. statista.de. https://de.statista.com/statistik/daten/studie/165444/umfrage/treibhausgase-in-der-deutschen-landwirtschaft-2006/

Buchholz, W., & Heindl, P. (2015). Ökonomische Herausforderungen des Klimawandels. *Perspektiven Der Wirtschaftspolitik*, *16*(4), 324–350. https://doi.org/10.1515/pwp-2015-0027

Bündnis Entwicklung Hilft, & Ruhr-Universität Bochum - Institut für Friedenssicherungssrecht und Humanitäres Völkerrecht (Hrsg.). (2021). *WeltRisikoBericht 2021—Fokus: Soziale Sicherung*. Druckhaus Sportflieger. https://weltrisikobericht.de/download/2514/

Döring, T. (2019). *Wachstum und ökologischer Fußabdruck: Zum Zielkonflikt zwischen wirtschaftlicher Prosperität und Umweltverbrauch einschließlich möglicher Lösungskonzepte*. Sonderforschungsgruppe Institutionenanalyse.

Dörre, K. (2013). Kapitalismus im Wachstumsdilemma. Die Verdrängung der ökologischen Krisendimension und ihre Folgen. *WSI-Mitteilungen*, *66*(2), 149–151. https://doi.org/10.5771/0342-300X-2013-2-149





Co-funded by the European Union

# References: Chapter 3 “Growth Dilemma“


Eurostat. (2022). *Energy import dependency by products*. Eurostat. https://ec.europa.eu/eurostat/databrowser/view/sdg_07_50/default/table?lang=en

Fuchs, R., Brown, C., & Rounsevell, M. (2020). Europe’s Green Deal offshores environmental damage to other nations. *Nature*, *586*, 671–674.

Hauff, V. (1987). Dauerhafte Entwicklung als globale Herausforderung—Anstöße der Brundtland-Kommission. *Zeitschrift Vereinte Nationen*, *3*(87), 86–89.

Hemmerling, U., Pascher, Dr. P., & Rukwied, J. (2021). *Situationsbericht 2021/22 Trends und Fakten zur Landwirtschaft* (Deutscher Bauernverband, Hrsg.). 20.07.2022

Jaeger, L. (2021). *Wege aus der Klimakatastrophe: Wie eine nachhaltige Energie- und Klimapolitik gelingt*. Springer. https://link.springer.com/content/pdf/10.1007/978-3-662-63550-6.pdf





Co-funded by the European Union

# References: Chapter 3 “Growth Dilemma“


Mayer, U. (2022, Juli 4). EZB-Pläne—Grüner Anstrich für die Geldpolitik. *hr*. https://www.tagesschau.de/wirtschaft/finanzen/ezb-geldpolitik-klimaschutz-101.html

Paech, N. (2012). Das Wachstumsparadigma hat ausgedient—Vom grünen Feigenblatt zur Postwachstumsökonomie. *Ökologisches Wirtschaften*, *4*, 17–19.

Pietsch, D. (2021). *Die Ökonomie und das Nichts: Warum Wirtschaft ohne Moral wertlos ist*. Springer. https://doi.org/10.1007/978-3-658-33277-8

Scheffran, J. (2018). 7.9 Migration und soziale Probleme als Folge von Wetterextremen. In *Warnsignal Klima: Extremereignisse—Wissenschaftliche Auswertungen*. Wissenschaftler informieren direkt. https://www.klima-warnsignale.uni-hamburg.de/wp-content/uploads/pdf/fehler/de/extremereignisse/warnsingal_klima-extremereignisse-kapitel-7_9.pdf

Smith, A. (2018). *Der Wohlstand der Nationen* (G. von Wallwitz, Hrsg.). dtv Verlagsgesellschaft mbH & Co. KG.





Co-funded by the European Union

# References: Chapter 3 “Growth Dilemma“


Statista Research Development. (2022). *Höhe der weltweiten Treibhausgasemissionen nach Quellgruppe im Jahr 2019 (in Millionen Tonnen CO2-Äquivalent)*. statista.de. https://de.statista.com/statistik/daten/studie/311844/umfrage/globale-treibhausgasemissionen-nach-quellgruppe/

von Hauff, M., & Jörg, A. (2017). *Nachhaltiges Wachstum* (2. Aufl.). Walter de Gruyter.

Waldinger, M., & Wintersteller, F. (2022). Wirtschaftliche Effekte langfristigen Klimwandels: Lehren aus der Kleinen Eistzeit. *ifo-Schnelldienst*, *5/2022*(75), 39–44.

Záboji, N. (2022, Juli 5). Kampf ums Gas: Europa räumt den LNG-Markt leer. *Frankfurter Allgemeine Zeitung*. https://www.faz.net/aktuell/wirtschaft/europa-raeumt-lng-markt-leer-risiken-in-schwellenlaendern-wachsen-18151539.html

ZEIT ONLINE. (2022, Juli 8). *Europäische Zentralbank—Mehrheit der Banken fallen durch EZB-Klimastresstest*. https://www.zeit.de/wirtschaft/2022-07/ezb-klimastresstest-banken





Co-funded by the European Union

# 4. Rational Collective Economy

4.1 Derivation

4.2 Basic assumptions

4.3 Challenges

4.4 Experimental verification: Game Theory



Co-funded by the European Union

# 4.1 Derivation - Change of perspective

1. Environmental protection as a basic prerequisite for economic decisions

→ Hierarchy in the growth dilemma

2. Individual profit maximization

→ Homo Economicus as a decision model

3. Congruence of individual and collective interests

→ Individualistic-rational goals correspond to collective goals



Co-funded by the European Union

# 4.1.1 Environmental protection as prerequisite for economic decisions

- Growth dilemma shows: From the perspective of economic growth, sustainability is impossible
- Fundamental change is not possible as long as economic growth is the main goal of a society
- Economic growth must be subordinated to sustainability
- Sustainability = environmental protection as a basic prerequisite for social and economic sustainability


Co-funded by the European Union

# 4.1.1 Environmental protection as prerequisite for economic decisions

"In the future, economy and ecology must always form a unity" (Pietsch, 2021)

- Basis of many sustainable economic models
- However, they are based on moral guidelines for action
- Primacy of ecology can also be derived from the rational principle of the Homo Economicus
- Egoistic (rational) action can only contribute to the common good if the basis of life is secured (Fable of the Bees)


Co-funded by the European Union

# 4.1.2 Individual profit maximization

- Assumption: Every human being acts rationally for his or her own benefit (individual profit maximization)
- Long-term growth/profit maximization is only possible under the condition of environmental protection

Explanation for growing environmental awareness:

- Change of action restrictions
- Target realigns itself

→ Sustainability as the basic principle of action


Co-funded by the European Union

# 4.1.2 Individual profit maximization

New Goal: Sustainability as the basic principle of action

- This can and must give rise to a new value system
- Value system of Homo Economicus: environmental protection as the highest good
- He can only rationally maximize his own benefit by taking the environment into account

→ Environmental protection is a rational goal


Co-funded by the European Union

# 4.1.3 Congruence of individual and collective interests

- Environment = public or quasi-public good, also called collective good
- Collective goods: of interest to the collective of mankind
- Environmental protection = collective interest

→ Environmental protection is both a rational goal of the individual and a collective interest


Co-funded by the European Union

# 4.1.3 Congruence of individual and collective interests

**Individuals, in pursuit of their own benefit, do not consciously promote the common good. However, since they are compelled by external circumstances to pursue environmental protection, they promote the common good in this sense. They contribute to increasing the common good in the pursuit of their own interests.**


Co-funded by the European Union

# 4.2 Basic assumptions

1. Integration of sustainability into the market economy

→ Rational Collective Economy

2. The new concept of sustainability

→ Synthesis of existing definitions

3. Adaptation of Homo Economicus

→ Extension by the Categorical Imperative and the Theory of Moral Sentiments



Co-funded by the European Union

# 4.2.1 Integration of sustainability into the market economy

The greatest possible individual benefit can only be achieved through the pursuit of collective interests

- Contrary to classical economic theory
- Synthesis of basic assumptions of business administration based on behavioral science (collective utility) & economic theory (individual utility)

→ **“Rational Collective Economy”**: Individual benefit can only be achieved by taking into account the effects on the collective


Co-funded by the European Union

# 4.2.1 Integration of sustainability into the market economy

Most important collective benefit: Environmental protection

→ Without environmental sustainability, it is impossible to maintain or maximize long-term individual benefits



Co-funded by the European Union

# 4.2.2 The new concept of sustainability

Sustainability concepts do not match the importance of the factors

→ New concept of sustainability from the three definitions mentioned above

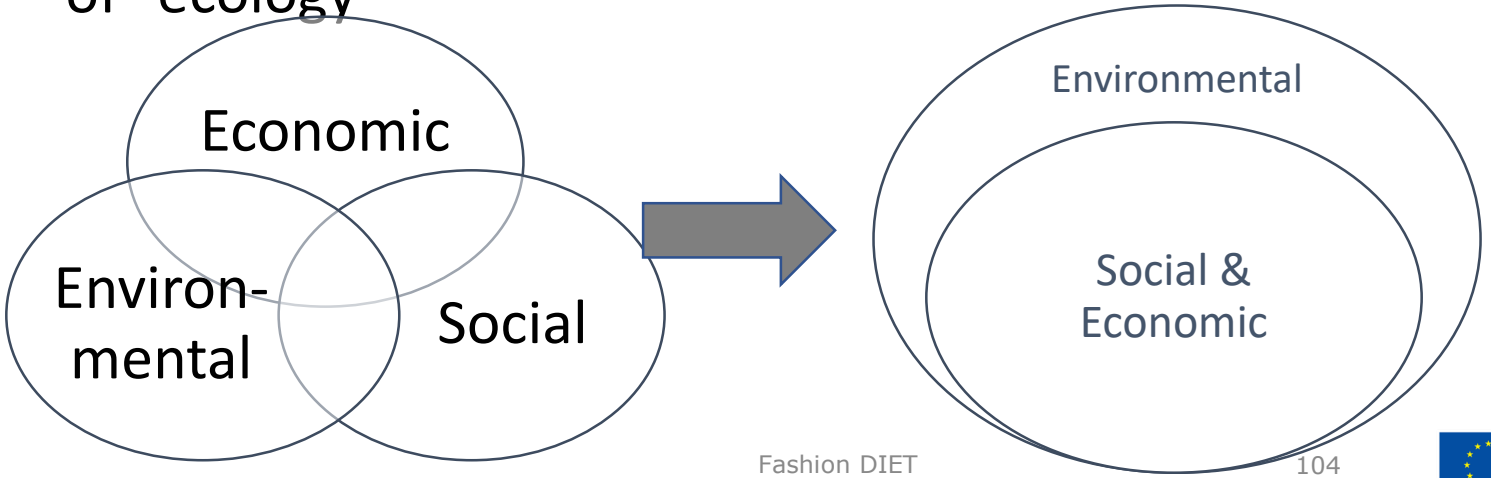


Co-funded by the European Union

# 4.2.2 The new concept of sustainability

Modification Triple Bottom Line

- Mapping of a hierarchical structure
- Factors “social” & “economic” are embedded in the concept of “ecology”






Co-funded by the European Union

# 4.2.2 The new concept of sustainability

Integration Definition according to the Brundtlandt Report

- Securing long-term economic sustainability = Economy
- Satisfaction of basic human needs = Social
- Intragenerational and intergenerational justice can only be achieved if environmental, economic and social aspects are ensured


Co-funded by the European Union

# 4.2.2 The new concept of sustainability

Integration Definition in human ecology

- Ecology is superior to the other topics
- Culture + Society = Social
- Social & economic are interchangeable within the hierarchy
  → same hierarchy level



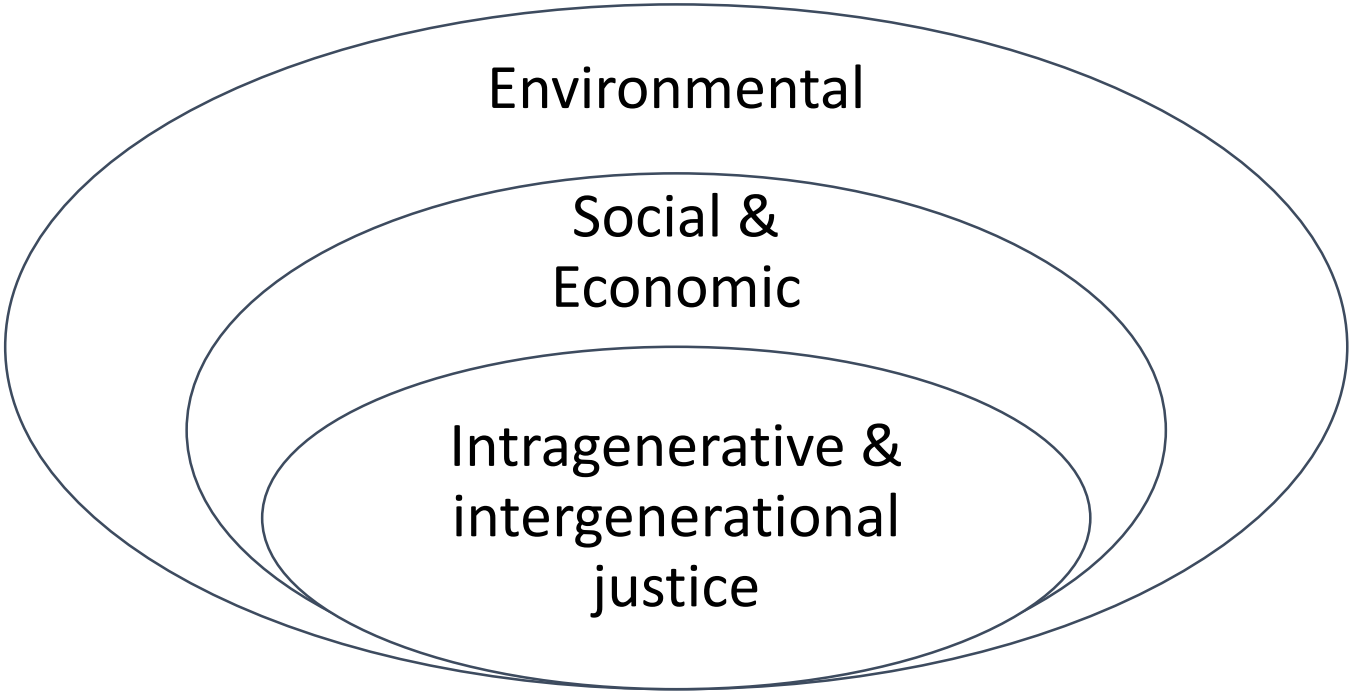
Co-funded by the European Union

# 4.2.2 The new concept of sustainability

- The various sustainability factors are embedded in the framework of ecology
- Social and economic factors are on the same hierarchical level
- Intragenerative and intergenerational justice are at the center of the concept of sustainability and can only be achieved if all other factors are ensured


Co-funded by the European Union

# 4.2.2 The new concept of sustainability






Co-funded by the European Union

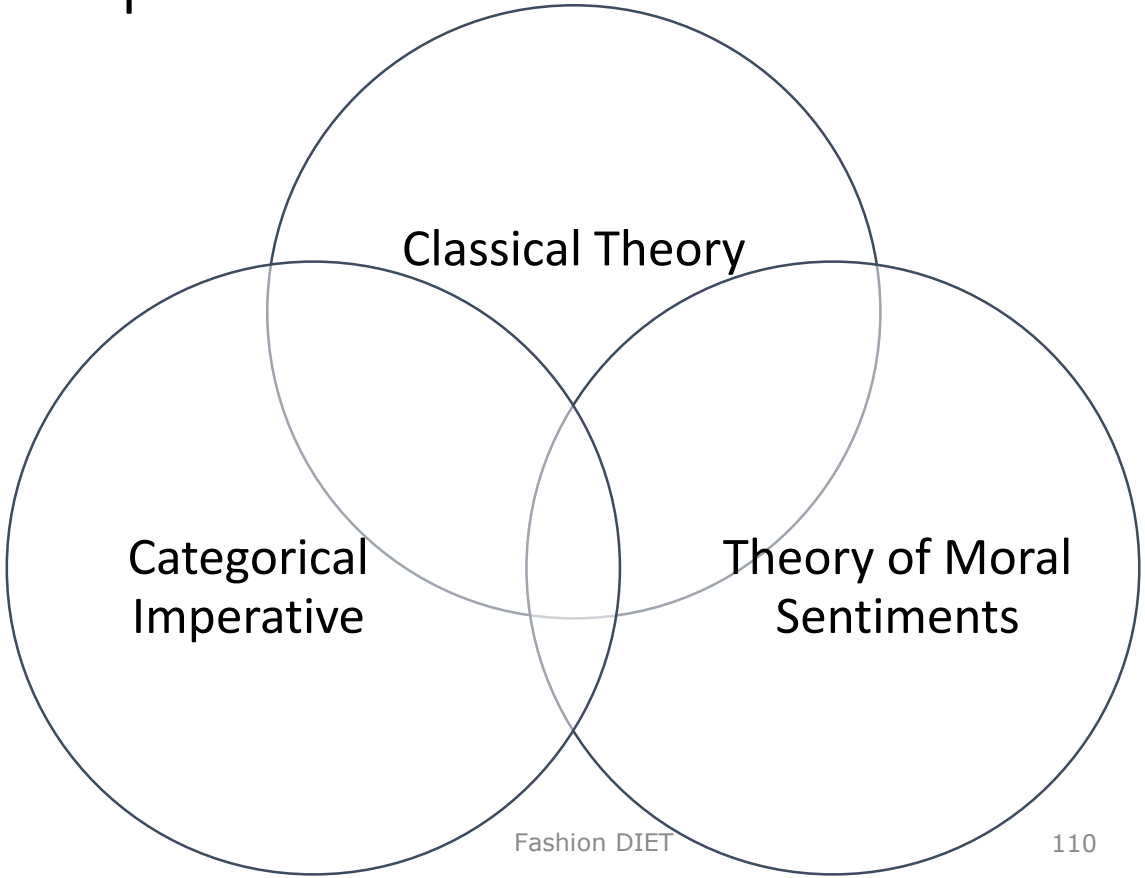
# 4.2.3 Adaptation of Homo Economicus

- People do not always act rationally in their decisions
- An extension of Homo Economicus with emotional components is needed
- Adapted Homo Economicus:

**Classical Homo Economicus + Categorical Imperative + Theory of Moral Sentiments**


Co-funded by the European Union

# 4.2.3 Adaptation of Homo Economicus






Co-funded by the European Union

# 4.3 Challenges

1. Free riders
2. Dilemma of democracy
3. Attitude-behavior gap


Co-funded by the European Union

# 4.3.1 Free riders

**Why should a rational person make an additional effort if others can also make the effort? They could also be a beneficiary without any effort**

1. The greatest possible benefit is only attainable if as many people as possible work towards it

2. As many people as possible = all people

3. Each person, who does not contribute to the general benefit, diminishes it (and thus also the own benefit)

→ It is not rationally worthwhile to be a free rider



Co-funded by the European Union

# 4.3.1 Free riders

- Nevertheless, there will be isolated free riders
- A legal framework must support the implementation and realization of a Rational Collective Economy
- Laws must be based on rational standards

**→ In the Rational Collective Economy, decisions, especially those of leaders, result from rational considerations of long-term profit and profit maximization**


Co-funded by the European Union

# 4.3.2 Dilemma of democracy

Problems:

1. Political debate is seldom about the common good, but about asserting one's own interests (of a political player/party)
2. Sustainability = long-term, but political debate is usually oriented to the duration of an election period
3. Electorate is susceptible to populism
4. State is inhibited to intervene in economy because it depends on tax money


Co-funded by the European Union

# 4.3.2 Dilemma of democracy

1. The political debate is rarely about the common good, but about asserting one's own interests

- Sustainability and especially environmental protection is of interest to all actors
- Opinions and approaches differ widely, but all act according to the same objectives


Co-funded by the European Union

# 4.3.2 Dilemma of democracy

2. Sustainability = long-term, but the political debate is usually oriented to the duration of an election period

- Due to the sharp increase in environmental disasters, the time horizon in which action must be taken is becoming shorter
- Countries in both the Global North and the Global South are now directly affected by environmental disasters

→All of them feel the pressure of suffering caused by environmental disasters


Co-funded by the European Union

# 4.3.2 Dilemma of democracy

3. Voters are vulnerable to populism

- Individuals worldwide are also affected by environmental disasters (e.g., flood in the Ahr Valley in 2021)
- The pressure of suffering makes the need for possibly politically unpopular decisions apparent

→ The greater the pressure of suffering, the greater the support of the population for environmental protection measures


Co-funded by the European Union

# 4.3.2 Dilemma of democracy

4. State is inhibited to intervene in economy because it depends on tax money

- Environmental disasters cause both direct and indirect economic losses (e.g. flood in the Ahr valley)

→ Not taking any measures harms the economy more than it helps it


Co-funded by the European Union

# 4.3.3 Attitude-Behavior Gap

How can sustainable management work if actors do not act sustainably against better knowing?

- Individuals react to environmental restrictions
- Scarcity of environmental goods increases, prices rise

→ Environmental awareness grows through higher prices (Franz, 2004)

→ It becomes more and more inconvenient to act unsustainably, so that actors gradually adapt their behavior


Co-funded by the European Union

# 4.4 Experimental verification: Game Theory

Goal: In strategic decision-making situations, individuals make the same decision to act within an agreement-oriented and success-oriented framework

- Proof of congruence of individual and collective utility
- Modeling success-oriented (strategic) action: Non-cooperative game theory
- Modeling understanding-oriented (communicative) action: Cooperative game theory


Co-funded by the European Union

# 4.4 Experimental verification: Game Theory

## Two by Two Prisoner's Dilemma: Payoff Matrix

| | Person 2: Cooperating | Person 2: Not Cooperating |
|---|---|---|
| Person 1: Cooperating | 1 / 1 | 5 / 0 |
| Person 1: Not Cooperating | 0 / 5 | 4 / 4 |

*Payoff matrix in the two-by-two prisoner's dilemma (Wiese, 2015, p. 401)*



Co-funded by the European Union

# 4.4 Experimental verification: Game Theory

Complex Prisoner's Dilemma: No Payoff Matrix

1. The maximum amount that can be paid out is the amount that can be earned by all participants in the game (Wiese, 2015).
2. All participants in the game must agree to the distribution of the payout (Wiese, 2015).
3. The distribution of the payout must be "both individually and collectively rational" (Wiese, 2015)

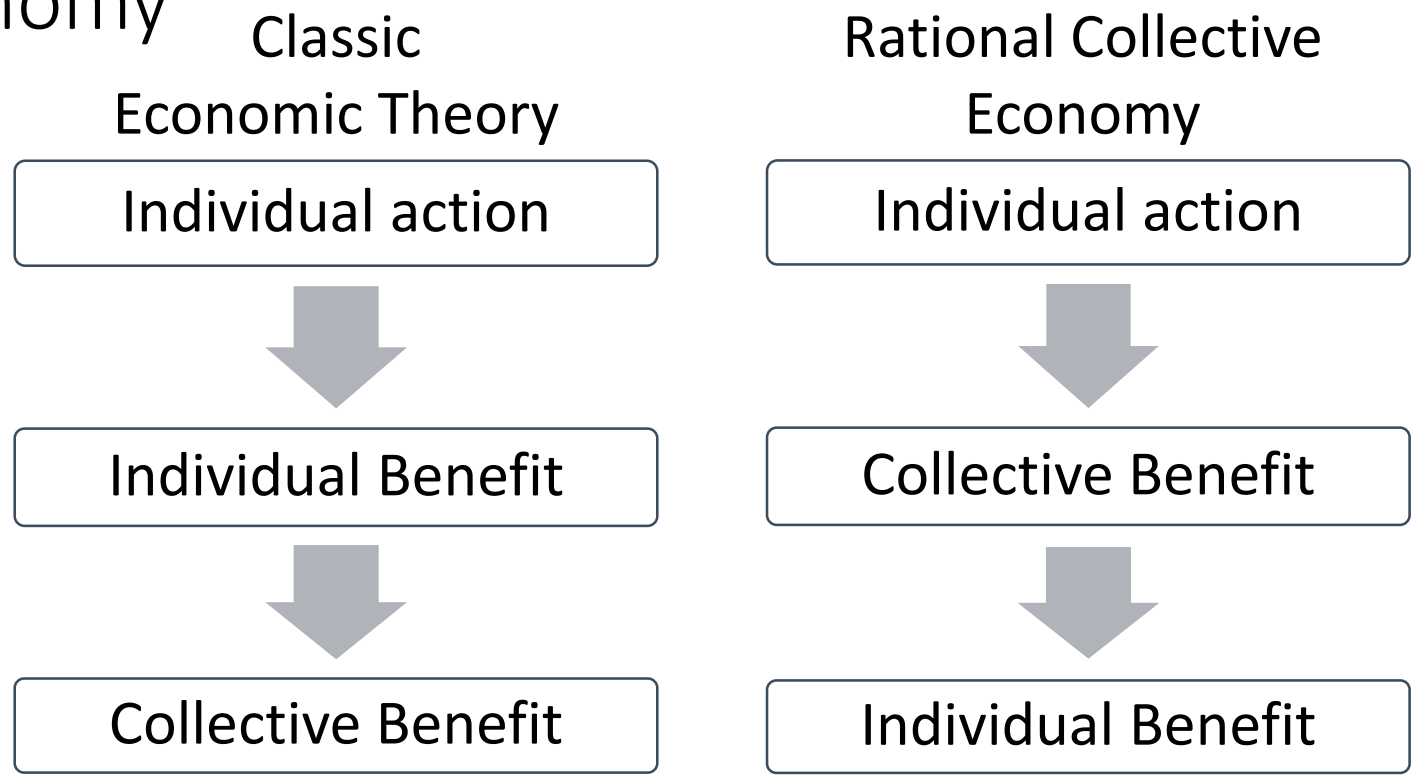

Co-funded by the European Union

# Tasks: Chapter 4
# “Rational Collective Economy”

1. How can a Rational Collective Economy be implemented in practice?
2. What are other challenges to a Rational Collective Economy?
3. How might these challenges be addressed?


Co-funded by the European Union

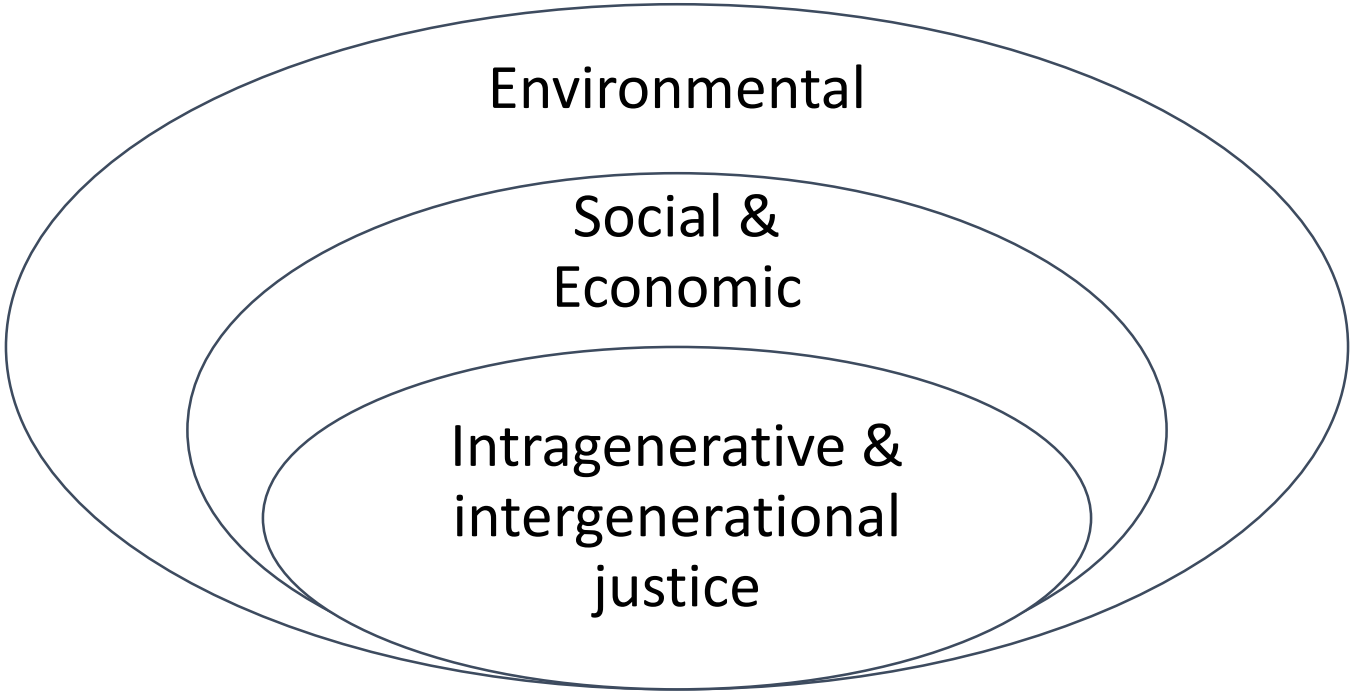
# Recap: Chapter 4 “Rational Collective Economy”






Co-funded by the European Union

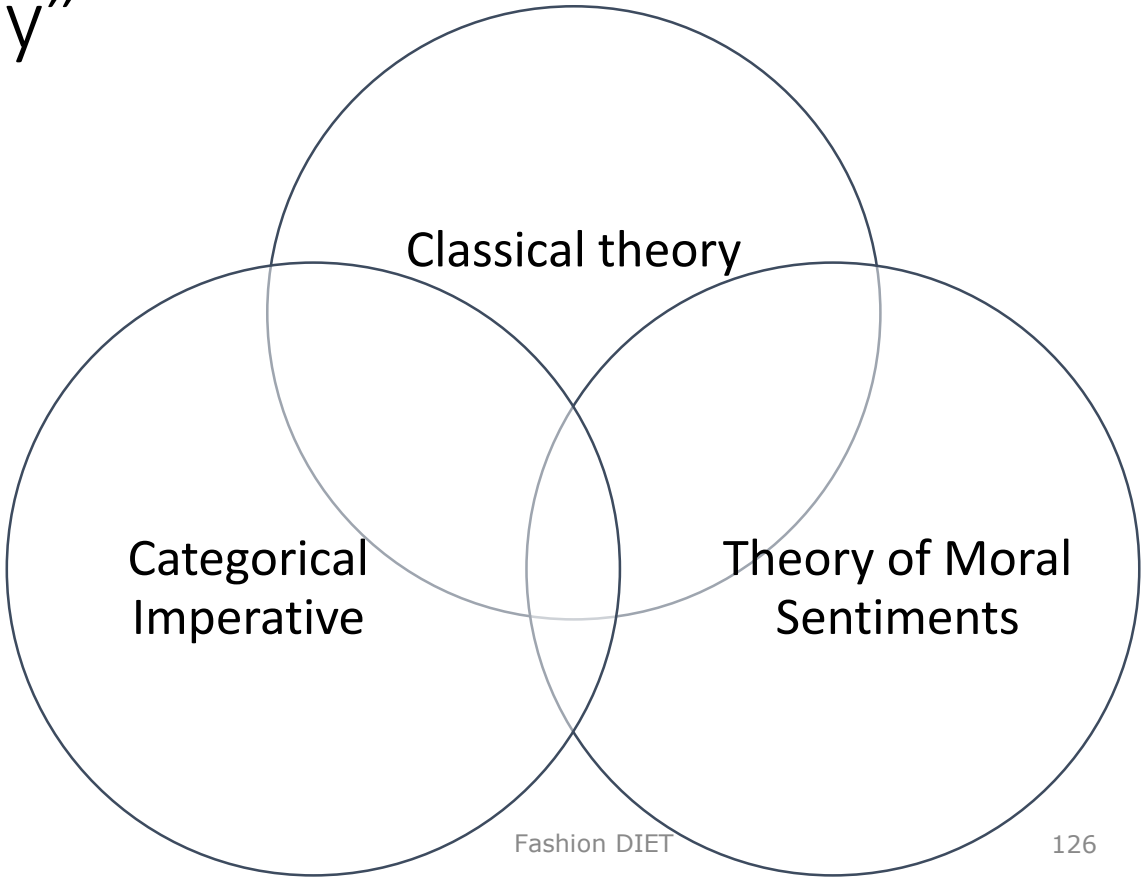
# Recap: Chapter 4 “Rational Collective Economy”






Co-funded by the European Union

# Recap: Chapter 4 “Rational Collective Economy”






Co-funded by the European Union

# Recap: Chapter 4 “Rational Collective Economy”

1. Free riders

In a Rational Collective Economy it is not worthwhile to be a free rider

2. Limitation of the democratic state

The pressure of suffering of the population and the state enables the implementation of measures

3. Attitude-behavior gap

It becomes more and more inconvenient (expensive) not to act sustainably, so that actors adapt their behavior


Co-funded by the European Union

# References: Chapter 4 “Rational Collective Economy“


Bak, P. M. (2014). *Wirtschafts- und Unternehmensethik Eine Einführung*. https://www.wiso-net.de/document/SPEB,ASPE__9783799269223125

Bohnen, A. (1984). Handlung, Lebenswelt und System in der soziologischen Theoriebildung: Zur Kritik der Theorie des kommunikativen Handelns von Jürgen Habermas. *Zeitschrift für Soziologie*, *13*(3), 191–203.

Bündnis Entwicklung Hilft, & Ruhr-Universität Bochum - Institut für Friedenssicherungssrecht und Humanitäres Völkerrecht (Hrsg.). (2021). *WeltRisikoBericht 2021—Fokus: Soziale Sicherung*. Druckhaus Sportflieger. https://weltrisikobericht.de/download/2514/

Fischer, R., Petersen, H., & Koch, G. R. (2019). *Mit Werten wirtschaften: Praxismodell Gemeinwohlökonomie*. Tectum Verlag.

Franz, S. (2004). *Grundlagen des ökonomischen Ansatzes: Das Erklärungskonzept des Homo Oeconomicus*. International Economics, Universität Potsdam. https://www.uni-potsdam.de/fileadmin/projects/prof-fuhrmann-vwl/Publikationen/Grundlagen_des_%C3%B6konomischen_Ansatzes_Das_Erkl%C3%A4rungskonzept_des_Homo_Oeconomicus.pdf





Co-funded by the European Union

# References: Chapter 4 “Rational Collective Economy“


Hasenöhrl, U. (2005). *Zivilgesellschaft, Gemeinwohl und Kollektivgüter*. Wissenschaftszentrum Berlin für Sozialforschung gGmbH. https://www.ssoar.info/ssoar/bitstream/handle/document/11487/ssoar-2005-hasenohrl-zivilgesellschaft.pdf?sequence=1

Hauff, V. (1987). Dauerhafte Entwicklung als globale Herausforderung—Anstöße der Brundtland-Kommission. *Zeitschrift Vereinte Nationen*, *3*(87), 86–89.

Holden, E., Linnerud, K., & Banister, D. (2014). Sustainable development: Our Common Future revisited. *Global Environmental Change*, *26*, 130–139. https://doi.org/10.1016/j.gloenvcha.2014.04.006

Holler, M. J., & Illing, G. (1990). Einführung. In *Einführung in die Spieltheorie* (6. Aufl., S. 1–30). Springer. https://www.uni-siegen.de/fb6/phima/romsem/dateien/holler-u-illig_2006_einfuehrung_in_die_spieltheorie.pdf

Homann, K., & Lütge, C. (2013). *Einführung in die Wirtschaftsethik* (Dritte, überarbeitete Auflage). LIT.





Co-funded by the European Union

# References: Chapter 4 “Rational Collective Economy“


Keck, O. (1995). Rationales kommunikatives Handeln in den internationalen Beziehungen—Ist eine Verbindung von Rational-Choice-Theorie und Habermas’ Theoriedes kommunikativen Handelns möglich? *Zeitschrift für internationale Beziehungen*, *2*(1), 5–48.

Keck, O. (1997). Zur sozialen Konstruktion des Rational-Choice-Ansatzes Einige Klarstellungen zur Rationalismus-Konstruktivismus-Debatte. *Zeitschrift für internationale Beziehungen*, *4*(1), 139–151.

Paech, N. (2012). Das Wachstumsparadigma hat ausgedient—Vom grünen Feigenblatt zur Postwachstumsökonomie. *Ökologisches Wirtschaften*, *4*, 17–19.

Pietsch, D. (2021). *Die Ökonomie und das Nichts: Warum Wirtschaft ohne Moral wertlos ist*. Springer. https://doi.org/10.1007/978-3-658-33277-8

Rogall, H. (2013). *Volkswirtschaftslehre für Sozialwissenschaftler: Einführung in eine zukunftsfähige Wirtschaftslehre* (2. Aufl. 2013). Springer Fachmedien Wiesbaden Imprint Springer VS. https://link.springer.com/content/pdf/10.1007/978-3-658-01980-8.pdf





Co-funded by the European Union

# References: Chapter 4 “Rational Collective Economy“


Schmitt, C. T., & Bamberg, E. (Hrsg.). (2018). *Psychologie und Nachhaltigkeit*. Springer Fachmedien Wiesbaden. https://doi.org/10.1007/978-3-658-19965-4

Smith, A. (2018). *Der Wohlstand der Nationen* (G. von Wallwitz, Hrsg.). dtv Verlagsgesellschaft mbH & Co. KG.

Steiner, Prof. em. Dr. D. (2003). Humanökologische und nachhaltige Entwicklung. *Vierteljahrsschrift der Naturforschenden Gesellschaft in Zürich*, *148*(2), 55–64.

UCLouvain, Centre for Research on the Epidemiology of Disasters CRED, & USAID (Hrsg.). (2022). *2021 Disasters in numbers—Extreme vents defining our lives*. CRED. https://cred.be/downloadFile.php?file=sites/default/files/2021_EMDAT_report.pdf

Ulrich, P. (2016). *Integrative Wirtschaftsethik: Grundlagen einer lebensdienlichen Ökonomie* (5., durchgesehene Auflage). Haupt Verlag.





Co-funded by the European Union

# References: Chapter 4 “Rational Collective Economy“

Wiese, H. (2015). *Kooperative Spieltheorie* (4. Aufl.). Walter de Gruyter GmbH & Co KG. https://www.wifa.uni-leipzig.de/fileadmin/Fakult%C3%A4t_Wifa/Institut_f%C3%BCr_Theoretische_Volkswirtschaftslehre/Professur_Mikro%C3%B6konomik/Forschung/Forschung6/KooperativeSpieltheorie_2004_09_24_pdf2010.pdf

Wildmann, L. (2014). *Einführung in die Volkswirtschaftslehre, Mikroökonomie und Wettbewerbspolitik. Band 1: Module der Volkswirtschaftslehre* (3., überarbeitete Auflage). De Gruyter Oldenbourg.

Wöhe, G., Döring, U., & Brösel, G. (2020). *Einführung in die allgemeine Betriebswirtschaftslehre* (27., überarbeitete und aktualisierte Auflage). Verlag Franz Vahlen.



Co-funded by the European Union

# Contact

Lisa Fritsch

lisa.fritsch@posteo.net

REUTLINGEN UNIVERSITY
Fakultät Textil
TEXOVERSUM



Co-funded by the European Union