



## **Building a New Economics**

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### **Real Wealth Conversation Leaders Video Speech**

I am delighted to have the opportunity to talk with you about an enterprise I am passionately committed to, not only through my research, writing, and activism, but as a mother and grandmother deeply concerned, as so many of us are, about what kind of world our children will inherit: the exciting and yes, challenging, enterprise of shifting to an economic system that accomplishes what economic systems are supposed to do, providing for human welfare, for human development, and for a sustainable and healthy natural environment.

I think most of us realize how urgent this enterprise is at this time of unprecedented economic, environmental, and social challenges. But all too often we think there's nothing we can do. In reality, there is a great deal each of us can do – once we recognize

what Einstein said, that we can't solve problems with the same thinking that created them

Now we've been taught to think of economics in terms of capitalism vs. socialism. And to move forward, we must incorporate the best elements of earlier systems. But we have to go further.

We urgently need economic systems that recognize something that once articulated may seem perfectly obvious. This is that the real wealth of nations, of our world, is not financial (and we certainly saw that in the melting into thin air of all those credit swaps and derivatives). Our real wealth consists of the contributions of people and of nature. So we need what we have not had: an economics that gives visibility and real value to the most important human work -- the work of caring for people, starting in early childhood, and caring for our Mother Earth.

Now people tend to do a double take just hearing caring and economics in the same sentence. But that's a terrible comment, isn't it, on the uncaring **values** we've learned to accept.

Not having a more caring economic system has always caused enormous suffering, enormous damage to humans and to our planet. But today we need it more than ever before, not only to effectively address global warming and prevent other environmental catastrophes and to finally change the misery of chronic poverty and hunger, but for purely economic reasons.

And by this I not only mean to prevent repeated economic bubbles, recessions, and depressions, but because we are in the midst of a move to the post industrial knowledge/service economy, a time of a seismic technological shifts, when automation and at an every more rapid clip robotics, are replacing humans in manufacturing and other jobs, a time when economists tell us that the most important factor for economic success is what they call "high quality human capital": flexible, creative, innovative people, people with highly developed capacities.

Developing these capacities doesn't just happen in universities; both psychology and neuroscience show that whether people develop these capacities or not largely hinges on the quality of care children receive, starting very early on.

So to move to an economic system that is not only more humane and environmentally sustainable but also more successful, we need policies and practices that give value and visibility to caring and caregiving.

**So how do we accomplish this? Here are 6 basic steps, basic actions, you can take individually and through your organizations.**

1. Of course, some people will immediately say, wait a minute, caring, caregiving, all this soft, fuzzy stuff, that's not economically effective.

**So the first step is to show that actually caring pays very well in purely financial terms.**

I will give you just one example out of hundreds of studies. Companies that are regularly on the *Working Mothers* or Fortune 500 lists of the best companies to work for – companies with good healthcare, childcare, flex time, parental leave, and other caring policies – have a substantially higher return to investors. And it makes sense, doesn't it, when people feel they and their families are cared for, they work very hard to keep their jobs, to make their companies successful.

So obviously we have work to change the conversation about what is and is not effective. But changing how we think and talk about economic is not enough.

**2. The second action, and this too, is basic, is promoting changes in how economic health is measured.**

Consider that conventional economic measures you read about in your newspapers – GDP or Gross Domestic Product and GNP or Gross National Product – actually include activities that *harm* and even take life. So making cigarettes, the medical bills, the funeral bills, are great for GDP. Oil spills are wonderful for GDP (the cleanup costs, the lawsuits, etc).

But not only do these conventional economic measures put negatives on the plus side; they give absolutely no economic value to the activities that actually contribute the most to human well-being. The **life-sustaining** activities without which none of us would be here: the life-sustaining activities of the household economy and the natural economy. So an old stand of trees is only included in GDP when it's chopped down – the fact that we need trees to breathe and circulate our water is ignored. Similarly, the caring and caregiving work performed in households is given no value whatsoever.

Some people will again object by arguing that there's no way to quantify the value of this work. The reality is that it not only can it be, but it is already being quantified.

For instance, a Swiss government report shows that if the unpaid “caring” household work that has traditionally been considered “women’s work” -- whether done by a woman or man -- were included, it would comprise 70 percent of the reported Swiss GDP! Other so called satellite national reports show a contribution of 40-50 %.

**3. This is huge, and it takes me to a third area for action: changing conventional thinking about values -- because economics is at bottom about what is or is not valued.**

Classical economists will say that what's valued is a matter of supply and demand, and that is part of it. But much more important are the underlying **cultural values that are so unconsciously entrenched that we're often not even aware of them.**

Let me give you an example. Professions that do *not* involve caregiving (plumbing and engineering) are paid far more than those that do (like childcare and elementary school teaching). So in the United States, people think nothing of paying plumbers, the people to whom we entrust our pipes, \$50 to \$100 per hour. But childcare workers, the people to whom we entrust our children, according to the U.S. Department of Labor are paid an average of \$10 an hour, with no benefits. And we demand that plumbers have some training, but not that all childcare workers have training.

This is not logical. It's pathological. But to understand, and change, this distorted system of values, we have to go deeper: to the kind of society that will support a more caring economic system.

**4.. This in turn takes us to the fourth area for action: the work of cultural transformation, of accelerating the movement from domination systems to partnership systems.**

Here we're back to the need for new thinking. These social categories of partnership and domination systems are gradually gaining currency because, unlike conventional categories such as right vs. left, religious vs. secular, capitalist vs. socialist, Eastern vs. Western, and so on, they help us answer the most basic question for our future: the question of what kind of social conditions, what kinds of social configuration supports or inhibits the expression of our human capacities for consciousness, caring, and creativity rather than for insensitivity, cruelty, and destructiveness.

The good news is that there is already strong movement in a partnership direction, and we especially see this in the nations that today are regularly in the highest ranks not only of the United Nations annual Human Development Reports but of the World Economic Forum's annual Global Competitiveness reports: Nordic nations such as Sweden, Norway, and Finland.

At the beginning of 20<sup>th</sup> century these nations were so poor that people fled famines in droves, whole American states like Minnesota were populated by them. So how did they change? A major factor is that they started to really invest in caring for their people.

They have government-supported childcare, universal healthcare, stipends to help families care for children, elder care with dignity, generous paid parental leave for both mothers and fathers. They even have social security credit as in Norway, for the first 7 years of caring for a child, whether by a woman or a man.

But none of this happened in a vacuum. It happened as these nations moved more toward the partnership side of the domination-partnership continuum.

And by partnership system I do not mean a completely flat organization. There are hierarchies, but they are what I can hierarchies of actualization rather than domination, hierarchies that are used not to disempower but to empower others. Nor do I mean just working together, people work together all the time in domination systems, terrorists cooperate, monopolies cooperate, invading armies cooperate.

I mean the configuration that, if you look at Nordic nations, is today struggling to emerge, albeit against enormous resistance and periodic regressions.

The **first** part of this configuration is more democracy in *both* the family and the state, and there is no real democracy without both.. The **second** is a major effort to leave behind traditions of violence in both intimate and international relations: for instance, the first peace studies came out of Nordic nations. And the **third** part of the partnership configuration, in contrast to domination systems where one half of humanity is rigidly subordinated to the other half, is a major effort toward more equal partnership between the female and male halves of humanity. So women are approximately 40 percent of the national legislatures. and with this came greater support for more caring policies, not only by women but by men.

**5.. All of which takes me to the fifth action: showing how gender roles, relations, and valuations affect public policy**

Of course, what we are dealing with is nothing inherent in women or men, but rather dominator gender stereotypes, as we see, for example, with how many men are now doing fathering in the more hands on, caregiving way once associated only with mothering.

But it's only as the status of women rises, as it did in Nordic nations, that men no longer feel so threatened in their status, in their "masculinity," when they embrace more stereotypically "feminine" values such as caring and nonviolence.

Now, many people find it uncomfortable talking about gender. So we've got to put that on the table. But let's also recall what the great sociologist Luis Wirth observed: that the most important things about a society are those people don't want to talk about.

Because as long as women are subordinated and devalued, so will stereotypically feminine traits and activities such as caring, caregiving, nonviolence be devalued – be it in women or men, be it in business or in social policy.

**6. And it is with the urgent need to bring new information and thinking into both business and social policy – the sixth action – that I want to close.**

This is up to all of us, not only those already in positions of business and political leadership. It's up to us to send not just an occasional message but a steady drumbeat of new information and new thinking to our business and political leaders.

I will here stay with a key part of this new thinking and information: what we now know about how the construction of gender roles and relations impacts economics.

Consider that the US which in the last decades has backtracked on raising the status of women and at the same time has failed to invest in caring for people, has the highest poverty rates of any industrialized nation, whereas Nordic nations have very low ones.

Not only that, while Nordic nations have very low poverty rates for woman-headed families, the US has very high ones, and in the US women over the age of 65 are twice as likely to be poor as men over 65 according to US Census statistics. And this isn't just because of job discrimination, which is what we hear about, but because most of these women are or were caregivers, whether full or part time. And current policies do not reward, but rather punish, this work with poverty.

Indeed, worldwide women are 70 percent of those living in absolute poverty, which means starvation or near starvation. If policy makers are to effectively address chronic poverty and hunger, they have to pay attention to this.

They also have to pay attention to cross-cultural studies showing a strong correlation between the status of women and a nation's quality of life. For instance, in the study "Women, Men, and the Global Quality of Life," the Center for Partnership Studies compared statistical measures from 89 nations on the status of women with measures of quality of life such as infant mortality, human rights ratings, and environmental ratings. And we found that in significant respects the status of women can be a better predictor of quality of life than GDP. Other studies show the same, from the World Values Surveys to the World Economic Forum's Global Gender Gaps reports.

Policy makers need this kind of information and it's up to us to get it to them.

**Conclusion:** I want to close by reminding you of what Margaret Mead observed: that the only thing that ever brought positive change was a small dedicated group of women and men. Let's remember that economic systems are human creations, they have changed and will change – but only if we do our part.

So let's join together and persuade our business and political leaders with steady and continuing pressure to build the economics we need: caring economic systems that give visibility and value to the most essential work: caring for people, starting in childhood, and caring for nature. Let's remember that these are the activities that contribute the most to human welfare, to what really makes us healthy and happy – and in the bargain lead to economic prosperity and ecological sustainability.

I invite you to join me and CPS in this exciting and urgent transformational enterprise. Let's do it – for ourselves, for our children, and for generations to come.

I thank you.