

CREATING A CARING ECONOMICS

THE
Real
Wealth
OF
Nations



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Bestselling Author of *The Chalice and The Blade*

an excerpt from

***The Real Wealth of Nations:
Creating a Caring Economics***

by Riane Eisler


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I N T R O D U C T I O N

Reasons to Care

 Much of my life has been a quest. This quest started in my childhood, when my parents and I fled my native Vienna from the Nazis. It continued in the slums of Havana, where we found refuge, and later in the United States, where I grew up. It was a quest for answers to a basic question: Why, when we humans have such a great capacity for caring, consciousness, and creativity, has our world seen so much cruelty, insensitivity, and destructiveness?

In the course of my quest I looked for answers in many areas, from psychology, history, and anthropology to education, economics, and politics. And again and again I came back to economics because I saw that we have to change present economic systems if we, our children, and future generations are to survive and thrive.

As time went on, and I had children and then grandchildren, the passion animating my quest intensified. So also did my focus on economics.

As I looked at my grandchildren, I couldn't help thinking of the millions of children in our world, all born with a hunger for life, love, and joy, condemned to untimely deaths or lives of unnecessary suffering. As I reflected on the pristine beauty of our oceans and the grandeur of the coastal cities where so many of us live, I thought of the threats from climate changes caused by current economic rules and practices. As I took in the reality around me every day, I saw the stress of families vainly trying to find time for one another, and the pain of people displaced by new technologies that should have been used to improve our lives instead. And again I came back to economics.

I saw that in our inextricably interconnected world none of us has a secure future so long as hunger, extreme poverty, and violence continue unabated. I saw that present economic systems are despoiling and depleting our beautiful Earth. I saw that there is something fundamentally wrong with economic rules and practices that fail to adequately value the most essential human work: the work of caring for ourselves, others, and our Mother Earth.

Gradually, I began to explore economics from a new perspective. I saw the need for an economics that, while preserving the best elements of current economic models, takes us beyond them to a way of living, and making a living, that truly meets human needs. I also saw that we need a much broader approach to economics: one that takes into account its larger social and natural context.

I invite you to join me in exploring this new perspective on economics. I ask that you leave behind assumptions that have constricted our view, because what we will look at goes beyond what is usually considered the domain of economics. I also ask that, as you read on, you keep in mind what you most value and want in your own life.

In the pages that follow, we will look at economics through a wider lens that reveals the exciting possibilities of what I call *caring economics*. I realize that even putting economics and caring in the same sentence is alien to conventional thought. But this is no time for conventional thought. As expressed in popular clichés such as “thinking outside the box,” it is a time that urgently calls for *unconventional* thought.

With the accelerating speed of economic globalization—when corporations that control international financial and technological flows still play by uncaring rules—the need for a caring economics is more urgent than ever before. This book offers a new vision of what economics is and can be. It provides a starting point from which to rebuild economic structures, practices, and policies in ways that maximize our positive potentials and minimize our negative ones.

I have called this book *The Real Wealth of Nations* because it shows that our most important economic assets are not financial—that the real wealth of nations consists of the contributions of people and our natural environment. In my choice of this title, I don’t mean to imply that I have set out to write a technical treatise on economics such as Adam Smith’s classic *The Wealth of Nations*. To address the needs of our world today, we have to bring together knowledge from many

areas. I therefore draw from many fields in addition to economics, including advances in both the social and natural sciences. I also propose practical steps for moving both economic and social systems in a positive direction.

The new perspective on economics I am introducing in this book grows out of my research over the past thirty years applying evolutionary systems science to social systems. During this time, I became involved with pioneers in chaos and complexity theory,¹ and contributed to many books applying these revolutionary new approaches to the real-world problems of our time.² In my own books, beginning with *The Chalice and The Blade: Our History, Our Future*, I introduced a new lens for understanding social systems and determining how we can build foundations for a more equitable and sustainable world.

This lens is the analytical framework running through all my books and journal papers: the *partnership* or mutual respect system and the *domination* or top-down control system. These social categories are integral to the cultural transformation theory I introduced in earlier books.³ They are also integral to understanding, and changing, dysfunctional economic structures, rules, and practices—which is the focus of this book.

When Adam Smith wrote *The Wealth of Nations*, his focus was on the market, or as he put it, on “the invisible hand of the market” as the best mechanism for producing and distributing the necessities of life.⁴ This book goes beyond the market to reexamine economics from a larger perspective that includes the life-supporting activities of households, communities, and nature.

Moreover, and this is one of its central themes, this book shows that to construct an economic system that can help us meet the enormous challenges we face, we must give visibility and value to the socially and economically essential work of caring for people and nature. Indeed, if we really think about it, it’s unrealistic to expect changes in uncaring economic policies and practices unless caring and caregiving are given greater value.

In the chapters that follow, we will see that moving to a more equitable and sustainable economic system requires attention to the interaction of economic and social systems. We will also see that for this movement to succeed we have to broaden the scope of what has traditionally been considered the domain of economics.

We start from the basic premise that economic systems should promote human welfare and human happiness, a premise that seems to have been forgotten in much of today's economic discourse. Drawing from the work of advanced thinkers in economics and many other fields, we then explore exciting new frontiers for work, values, and life.

Chapter 1 takes us beyond the narrow band of economic relations taken into account by conventional models—whether capitalist, socialist, communist, or anarchist. It introduces the first of five foundations for a caring economics: a full-spectrum economic map that includes the life-supporting activities of households, communities, and nature.

Chapter 2 widens the lens through which we look at economics to include its larger cultural context. It takes us to the second foundation for a caring economics: cultural beliefs and institutions that value caring and caregiving. This chapter introduces the socio-economic categories of the partnership system and the domination system, revealing connections not previously considered. It proposes new standards and rules for what is or is not economically valuable. And it shows how all this directly affects our lives and the future of our children and our planet.

The next three chapters introduce three more foundations for a caring economic system: caring economic rules, policies, and practices; inclusive and accurate economic indicators; and economic and social structures that support partnership rather than domination.

These chapters continue to connect the dots between our daily lives, economics, and cultural values and norms. They show how problem-solving, creativity, and entrepreneurship are supported by caring policies and practices, and how this greatly benefits business, people, and our natural environment. They provide a redefinition of productive work appropriate for the postindustrial economy, where the most important capital is what economists like to call human capital. They describe new measurements of productivity that take into account the life-sustaining activities of both households and nature. And they propose ways to protect what economists today call natural capital.

These chapters also take us on a journey into our past. They reassess unhealthy myths and values we inherited. They expose the hidden gender double standard that is our heritage from earlier, more

unjust and economically inefficient times. They show that this has led to an economic double standard that lies behind unsustainable ways of living and working. And they explore how we can develop healthier alternatives.

Then, in chapter 6, we see the enormous personal, social, financial, and environmental costs of old economic and political systems and their inability to adapt to the challenges we face. In chapter 7, we look at how we can develop a caring economics. This chapter briefly traces the development of modern economic theories in the context of the times out of which they came, and proposes basic principles for the construction of a new conceptual framework that includes the best elements of both capitalism and socialism but goes beyond both.


Chapter 8 looks at postmodern technological breakthroughs such as robotics, biotechnology, and nanotechnology and how they affect both work and life. It introduces a new way of looking at technology that no longer throws everything, from can openers to nuclear bombs, into the same technological basket. It shows that rapid technological change makes a caring economics even more essential in the epochal transition to the postindustrial age.

Chapter 9 then takes us to where we are and where we can go from here. Drawing from arresting new findings from neuroscience, it shows that a caring economics supports the capacities that in the course of evolution made us uniquely human. Finally, chapter 10 proposes practical steps each of us can take to accelerate the move to a more humane, environmentally sustainable, and economically effective future.

I have written this book to invite discussion and action. It is a book for everyone who wants a better life and a better world, and is looking for practical tools to realize these goals. I am confident that together we can build a new economic system that promotes creativity and generosity rather than greed and destructiveness. Indeed, I am convinced that this is the only viable option at this critical juncture in our cultural and planetary evolution.

Riane Eisler
January 2007

We Need a New Economics

 Jim Cross graduated at the top of his applied computer science class. But he hasn't found a job in California's prosperous Silicon Valley, once the golden Mecca for high-wage technology jobs. While sales and profits in the region have been skyrocketing again—an average of more than 500 percent over three years—employment has actually declined.

In Nigeria, Marian Mfunde has just buried her second baby. Like her first son—and millions of African children every year—her five-month-old daughter died of hunger. Marian herself is sick with HIV, which she contracted from her husband before he left to seek work in the capital, and was never heard from again.

In Rio de Janeiro, nine-year-old Rosario Menen sleeps on the street. She lives in terror of rats, rapists, and the police squads that periodically evict and brutalize street children. Like thousands of Brazilian girls and boys, Rosario has no place to go and no one to care for her.

In Riyadh, eighteen-year-old Ahmad Haman just joined a fundamentalist terrorist cell. In his native Saudi Arabia, his financial prospects are dim.¹ Population in the Middle East has tripled in the last fifty years, to 380 million in 2000 from 100 million in 1950—and today close to two-thirds of those 380 million Middle Easterners are under age twenty-five, and jobs are scarce.² Even in his oil-rich nation, Ahmad finds the promise of a heavenly afterlife with seventy virgins if he blows himself up in a suicide bombing more promising than his earthly future.³

In the midst of all this runaway dislocation, misery, and insanity, economists argue endlessly about free markets versus government reg-

ulations, privatization versus central economic planning. They talk about corporate profits, international trade agreements, job outsourcing, employment figures, interest rates, inflation, and gross national product. That's what's discussed in the news, in business schools, and in thousands of economic treatises—usually in a jargon most people find frustratingly out of touch with their real needs.

Of course, it's not that economists are unaware of people's real-life needs. Some, like Nobel laureates Amartya Sen and Joseph Stiglitz, vigorously criticize practices that cause hunger, ill health, and environmental destruction and pollution.⁴ A few, like MacArthur fellows Nancy Folbre and Heidi Hartmann, also note that even in the rich United States working parents are stressed because they have too little time to care for their children, and even well-to-do people find it hard to juggle work and family.⁵ But even now, when globalization is creating increasing stress for many families, most mainstream economic writings don't pay much attention to how economic models impact our day-to-day lives.⁶

Generally, economists don't write about people's daily lives—except as employers, employees, and consumers. And when they address our environmental and social problems, they're usually still caught in the free markets/privatization versus central planning/government regulation debate that framed the conflict between capitalism and communism.

These discussions ignore the fact that neither capitalist nor communist systems have been able to solve chronic problems such as environmental degradation, poverty, and the violence of war and terrorism that diverts and destroys economic resources and blights so many lives. Indeed, many of these problems have been the result of *both* capitalist and communist economic policies.

To effectively address our problems, we need a different way of looking at economics. In our time of rapidly changing technological and social conditions, we have to go much deeper, to matters that conventional economic analyses and theories have ignored.

There's a common denominator underlying our mounting personal, social, and environmental problems: lack of caring.⁷ We need an economic system that takes us beyond communism, capitalism, and other old *isms*. We need economic models, rules, and policies that support caring for ourselves, others, and our Mother Earth.⁸

An economics based on caring may seem unrealistic to some people. Actually, it's much more realistic than the old economic models. Our old models strangely ignore some of the most basic facts about human existence—beginning with the crucial importance of caring and caregiving for all economic activities.

Consider that without caring and caregiving none of us would be here. There would be no households, no workforce, no economy, nothing. Yet most current economic discussions don't even mention caring and caregiving. This too is odd, since *economics* comes from *oikonomia*, which is the Greek word for managing the household—and a core component of households is caring and caregiving.⁹

This book proposes that a radical reformulation of economics is needed for us not only to survive, but to thrive. It shows that the exclusion of caring and caregiving from mainstream economic theory and practice has had, and continues to have, terrible effects on people's quality of life, on our natural life-support systems, and on economic productivity, innovativeness, and adaptability to new conditions. Failing to include caring and caregiving in economic models is totally inappropriate for the postindustrial economy, where the most important capital is what economists like to call *human capital*: people. Moreover, it's not realistic to expect changes in uncaring economic policies and practices unless caring and caregiving are given greater value.

As Einstein remarked, we cannot solve problems with the same thinking that created them. We are at a critical juncture where a new way of thinking about economics is needed.

Giving greater value to caring and caregiving won't cure all our problems. But it is impossible to solve our current global crises, much less advance our personal, economic, and global development, unless we do. If we are to change dysfunctional government policies and business practices, we need a new approach to economics in which supporting caring—or even talking about caring—is no longer taboo.

It's not realistic to expect changes in uncaring economic policies and practices unless caring and caregiving are given greater value.

WHAT IS ECONOMICS?

In the fall of 2004, I was invited by the Dag Hammarskjöld Foundation to a meeting to explore the future of economics. The site was the home of my long-time friend and colleague Hazel Henderson, a leading light in the movement toward a new economics. The twenty-five other participants came from Latin America, Europe, Asia, Africa, Australia, and the United States. They included academicians, social activists, and former government officials.

The departure point for our discussions was a critique of the so-called neoclassical economics that is today the dominant, often only, economic analysis taught in Western universities. Deriving from the earlier classical economics developed by Adam Smith, David Ricardo, and other “fathers” of modern capitalist theory, neoclassical economics is primarily concerned with analyzing and predicting how markets function. It relies heavily on mathematical modeling, and this modeling is something of a closed loop, as it is founded on some basic, indeed hallowed, assumptions.

One of these assumptions is that “rational economic man” makes informed economic choices based on rational self-interest. Another assumption is that competition then regulates these self-interested choices in a self-organizing dynamic that ultimately works for the common good. Still another assumption is that governments should keep a hands-off policy when it comes to the operation of markets. This last assumption is a centerpiece of the most recent offshoot of neoclassical theory: the so-called neoliberalism espoused by neoconservatives in the United States and elsewhere, who claim that privatization, market deregulation, and trade unhampered by national borders or interests will cure all our ills.

For a while, the Hammarskjöld Foundation meeting focused on the shortcomings of neoclassical and neoliberal economic theories and models. Some participants argued that these models are out of sync with scientific advancements. They cited the new work of physicists debunking the math of orthodox economic models, pointed out errors in computerized analysis methodology, and argued that these “reductionist” methods produce false pictures of reality. Some pointed to how markets are today heavily manipulated by sophisticated advertising campaigns that create artificial tastes, even artificial needs. Others critiqued the premise that competition regulates the market, pointing

out how, all around us, huge corporations gobble up smaller firms through acquisitions and takeovers, or put them out of business by cutting prices until competitors are out of the picture.

The discussion then turned from economic theory to what is actually happening in the world today. Many participants criticized the trend toward privatizing water and other essentials of life and the consolidation of ever more wealth and power in multinational corporations. Others deplored the lack of accountability of globalization agencies such as the International Monetary Fund and the disastrous lack of regard for the destruction of our natural habitat. Still others advocated innovations such as new quality-of-life indicators like the Kingdom of Bhutan's "happiness index," international tribunals on product liability, and new textbooks and classes that would propagate alternative economic perspectives.

But as our discussions progressed, something else gradually became apparent. Despite many common concerns and critiques, there was one area of strong disagreement. This disagreement focused on what the domain of economics is and should be.

Some of the participants were only interested in the narrow band of economic relations in the market economy—just like the conventional economists they critiqued. They were adamantly opposed to economic models that take into account the nonmarket work of caring and caregiving performed primarily in the household and other parts

Two Meanings of Economics

The term economics has both a scholarly and a popular meaning. The academic meaning of economics is as a social science: for example, the branch of social science that deals with the production, distribution, and consumption of goods and services and their management. When used in this sense, the term describes economic theories and economic models. The popular meaning of economics is much broader. It is often used as a shorthand for describing economic systems, policies, and practices: for example, in common phrases such as "U.S. economics and politics." I use the term economics in both its academic and popular sense, depending on the context. ■

of the nonmonetized economy.¹⁰ They began by arguing that this work could not be quantified. When it was pointed out that it can, and actually has been, quantified, they were unified in holding that it shouldn't be.¹¹ While they noted that flawed economic models make for flawed economic policies, they made it clear that they were not interested in expanding, much less redefining, the domain of economics.

Nonetheless, this expansion and redefinition of economic models is already in progress. Thousands of women and men worldwide have for some time noted the irony of not including the most foundational human work in economic measures and policies. A few years ago, Marilyn Waring wrote a groundbreaking book on the subject.¹² More recently Barbara Brandt, Ann Crittenden, Marianne Ferber, Nancy Folbre, Janet Gornick, Heidi Hartmann, Hazel Henderson, Marcia Meyers, Julie Nelson, Hilikka Pietila, Genevieve Vaughan, and other economic thinkers have focused on the need to make caring visible in economic theory and practice.¹³ Nirmala Banerjee, Edgar Cahn, Her-

man Daly, Devaki Jain, David Korten, Paul Krugman, Amartya Sen, and other pioneering thinkers have also started to insist that we look at economic relations from a broader perspective.¹⁴ Their work, particularly that of Pietila and Henderson, provides the basis for the expanded economic model needed for a caring economics.

THE NEW ECONOMIC MAP

The new economic map includes all six economic sectors:

Core sector: Household economy

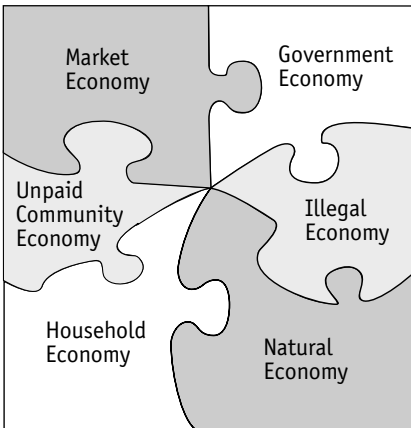
Second sector: Unpaid community economy

Third sector: Market economy

Fourth sector: Illegal economy

Fifth sector: Government economy

Sixth sector: Natural economy

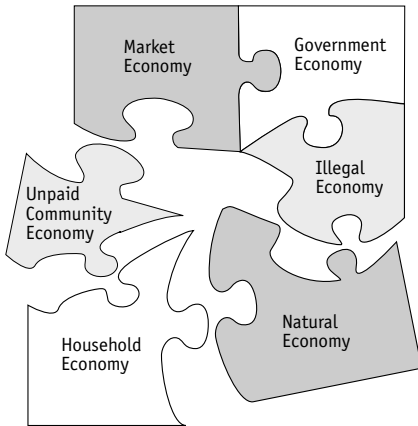


A NEW ECONOMIC MAP

To build a new economic model, we must include the *full spectrum* of economic relations—all the way from how humans relate to our natural habitat to intrahousehold economic interactions. This requires a complete and accurate map that includes all economic sectors.

THE OLD ECONOMIC MAP

In the old economic models, the foundational economic sectors—household, unpaid community, and natural—are omitted, which leads to distorted views and policies.



Our challenge is to develop a caring economics where human needs and capacities are nurtured, our natural habitat is conserved, and our great potential for caring and creativity is supported.

The *second sector* is the unpaid community economy. This includes volunteers working for charitable and social justice groups in what is today often called civil society, as well as some aspects of the barter and community currency economy (which is growing). Here too caring and caregiving are important activities.

The *third sector* is the market economy. This sector is the focus of conventional economic analyses and indicators. The market is fueled by the first two economic sectors, but its measurements and rules accord them no value. As presently structured, the market economy often tends to discourage rather than encourage caring—even though studies show that when employees feel cared for they are much more creative and productive.

This new economic map begins with the household as the *core inner sector*. This sector is the real heart of economic productivity, as it supports and makes possible economic activity in all the other sectors. The household is not, as most economics texts have it, just a unit of consumption. It is, and has always also been, a unit of production. Its most important product is, and always has been, people—and this product is of paramount importance in the postindustrial economy where “high-quality human capital” has become a business mantra.

But no attention is given in conventional economic analyses to what is needed to produce this high-quality human capital: caring and caregiving. (See “The New Economic Map” and “The Old Economic Map”).

The *fourth sector* is the illegal economy, which includes the drug trade, the sex trade, some of the arms trade, and other economic activities that are in the hands of crime syndicates and gangs. The illegal sector's defining characteristic is lack of caring—not to speak of the killings and other horrors that are its hallmarks.

The *fifth sector* is the government economy: the sector that makes the policies, laws, and rules governing the market economy and provides public services, either directly or by contracting them out to private enterprises. Some of these services entail caring activities; for example, services provided by public health agencies. But in most nations, government policies give little support to the caring and caregiving activities of the household and unpaid community economy on which all economic sectors depend. Present government policies are often also uncaring of the mass of people, channeling funds to the wealthy. And in many nations, including the United States, government policies fail to protect nature from reckless exploitation and pollution.

The *sixth sector* is the natural economy, which like the household, is basic. Our natural environment, too, produces resources out of which the market economy maintains itself. But again, conventional economic models give little value to nature. Consequently, nature is exploited, with increasingly disastrous results as we move to ever more powerful technologies. Caring for Mother Earth is viewed as a liability in the conventional cost-benefit analysis, and until recently was not even an issue in economic theories.

These six economic sectors are in constant interaction. Only by taking all of them into account can we make the changes we need in our world today.

The challenge is to develop economic models, measures, and rules where the first, second, and sixth sectors are recognized and highly valued. This is foundational to a caring economic system where human needs and capacities are nurtured rather than exploited, our natural habitat is conserved rather than destroyed, and our great potential for caring and creativity is supported rather than inhibited.

CULTURE, ECONOMICS, AND VALUES

Economic systems are human creations. They can, and do, change.

During the last five hundred years of Western history, different technological phases gave rise to different economic systems. Gradually, as we shifted from mainly agricultural to primarily industrial technologies, feudalism was replaced by capitalism and in some areas, socialism. Today, we are in the throes of another major technological shift. But the shift taking us from industrial to postindustrial society is different from earlier ones.

Unlike earlier shifts, the shift to postindustrial/nuclear/electronic/biochemical technologies is not happening over several centuries but over a few decades. Unlike earlier shifts, it is the subject of intense analyses *while* it is happening. Moreover, it is happening globally and is accompanied by growing consciousness that we cannot go on with business as usual, that we face a very uncertain future unless we make fundamental changes.

Historically, the introduction of new technologies has brought some changes in valuations. For example, in a primarily agricultural economy, land was considered the most valuable asset. With the technological shift to a primarily industrial economy, machinery and other capital assets gradually acquired greater value.

But valuations based on technological factors are only a small part of the values side of the economic equation. Much more important, and more resistant to change, are the underlying cultural values and social structures of which economic systems are a part.

Our beliefs about what is or is not valuable are largely unconscious. As we will see, they have been profoundly affected by assumptions we inherited from earlier times when anything associated with the female half of humanity—such as caring and caregiving—was devalued. In our Western world today, the ideal is equality between women and men, and men are increasingly embracing “feminine” activities, like the many fathers now caring for babies and young children in ways once considered inappropriate for “real men.” But the failure of most current economic systems to give real value to caring and caregiving, whether in families or in the larger society, continues to lie behind massive economic inequities and dysfunctions.

Indeed, this systemic devaluation of the activities that contribute the most to human welfare and development lies behind a kind of economic insanity. For example, the bulk of caring work is not even

included in indicators of economic productivity such as GDP (gross domestic product) and GNP (gross national product).¹⁵

Nor is that all. Not only is the work of caregiving—without which there would be no workforce—given little support in economic policy when it's done in the home. Work that entails caregiving is paid substandard wages in the market economy.

So in the United States, people think nothing of paying plumbers, the people to whom we entrust our pipes, \$50 to \$60 per hour. But child care workers, the people to whom we entrust our children, are paid an average of \$10 an hour according to the U.S. Department of Labor.¹⁶ And we demand that plumbers have some training, but not that all child care workers have training.

This is not logical. It's pathological. But to change it, we have to look beyond areas traditionally taken into account in economic analyses.

THE VALUE OF CARING

As current economic theory has it, what is valued is a matter of supply and demand, with scarce goods and services more valued than abundant ones. But this ignores two key points. The first, as I will develop in later chapters, is that current economic policies and practices often artificially create scarcities. The second point, to which I will also return, is that demand is largely determined by cultural beliefs about what is and is not valuable.

A much more sensible, and realistic, standard for what is given economic value is what supports and advances human survival and human development. By this standard, a caring orientation—that is, concern for the welfare and development of ourselves, others, and our natural environment—is highly valued. So also is the work of caregiving and the creation of caring environments, whether in homes, businesses, communities, or governments.

This does not mean that all caring and caregiving should be paid in money. As we will see, there are many other ways in which this work can, and must, be recognized and rewarded—from informal community networks where caregiving is exchanged to business and government policies that support and encourage caring and caregiving.

We will look more closely at caring economics in later chapters. Here, I want to clarify that by *caring work* I mean actions based on

empathy, responsibility, and concern for human welfare and optimal human development. Moreover, as detailed in “Caring, Caregiving, and a Caring Orientation” below, a caring orientation gives visibility and value to caring and caregiving in all areas of life—from households and communities to businesses and governments.

As we will see in chapter 3, a caring business orientation can actually be more profitable in simple dollars and cents than the old uncaring one. For example, the highly successful software company SAS Institute has been extremely profitable precisely because its policies make

□ *Caring, Caregiving, and a Caring Orientation*

When I speak of caring and caregiving, I mean activities guided by a caring orientation. A caring orientation not only fulfills human needs and aspirations. It also offers a wholly different approach to business and government policies that is both financially and socially profitable. A caring orientation is not solely a matter of giving visibility and value to the work of caring for children, the sick, and the elderly in households, as essential as this is. It is not only about giving more value to caring work in the market economy, such as child care, teaching, nursing, and caring for people in retirement homes. Nor is it only about being ethical in business and government.

A caring orientation spans the gamut, from caring for children, the sick, and the elderly, to caring for employees, customers, and other business stakeholders, to what Edgar Cahn calls the civic labor of building healthy communities, the social justice labor of progressive social movements, and the environmental labor needed to preserve a healthy natural environment for ourselves and future generations.¹⁷

A caring orientation is also distinguished by a longer time horizon. In other words, a caring orientation takes into account not only short-term but also long-term considerations. For instance, it takes into account the long-term costs of uncaring environmental policies as compared to the short-term profits they may yield. Or to come back to the example of the plumber and the child care worker, a caring orientation recognizes that the long-term economic impact of properly caring for a child is infinitely greater than that of fixing a pipe—and that this difference must be factored into the economic valuation of these two activities. ■

the welfare of employees a top priority. The same is true of the successful East Coast supermarket chain, Wegmans. Ranked Number 1 on *Fortune's* list of "100 Best Companies to Work For" in 2005, Wegmans states on its website that it offers "a welcoming, caring, diverse workplace that gives all people the opportunity to grow and succeed." Some companies have even incorporated caring into their management training programs, for example, the successful kitchen and bath cabinets manufacturer American Woodmark.

These companies are finding that concern for the welfare of employees and their families translates into increased competence and collaboration, encourages creativity and innovation, contributes to the organization's collective capacity, and transfers into better business relations, internally as well as externally. In short, they are seeing that a caring rather than uncaring orientation is good both for people and for business.

A caring orientation also offers a more effective approach to economic policy—not only in human terms but also in purely financial terms. For example, crime rates and attendant costs would be lowered. And the high-quality human capital needed for a healthy future economy would be assured because child care and education would be fully supported.

To provide just one illustration, in the United States alone, a single measure of caring work in the economy—early childhood development programs—has been proven to provide a 12 percent return on public investment. The North Carolina Abecedarian Project of the National Institute for Early Education found that participants in high-quality early child development programs can expect to earn approximately \$143,000 more over their lifetimes than children who did not receive these benefits.¹⁸

Similarly, the Canadian Healthy Babies, Healthy Children program has been shown to enable children to score higher on most infant development measures. This includes self-help, gross motor skills, fine motor skills, and language development—all important indicators of a higher level of human capacity development. And of course, such programs directly lead to prospects for a brighter future for these children.¹⁹

Nordic nations such as Finland, Norway, and Sweden have found that investing in caring policies and programs—from universal health

care and child care to generous paid parental leave—is an investment in a higher general quality of life, a happier population, and a more efficient, innovative economy. In 2003–04 and 2005–06, Finland was even ahead of the much richer and powerful United States in the World Economic Forum’s Global Competitiveness ratings.²⁰

These examples illustrate the enormous personal, social, and economic benefits of giving more value to caring and caregiving. They also show that we don’t have to start from square one. There is already movement in this direction: policies and programs offer models that can be replicated and adapted worldwide as we move into the postindustrial economy.

▣ *Trends Showing Recognition of the Economic Value of Caring and Caregiving*

- A number of nations have already quantified the value of the unpaid work of caring and caregiving performed in households, and found that its monetary value is very high.
- The U.S. company Salary.com estimated that a fair wage for a typical stay-at-home parent would be \$134,471 a year.²¹
- The U.N. Human Development Reports measure the health of communities by looking at maternal and infant mortality, education, the environment, and other factors that were not previously quantified.
- Most industrialized countries provide universal health care as an investment in their human capital.
- Many businesses recognize that valuing and rewarding caring leads to greater competence, effective communication, and successful collaboration.
- Social policies in New Zealand, Canada, and most West European nations recognize the value of caring work through government subsidies for child care (not just tax credits) and paid parental leave.
- Chilean President Michelle Bachelet announced shortly after taking office that a monthly payment of \$40, as well as training courses, would be provided to caregivers of bedridden relatives in low-income families.²² ■

BUILDING A CARING ECONOMICS

We stand at what a 2006 *Time* magazine article on global warming called a tipping point, a juncture in our planet's history when nothing less than fundamental change is needed.²³ As we use the economic measurements detailed in the pages that follow, we see that our global economy is running at a gigantic loss. It becomes evident that we can't continue to exploit and pollute our natural environment. It also becomes evident that to live more fulfilling and less stressful lives, we must adequately value caring and caregiving not only in the market but in all economic sectors, from the household to nature.

We delude ourselves if we think that we can solve our environmental problems by just trying to introduce less polluting technologies or changing consumption patterns. Even if we were successful in these efforts, which is doubtful without going deeper, new crises will erupt unless we make more fundamental changes.

We can make these changes once we become aware that a society's economic structures and rules, its system of values, and its other social institutions are in a continually interactive feedback loop. During periods of social equilibrium, this loop remains relatively stable, and the guiding system of values is so taken for granted that it's largely invisible. But during periods of great instability or disequilibrium such as ours, it is possible to more clearly see the system's underlying organizational structure and operant values. Hence, today, fundamental changes—changes that transform the system rather than simply modify it to some degree—are possible.

To construct a caring economics—and here I use the term economics in its popular sense as a shorthand for describing economic systems—we must focus not only on economic theory and practice but also on cultural values and social institutions. We can begin with three basic questions:

- First, to what kinds of qualities, activities, services, and goods do we want to give high or low economic value?
- Second, can we realistically expect the advantages of more socially and environmentally caring government policies and business practices as long as caring is not valued and rewarded?
- Third, what kinds of economic inventions do we need for the construction of a more caring, effective, innovative, and sustainable economic system?

All economic institutions are economic inventions—from banks, stock exchanges, Social Security, and health care programs to colonialism, sweatshops, and child labor. Unemployment insurance and parental leave are economic inventions designed to better care for the welfare of all members of the group. Slavery and forced labor camps are also economic interventions. But like sweatshops, colonialism, and child labor, these are economic inventions designed to more effectively exploit certain members of the group, even, if “necessary,” to kill them.

In other words, an economic invention is a way of utilizing and allocating natural, human, and human-made resources. But the shape it takes—and the consequences it has—depend on the governing system of values and the social institutions it supports.

In our time, when high technology guided by values such as conquest, exploitation, and domination threaten our very survival, we need economic inventions driven by an ethos of caring. We need a caring revolution.

It’s up to us to determine which existing economic inventions we want to retain, and which we want to discard. We must also develop new economic indicators, rules, policies, and practices guided by values appropriate for the more equitable and sustainable future we want and need. Above all, we must change the imbalanced cultural foundations on which both capitalist and communist economic systems were built, and move toward an economic system where the most essential human work—the work of caring and caregiving—is given real value.

A caring economics supports caring and caregiving on the individual, organizational, social, and environmental levels. It takes into account the full range of human needs, not only our material needs for food and shelter but also our needs for meaningful work and meaningful lives.

THE SIX FOUNDATIONS FOR A CARING ECONOMICS

As detailed in the sidebar on pages 22–23, a caring economics has six foundations: a full-spectrum economic map; cultural beliefs and institutions that value caring and caregiving; caring economic rules, policies, and practices; inclusive and accurate economic indicators; partnership economic and social structures; and an economic theory I call *partnershipism* because it incorporates the partnership elements of both capitalism

and socialism but goes beyond them to recognize the essential economic value of caring for ourselves, others, and nature.

The shift to a caring economics will take time, and it won't happen all at once. It will move in increments, with advances in any one area setting in motion ripples of change in all the others. Changes in beliefs about what is or is not economically productive will lead to new ways of thinking about economics, and from this to more accurate economic indicators. These changes in beliefs and indicators will spur move-

❏ *What We Can Do: Building Six Foundations for a Caring Economic System*

Progress in building any one of these foundations will set in motion progress in all the others in an interactive dynamic of change.

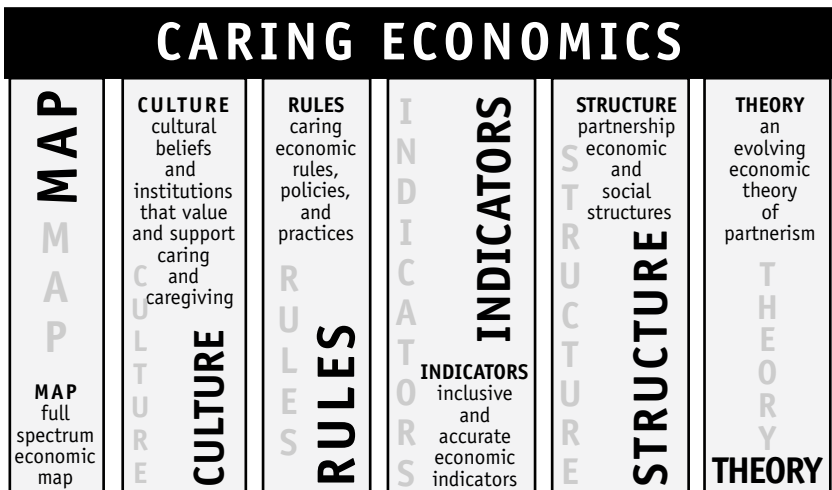
- ***Foundation 1: A Full-Spectrum Economic Map:*** A full-spectrum economic map includes the household economy, the unpaid community economy, the market economy, the illegal economy, the government economy, and the natural economy. This more accurate and inclusive map for economics is introduced in this chapter.
- ***Foundation 2: Cultural Beliefs and Institutions That Value Caring and Caregiving:*** Beliefs and institutions orient to the partnership system rather than the domination system, and include a shift from dominator to partnership relations in the formative parent-child and gender relations. The configurations of the Partnership System and the Domination System are introduced in chapter 2.
- ***Foundation 3: Caring Economic Rules, Policies, and Practices:*** Government and business rules, policies, and practices encourage and reward caring and caregiving; meet basic human needs, both material needs and needs for human development; direct technological breakthroughs to life-sustaining applications; and consider effects on future generations. Chapter 3 describes these rules, policies, and practices, showing their enormous business and social benefits.
- ***Foundation 4: Inclusive and Accurate Economic Indicators:*** Indicators include the life-sustaining activities traditionally performed by women in households and other parts of the nonmonetized economy, as well as the life-sustaining processes of nature, and do not include activities that harm us and our natural environment. Chapter 4

ment toward more caring policies and practices, which in turn will lead to more partnership-oriented economic and social structures. And all this will support further movement to a full-spectrum economic map, more inclusive economic theories and indicators, and cultural beliefs and institutions that value caring and caregiving.

In other words, progress in any one area drives progress in others. So the more we do to advance change in any one area, the sooner we will see a shift in the whole economic system.

describes new economic indicators that include the life-sustaining activities of households, communities, and nature.

- **Foundation 5: Partnership Economic and Social Structures:** More equitable and participatory structures support relations of mutual benefit, responsibility, and accountability rather than the concentration of economic assets and power at the top. Chapter 5 contrasts partnership and domination economic and social structures, showing how these affect all aspects of our lives.
- **Foundation 6: An Evolving Economic Theory of Partnerism:** Economic theory incorporates the partnership elements of both capitalism and socialism, but goes beyond them to recognize the essential economic value of caring for ourselves, others, and nature. Chapter 7 introduces the concept of partnerism. ■



The first step is changing the conversation about economics to include the term *caring* and raising awareness of the economic importance of caregiving. This is something every one of us can do.

The failure of present economic theories and policies to recognize that caring and caregiving are integral to personal, economic, ecological, and social health directly affects our lives and our children's future. It has saddled us with dysfunctional economic models and measures, which in turn have led to dysfunctional policies and practices. These policies and practices are major factors behind seemingly insoluble global problems such as poverty, overpopulation, and environmental devastation. They are obstacles to success in the postindustrial economy, where, more than money, markets, or super-computerized office equipment, human capital is the most important capital. And they have perpetuated an imbalanced and unhealthy system of values.

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The alternative seems obvious once we step aside from what we've been taught to focus on in economics and look at what we value most in our own homes and lives. It then is evident that without bringing equity and value to the work of caring and caregiving, we can't realistically expect more caring, peaceful, environmentally healthy, and just societies in which people live meaningful, creative, and fulfilling lives.

This isn't a matter of theory. It's a matter of immense practical, day-to-day impact on everything—from our families and the education of our children, to our work and business lives, and ultimately to our species' survival.

Globalization and the shift to the postindustrial age are bringing great economic and social dislocation. This dislocation is a source of fear for many people. But it also offers an unprecedented opening for new and better ways of thinking and living. It offers us the opportunity to use our vision and ingenuity to help create the social and economic conditions that support our evolution as individuals, as a species, and as a planet.

The chapters that follow point the way to a way of living and making a living that meets human needs and aspirations and preserves the beauty and bounty of our planet.

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