

Economic reality as a challenge for humankind

Hans Christoph Binswanger, *Die Wirklichkeit als Herausforderung. Grenzgänge eines Ökonomen. 12 Essays (Reality as a challenge. Transgressions of one economist over borders. 12 essays)*

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Hans Christoph Binswanger (born in Zurich in 1929) is one of the most outstanding contemporary European and world economists. He sees economics as part of socio-cultural life. Between 1969 and 1995 Binswanger was a professor of economics at the University of St. Gallen in Switzerland. In addition, he held honourable positions at that university and was the head of the Institute of Economics (*Forschungsgemeinschaft für Nationalökonomie*) in 1967–1992, and in 1992–1995 the head of the Institute of Economy and Ecology, the first scientific institute in the German-speaking countries, dealing with economic, environmental and social issues. The extensive scientific work of Prof. H. Ch. Binswanger is mainly focused on the economics of the environment and natural resources, monetary theory, European integration and the history of economic theory¹. The most important practical achievements of Prof. H.

¹ The most important works by Prof. H.Ch. Binswanger include the following books: H.Ch. Binswanger, *Die europäische Wirtschaftsintegration durch partielle Unionen. Mit besonderer Berücksichtigung der Kohle und Stahlindustrie*. Dissertation der Rechts- und Staatswissenschaftlichen. Fakultät der Universität Zürich, Winterthur 1957; idem, *Markt und internationale Währungsordnung. Ein Beitrag zur Integration von allgemeiner Gleichgewichtstheorie*, Tübingen 1969, Mohr, (Habilitationsschrift); idem, *Eigentum und Eigentumspolitik. Ein Beitrag zur Totalrevision der Schweizerischen Bundesverfassung*, Zürich 1978, *Arbeit ohne Umweltzerstörung. Strategien für eine neue Wirtschaftspolitik*, Frankfurt am Main 1983, S. Fischer (zusammen mit H. Frisch, H.G. Nutzinger, B. Schefold, G. Scherhorn, U.E. Simonis, B. Strümpel); idem, *Geld und Magie, Deutung und Kritik der modernen Wirtschaft anhand von Goethes Faust*, Stuttgart 1985; idem, *Geld und Natur. Das wirtschaftliche Wachstum im Spannungsfeld zwischen Ökonomie und Ökologie*, Stuttgart 1991; idem, *Die Glaubensgemeinschaft der Ökonomen. Essays zur Kultur der Wirtschaft*, München 1998; idem, *Die Wachstumsspirale. Geld, Energie und Imagination in der Dynamik des Marktprozesses*, Marburg 2006; idem, *Vorwärts zur Mässigung. Perspektiven einer nachhaltigen Wirtschaft*, Hamburg 2009. Polish translation is available for: H.Ch. Binswanger, *Spirala wzrostu. Pieniądz, energia i kreatywność w dynamice procesów rynkowych*, transl. by J. Gilewicz, Poznań 2011. Life and work of Prof. H. Ch. Binswanger was presented in: *Wachstum, Geld und Geist: Der Ökonom Hans Christoph Binswanger*, Hrsg. von R. Kley, St. Gallen 2010.

Ch. Binswanger was the concept of direct payments in agriculture in Switzerland and the European Union, the concept of environmental taxes in Germany, as well as, unrealized so far in practice, the idea of establishing the Ecological Council of the European Union. The new book by Prof. Hans Christoph Binswanger (now aged 87) *Die Wirklichkeit als Herausforderung. Grenzgänge eines Ökonomen. 12 essays.* was published in 2016. In the *Preface* the author points out that scientific studies cannot comprehend the reality in a holistic way. The main question concerns the possibility of acquiring more detailed and better knowledge. At the same time Binswanger's research is inspired by considerations about the Bible, poetry, and above all the works of Johann Wolfgang von Goethe, especially *Faust*. Binswanger, when working on his book, was strongly inspired by M. Meyer-Schwarzenberger, who wrote *About the Preface: Hans Christoph Binswanger as a representative of present-day rationalism*. In his opinion Prof. Binswanger assumes that the world can be analyzed in a consistent and systematized manner, with reference to the laws of nature and awareness of the universe as a whole. What is more, Prof. Binswanger is a humanist, an almost classical representative of modern days, who made the subjective and rational experience of human existence the measure of all things. For H. Ch. Binswanger responsibility is of the utmost importance, and it is the core of his new book; in some ways people are obliged to be responsible because of human 'wisdom'.

The book *Die Wirklichkeit als Herausforderung* includes 12 essays: *What was there in the beginning? – Thoughts about the origin of the world; Economic turmoil and the calm of the seventh day of creation; Justice in the economy – the New Testament as a guide; Goethe's Faust and the magic of demarcation; Dangerous game – How Goethe's Faust makes us a part of it; Faust and Job – temptations of suffering and happiness; The pressure of time – revolutions from Goethe's point of view; Wilhelm Meister's Apprenticeship – prospects for more humane economy; The modern economy and poetry; Reality captured in a moment – two reflections about art; Dreams as signposts to reality; The origin of the state and its evolution towards the global state*. In all these essays H.Ch. Binswanger argues that the economy can actually be understood only by those who open up to other areas of human activity: art, poetry and even dreams, to cope with the major challenges of modern identity. Even irrationality has a specific cognitive value.

The origin of the world is discussed with reference to the theory of the Big Bang, which created our world and the universe. Two versions of this theory are known: in the first one the world is God's creation, and in the second one the world is subject to the laws of nature. For example, S. Hawking centres his considerations around the law of gravity. H. Ch. Binswanger suggests that there is a persistent turmoil in the economy and juxtaposes it to the calm of the seventh day of creation. In this context the capitalization of money and charging interests on loans were a big challenge for the Christian Church and the Bible. In 1745 Pope Benedict XIV abolished the ban on charging interest (*Vix pervenit ecyclical*). The creation of money brings, therefore, a real increase in GDP. It relies on 'perpetual debts' which can be generated on an unlimited scale. However, there must be limits on the exploitation of nature. The seventh day of creation – the day of rest – is necessary to find calm in the economy and

to be able to admire one's own work. The economy of biblical times, and certainly that of the New Testament, is a capitalist-like economy based on trade and agriculture. Categories such as capital (cash), profit, interest, and hired workers were already known back then. Matthew the Apostle even raised the issue of fair pay for workers in a vineyard, as well as the problem of debt and redeeming it. Advice provided in the Bible on shaping the economy is characterized by cognitive realism – it addresses the sense and purpose of the action.

Faust by Goethe is a work of special importance, including for contemporary readers. A modern man, Faust, is *homo economicus*, and the process in which the economy is created is possible somehow by magic. Acts of magic have some special features: they take no time or effort and can last for ever. The creation of money in the Faustian way is prompt, and the wealth of money can grow in a way that is unlimited. The characteristic feature here is a gradual appropriation of nature and its resources, although nature does not essentially receive anything in return. Capitalism is about absolute power over nature, the *dominium*. Products of nature can be freely exploited: processed or consumed. Three characteristic features of magic can be identified here: appropriation is a rapid process – it takes place based on an ordinary act of law, nature is occupied effortlessly without any human labour involved, and the occupation expands on an increasingly larger scale. Even the actions of Faust show some characteristic magical features: (mechanical) energy works quickly; energy replaces the physical effort of labourers; and the growth in production seems to be unlimited. In the modern economy these three magical processes are merged into one, and the creation of money leads at the same time to the real as well as monetary creation of values. Since Goethe times the presented tragedy of Faust has become more complex: paper money was supplemented by endorsed money from banks, enterprises became specialised in various ways, the possibilities of exploiting nature multiplied, and new sources of energy have been integrated into the economy.

Binswanger also points to some similarities between the situation of Faust and Job, a figure known from the Old Testament. The tragedy of Job resulted from the need to submit to God's will, because man is only a part of the process of creation. Job is rewarded for his suffering by God himself, while in the tragedy of Faust, the devil takes the form Mephistopheles, who triumphs until his death. Mephistopheles' victory is only possible in the earthly life. Wisdom is the goal of human activity, but it is impossible to acquire in this life.

Goethe also addressed the problem of revolution and the pressure of time. During the life of Goethe the most important event was the French Revolution and the conflict between the aristocracy, the rich bourgeoisie and the proletariat. There is a fight for wealth, be it gold or money. In *Wilhelm Meister's Apprenticeship* Goethe outlines the prospects for a more humane economy. It becomes necessary to add the 'invisible hand' of the market to the visible hand of social and ethical determinants. Goethe perceived the problem caused by technological progress and the safety valve existing back then – emigration to America. But also today one of the challenges of a sus-

tainable economy is to find a solution to social problems. Humanistic values, especially ethical and aesthetic, should be preserved in the future.

The economic considerations cannot ignore poetry and the views of poets. Poets were the first to draw attention to the ecological damage that is associated with economic and technical progress. Examples of this can be found in works by the Swiss poet J. Kerner and Swabian G. Keller, who also pointed to contrasts between life in urban and rural areas. Many people today do not know values other than prices and maximized value of money, to the detriment of natural assets. This approach does not lead to relevant success in the future. The most important postulate points to moderation in satisfying human needs. Art recognizes the reality captured in a moment in terms of real experience. Capturing moments in the artistic form is the essence of artistic activity. Dreams and fantasies can be used as the signposts to reality.

Another vital problem for H. Ch. Binswanger is the origin of the state and its evolution towards the world state. The nation-state according to the modern approach is based on two principles: the principle of tribe and the principle of state. Because of linking these two elements the concepts of 'nation' and 'state' are often used as synonyms. A tribe is a kind of a large family, and it is therefore a natural and primeval relationship. A tribal organization is based on tradition and unwritten law. Lasting peace between the tribes cannot be overcome by rejecting the tribal principle because of persistent open or potential conflict. As with the state, it is a relatively new achievement of humankind in view of the tribal principle. The essence of it lies, unlike with the tribe, in the ability of members of different tribes to create lasting peace and integrate a new community. The state is a deliberately established legal community. But the essence of the state remains the same: to bring real peace between different tribes based on law. Today the nation-state, which was initially formed in Europe, is the product of centuries-long conflicts between the Roman legal principle and the Germanic tribal principle. The states founded by Charlemagne, and later the Holy Roman Empire of the German Nation, were biased by certain defects in terms of their universality. The logic of state thinking leads directly to seeking solutions for foreign policy through the world's domestic policy, and thus to the emergence of a world state. The world state as a legal community can only function as a peaceful community because wherever the same law applies, decisions are made together, and disputes are settled amicably before courts. The joint recognition of judgments replaces armed conflicts that would normally end in the victory of one party over the other. The world state can be imagined as a republic, but its real democratic legitimacy has not been finally shaped. However, there is a possibility of partial legitimacy based on a federal concept. Such a world federation would be ruled by an Intergovernmental Conference, the World Parliament. Unfortunately, the future existence of individual monetary communities (unions) may be at risk, as they lack the proper universalization at the state level. The creation of the world state is associated with many serious problems and will certainly take a long time.

The book by H. Ch. Binswanger is an excellent piece of reading, and not only for economists. The author presents difficult problems of contemporary socio-economic reality with reference to the material and spiritual achievements of humankind. Binswanger points to the need for more detailed analysis and extension of modern economic knowledge. This valuable book should be translated into Polish as a testament to the search for new solutions to the economic and social problems of humankind facing modern economic, social, political and environmental circumstances.

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