



Working Group

Key drivers of systemic transformation

Key proposition

There is growing understanding across the global landscape that our current economic structures and ways of life produce a tightly integrated bundle of negative social, environmental and governance externalities. This integrated system of challenges means that piecemeal approaches to good public policies, inspiring civil society initiatives, and positive individual/community behaviors are not sufficient to make impactful headway.

Transforming issue-specific, regional or global actions into a systemic approach to societal transformations calls for the articulation of an inspirational narrative that should be based on a set of universal values and principles, on an alternative vision of progress and success, on the identification of sustainable societal objectives, and on the broader inclusion of under-represented groups and perspectives.

Because challenges are global and common in nature, it is imperative to explore the question of systemic transformation at that level. But because the ways in which negative externalities play out is highly situated, it is important to allow for substantial differentiation in order to adapt to local contexts, levels of development, and collective action capabilities.

Systemic transformation paths are complex constructions that should point to key action points and drivers towards better societies. A number of important steps are necessary to start outlining such transformation paths:

- i) Identify the main causes of negative externalities
- ii) Map out key dynamics of interplay and reinforcement that create system between externalities
- iii) Take into account the interaction and interdependence not only between challenges but also across scales
- iv) Explore reform actions that could break or transform the dynamics at play – including with a multi- and cross-level perspective
- v) Map out the complex array of processes and actors that can foster and activate societal change, here again from a multi- and cross-level perspective, and prioritize the more impactful ones
- vi) Provide actionable tools for empowering and promoting social progress coalitions without reducing the importance of situated adaptation, nor the variety of worldviews and of intermediate goals.

Three structuring principles need to be upheld and interconnected as necessary foundations of systemic transformation towards sustainable social progress and individual flourishing – **emancipation, deliberation and well-being.**

- A. Conditions for individual **emancipation**: capabilities, pre-distribution (security, health, education, housing, culture, opportunities, etc.), empowerment, inclusion, participation [ensuring equal dignity, basic rights, freedom of choice, non-alienation, respect, tolerance]

- B. Conditions for democratic **deliberation**: production and accessibility of quality information, education for (global) citizenship and critical thinking competencies, freedom of organizing constituencies, academic freedom for scientific production, processual social and political dialogue, participation, governance of social networks, limiting lobby power [ensuring freedom of expression, rule of law, pluralism, transparency, accountability]
- C. Conditions for sustainable and inclusive **well-being**: inclusive economic system (informal sector, cooperative, stakeholder-driven corporations), circular and short value-chains, living wage, wage compression, beyond GDP, inclusive access to health and education, social and ecological accounting norms, redistribution to reduce socio-economic inequalities, efficiency and innovation, social justice and the reining in of inequalities [environmental values, redistributive justice, beneficence, solidarity].

There are many proposals already on the table around reform priorities, their sequencing and funding options (refer to the Manifesto for Social Progress) but the most pertinent and difficult issues are the following:

- i) **How to create the conditions for and nurture the production of prototype collective solutions**
- ii) **How to sustain a deliberative participatory process that will lead to effective implementation and scale up over time**
- iii) **How to set up and nurture transparent, inclusive, participatory, efficient and creative coalitions at and across all levels**

Elaborating on conditions for social progress (a few examples)

A. Conditions for individual emancipation

- (a) To link empowerment not just to accessing resources and their responsible and ethical use but also to improving knowledge, education, self-esteem, dignity, relations among people and between people and nature with a priority on the voices and needs of under-represented and weakest groups.
- (b) To favor the articulation and promotion of a new form of welfare state, which builds on the social-democratic formula but replaces the centralized bargaining pillar by a decentralized democratization of the economy while prioritizing ethical resource-use and disincentivizing waste in consumption. While the government retains its traditional function of providing public goods, services and social insurance enabling private agents to be secure and take risks, it acquires the new role of guaranteeing and monitoring economic democracy through meaningful involvement of stakeholders in all decision bodies which affect their interests substantially.

- (c) To foster the combination of strong local anchoring with the realization of a common human destiny and to avoid the false promises of national(ist) re-enclosing.
- (d) To define and implement an unconditional universal basic income (see also C.f.)
- (e) To expand funding and incentives while reducing distortions. Environmental but also social externalities are pervasive, and generate inefficient allocations of resources. If taxes and subsidies helped private decision-makers internalize the external effects of their choices, the system could be much more efficient. This opens the prospect of reducing distortionary taxation, because taxes on externalities could generate revenue and enhance the efficiency of the economy at the same time. A carbon tax alone, in the range recommended by experts of climate policy, would generate more than 2% of GDP for several decades during the decarbonization process. Fossil fuels are subsidized in many countries, with regressive impact because the rich benefit more from them, so that phasing them out and using the proceeds for emancipatory policies would be good for the environment and for the distribution of resources.

B. Conditions for **democratic deliberation**

"We can have democracy in this country, or we can have great wealth concentrated in the hands of a few, but we can't have both." US Supreme Court Justice Louis D. Brandeis, 1911

- (a) Since the political system is a public good, it needs a coordinated system of funding with mandatory contributions, with norms of transparency in the funding of all political activities, with decisive action against the harmful effects of lobbying (not be limited to lobbying itself but also target how policy is made, in the political deliberative and decision process),
- (b) Promoting deliberative-participative democracy (deliberative council, management councils, panels of citizens, citizens' assemblies, etc.) on key issues such as budget, child care provision, health care management, local urban planning, procurement attribution). Also with the development of autonomous public organizations dedicated to public participation to be created and funded with the mandate to organize or oversee democratic innovations in specified areas of policy.
- (c) Promote a global and situated project of education for (global) citizenship. one that targets the development and cultural construction of citizens who are able to embrace complexity, who are able to think critically and for themselves and who project their responsibility unto (global) common good challenges. Such a project needs to be deployed at all levels of the education chain and with consideration for situated conditions.
- (d) Ensuring accessible fact-checked quality information and transparent media systems that transcend the standard media business model driven by consumer demand and advertising revenues. Independence and neutrality of key institutions and actors should be preserved



both from state overbearing and business embezzlement, and guaranteeing access to content production to all, especially minorities and disadvantaged groups. A combination of public and crowd-funding of non-profit media, certification mechanisms, and independent and participatory monitoring bodies must be promoted. Furthermore, the regulation of social networks and internet information channels should become a global common priority.

C. Conditions for sustainable and inclusive **well-being**

- (a) Transforming the purpose of the corporation to move past the maximization of shareholder value and to enshrine multi-stakeholder interests or even common good issues at the core of corporate purpose. Current experiments with the Benefit Corporation—a new corporate legal form that imposes a contribution to general public and stakeholder benefits—are interesting in this respect. The challenge, though, would be not to work on this only at the margins of the system but to radically transform the philosophy that drives the running of our major corporations. In order to achieve this, one would need to bring along a change in the various national corporate or company laws.
- (b) Fostering the development of alternative forms of economic organization and a rich ecology of economic undertakings with a focus on conditions in which firms with alternative legal structures can thrive. Cooperatives, partnerships, social entrepreneurship ventures, collaborative and sharing economy platforms are important experiments from which the inclusive and progressive business models of tomorrow could and should emerge.
- (c) Moving past GDP towards integrated measures of prosperity. This needs to happen at various scales in parallel – cities and small states, bigger nations and multilateral levels.
- (d) Rethinking limited liability of corporations. First, there is an urgent need to question the exorbitant privilege of limited liability. Historically, limited liability had been associated with a mission of public interest. Does generic limited liability make sense when corporations only serve private interest? While keeping the principle of generic limited liability, it could be envisioned the introduction of exceptions and expanded liability in certain sectors, like for example banking and the financial industry.
- (e) Impose fiscal responsibility to ensure that corporations take on their proper share in the financing of collective costs and externalities through international collaboration and cooperation. Significant progress in the struggle against tax havens needs to accelerate. Corporate tax rates need to be harmonized and set at levels that will allow for the deployment of adequate security and welfare provisions for members of those concerned territorial communities. Reliance on corporate social responsibility will never be enough to align corporations with their real levels of responsibility when it comes to collective costs and externalities.

- (f) Define and implement living wage conditions (in relation with the discussion about universal basic incomes and minimum wages).

Designing a report card to monitor progress on systemic transformation

Designing a kind of systemic report card for reforms/projects/initiatives to be undertaken will help interconnect the various dimensions and levels of social progress by integrating the decision-making process as well as the externalities produced.

For each of the three conditions (emancipation, deliberation, well-being), each proposed reform/project/initiative should respond to the following questions:

- How does it contribute to emancipation?
- Has the decision-making process leading to the proposal been inclusive and participatory?
- Does it enhance sustainable and just prosperity?

Proposals – be they reforms/projects/initiatives - that tick positively the three boxes will be given an upright priority and will provide the basis for collective action at the relevant implementation scales.

The trade-offs will apply for all the others and the gain in one (or two) dimension(s) will have to be assessed with regard to the adverse effect on the other dimension(s). When the gains significantly surpass the loss, the reform/project/initiative could be considered for implementation, but the loss should be compensated, including through the implementation of other reform/project/initiative with a different gain/loss mix.

Such a Social Progress Gain/Loss Assessment Framework could become an important IPSP tool to catalyze actions, to build coalitions, and to take forward the IPSP vision, narrative, and agenda. It could be applied at various levels of governance and decision-making process across a large spectrum of issues and themes.



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