



## Global System Change A Whole System, Nature-Based Framework for Sustainability, System Change and Responsible Investing

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### Abstract

*Interest in system change is rising, driven largely by growing awareness that flawed economic and political systems are the root causes of climate change and other major challenges. This paper summarizes a whole-system framework (Global System Change - GSC) and practical implementation strategy (System Change Investing - SCI) that can guide and accelerate system change. It is based on the Global System Change books. Using whole-system thinking and extensive references, the books provide systemic solutions for all major areas of society. System change is a very large opportunity for business and society. Comparing human systems to nature shows that humanity has the potential to be nearly infinitely more sophisticated and prosperous than we are now. This paper discusses the higher-level thinking, nature-based frameworks, and practical system change strategies needed to reach our fullest potential, individually and collectively.*

Human society is changing at unprecedented speed. Environmental, social, economic and political problems are expanding rapidly, while many traditional systems and ways of life are breaking down. We are in the midst of societal and systemic change. This transformation poses increasingly severe and complex challenges for business and society.

These challenges were not inevitable. They did not result from random activity or bad luck. We unintentionally created them. Actions begin in the mind. Current human society is a reflection of human thinking. Everything on Earth is part of one interconnected system. However, humans largely perceive themselves as being separate from each other and nature. This reductionism produced flawed economic and political systems that ignored relevant factors and thereby produced harmful behavior and unintended consequences.

These systems compel companies to degrade the environment and society. They are the root causes of major challenges. Improving them (i.e., system change) is the most important action needed to achieve the UN Sustainable Development Goals (SDGs) and sustainability.

New paradigm thinking is required to evolve human systems and protect business and society. As Einstein famously said, we must think at a higher level to solve complex challenges. That higher level is whole-system thinking. It recognizes the interconnected nature of human society. This paper is based on the Global System Change (GSC) framework. It uses whole-system thinking and the laws of nature to clarify sustainable society and the systemic changes and actions needed to achieve it.

This paper discusses GSC principles, systemic problems, systemic solutions, and the business role in system change.

## **1. Global System Change Principles**

Three critical system change principles are humility, objective reality and practicality.

### ***1.1. Humility***

Throughout history, humans often thought their systems were sophisticated and beneficial but later realized they were unsophisticated and harmful. We are making the same mistakes today. Humanity has made great progress in many areas, including technology, human rights and governance. However, the most important measure of system success is results. Our governance, economic, financial and other systems often seem advanced and beneficial. But they are rapidly extinguishing life, destroying life support systems, and making billions of people unable to meet basic needs. The coordination, technological sophistication and prosperity of nature are almost infinitely greater than those of humanity. Comparing ourselves to nature shows the vast unsophistication of humanity and our almost unlimited potential for improvement.

Overarching economic and political systems often seem monolithic and unchangeable. But they always change. They are doing so now. No human creation, system or philosophy is sacred. Only life and that which sustains it (the environment) are sacred. Humility helps us see the constantly changing, vastly unsophisticated and unintentionally destructive nature of modern human systems (compared to natural systems). This provides the open-mindedness needed to evolve systems into sustainable forms.

### ***1.2. Objective Reality***

Objective reality framing is essential for successful, voluntary system change. There are widely differing philosophies, opinions and biases about human systems. These often foment debate and block system change progress.

Objective reality transcends human ideas. It is objectively true, regardless of what humans think, say or do. GSC provides an objective reality framework to guide and coordinate system change efforts. As discussed below, it is based on the laws of nature. These laws have constrained all life on Earth for 3.8 billion years. The degree to which humanity survives and prospers will be completely determined by the extent to which we abide by natural laws.

Throughout history, all human systems that violated these laws changed, usually by collapsing. These high-level systemic changes nearly always happened quickly (i.e., the American and French Revolutions, the end of US slavery and USSR communism). Rapid, widespread environmental and social degradation shows that we are grossly violating natural laws. We are in a time of accelerated system change. If we do not voluntarily evolve our systems into sustainable forms, nature and reality will do so, almost certainly in a highly traumatic manner.

Over the past 100 years, we have recovered from economic recessions and depressions without fundamental systemic change. However, this phase almost certainly is over. The

increasingly destructive nature of modern systems means that they will not last in their current forms. We might only have five to ten years to change them before they change themselves through collapse.

GSC is based on new paradigm, higher-level thinking. Traditional business thinking and strategies focus on the organizational level. This reductionism unintentionally causes widespread degradation. The widely embraced purpose-driven business concept raises business consciousness to a higher level. The focus expands from narrowly benefiting shareholders to broadly benefiting all stakeholders and society. The approach traditionally focuses on changing companies and addressing symptoms, such as climate change. GSC more effectively operationalizes purpose-driven business by emphasizing system change, the most important sustainability issue.

### ***1.3. Practicality***

Practicality is a critical system change principle. The corporate and financial sectors are powerful. They strongly influence government, media and broader society. In collaboration with these groups, they have the power and resources needed to drive voluntary system change. Traditionally, companies and financial institutions used their power to block systemic changes that benefit society but threaten shareholder returns. However, environmental and social issues have become increasingly financially relevant. That is the main reason why nearly all large companies have implemented sustainability strategies.

As the human economy expands in the finite Earth system, negative environmental and social impacts return more quickly to harm companies, often in the form of market rejection, lawsuits and reputation damage. Reducing negative impacts benefits companies in many ways, including increasing profitability and shareholder returns. However, this is only true up to a point. In general, companies can only profitably mitigate about 20 percent of total negative impacts (i.e., tangible, intangible, short-term, long-term, environmental, social). Beyond this point, costs usually go up. If companies continue to reduce harm, they will put themselves out of business long before reaching full impact mitigation. This is a system problem, not a company problem.

Modern systems unintentionally create a situation where companies must degrade the environment and society to survive. Acting in a fully responsible manner (i.e., causing no harm) and being in business are mutually exclusive. Beyond a certain point, voluntary corporate responsibility equals voluntary corporate suicide.

Nearly the entire corporate sustainability and responsible investing fields are focused on the 20 percent of impacts that companies can profitably mitigate. Traditionally, companies stopped mitigating when it became unprofitable. This leaves them between a rock and a hard place. It forces them to continue harming the environment and society, which increasingly harms companies and investors.

New paradigm corporate sustainability recognizes that full impact mitigation is only possible with system change. Companies continue unilateral impact mitigation. However, rather than stopping when mitigation becomes unprofitable, they collaboratively drive

systemic changes that enable further, and then full mitigation. Under sustainable systems (discussed in Systemic Solutions below), companies maximize profits by acting in a fully responsible manner.

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Practicality involves meeting companies where they are—embedded in current systems that place maximizing profits and shareholder returns before all else. System change is the most complex challenge facing business and society. Overwhelming complexity often produces inertia. GSC simplifies the system change process by providing a clear, objective vision of sustainable society and the practical means to achieve it. With a broader vision, companies do not need to understand all the complex details of system change. They only need to know the next few steps and how these will benefit them.

Practicality also involves emulating success. For example, Nordic countries consistently lead the world on nearly every measure of societal success. They are not fully sustainable. However, they are further along than nearly all other countries. Therefore, their systems should often be emulated and adapted to other countries.

System Change Investing (SCI) provides another practical system change strategy. Nearly the entire responsible investing field is focused on changing companies and addressing symptoms, such as climate change and other SDG problems. In other words, the field is focused on about 20 percent of the sustainability solution. SCI is a new paradigm approach that largely shifts the focus to system change and addressing root causes (flawed systems). The approach rates companies on system change performance and shifts investments to system change leaders. It is based on proven environmental, social, governance (ESG) strategies. SCI strongly engages the corporate and financial sectors in system change. (SCI is further discussed in the Business Role in System Change section below.)

One of the most important aspects of practicality is helping companies and investors realize that they only have two options, not three. Traditional wisdom showed three options: keep systems the same, collapse or improve systems. This has been true for at least the past 100 years. But it no longer is. Flawed systems are causing rapidly growing problems. Keeping them the same is not an option for very much longer. The only options are voluntary or involuntary system change. Involuntary change (collapse) would cause unprecedented trauma and suffering because human society is larger and more interconnected than ever before, and we are near or beyond many environmental and social tipping points.

Involuntary change will destroy many companies and wipe out vast amounts of investment. This shows that there essentially is only one option—voluntary system change. This might seem highly complex. However, the alternative is far worse.

Humanity collectively, and business in particular, has the resources and ingenuity needed to evolve systems into sustainable forms in the relatively short time frame that we almost certainly have. Not changing often is the easiest and most comfortable option. System change can be confusing and difficult. It is understandable that many leaders, experts and citizens would try to convince themselves that fundamental system change is not necessary. But it is. Courageous, effective leadership is needed to make it happen.

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*“Flawed systems and the reductionistic thinking that created them are the root causes of essentially all major challenges facing humanity.”*

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One final aspect of practicality is focusing on the positive. Sustainability often focuses on the tremendous problems facing humanity, the immense suffering they already are causing, and how this will rapidly get worse. Predictions frequently seem dark. However, humans are part of nature. We have the innate potential to match the high sophistication, coordination and prosperity seen there. We can be nearly infinitely more successful and prosperous individually and collectively than we are now.

Our unintentionally destructive systems and ways of life will end one way or another, regardless of what we think, say or do. However, this is not necessarily the end of humanity. We stand at the dawn of a new society, one that does what nature has been doing for 3.8 billion years and occurs in our own bodies—living in harmony with each other and nature.

This is not utopian. Believing that we can continue to do what we are doing now is utopian in the sense that it absolutely will not occur. Living in harmony with each other and nature is objective reality. It will absolutely occur in nature (unless we get hit by an asteroid). The only question is, will humans still be here when nature and reality re-establish balance and compliance with their laws? All rational people want humanity to prosper. It is within our power to achieve. Applying practical business know-how to system change will strongly facilitate the transition to sustainability.

## **2. Systemic Problems**

This section discusses the systemic causes of the major challenges facing humanity and gives a few examples of systemic problems. The SDGs are one of the most important achievements of the sustainability movement. Many corporations, governments and NGOs are focused on achieving them. Nearly all SDG efforts focus on directly addressing climate change and other problems, for example, by switching from fossil fuels to renewable energy or offsetting carbon emissions.

However, SDG problems are symptoms. They are caused by flawed economic, political, financial and other systems. Directly addressing problems and symptoms is beneficial. But it is not nearly enough to resolve problems and achieve the SDGs. Root causes must be

addressed. The root cause of climate change, for example, is not greenhouse gas emissions. It is the flawed economic and political systems that compel companies to burn fossil fuels and emit these gases.

As noted, system change is the most important action needed to achieve the SDGs. The goals cannot be achieved under systems that created the need for them in the first place.

### **2.1. System Flaws**

There are many specific systems flaws that force companies to cause harm and create SDG problems. These include externalities, time value of money, limited liability, over-emphasizing economic growth and shareholder returns, under-emphasizing social well-being, and allowing regulated entities (businesses) to inappropriately influence regulators (government). If all of these flaws were rolled up into one overarching system flaw, it would be the failure to hold companies fully responsible for negative impacts. This is the general mechanism that makes it impossible for companies to stop harming the environment and society and remain in business.

The corporate sustainability movement largely is based on voluntary corporate responsibility. Economic and political systems do not hold companies fully responsible for the harm they impose on society. Instead, companies are encouraged to voluntarily stop harm. It is impossible for this system to work. It is a perfect example of how humans often think current systems are sophisticated and beneficial, but later realize they are unsophisticated and harmful.

Future generations will look back on our current corporate responsibility system in the same way we look back on slavery. A whole system perspective shows the irrational, unintentionally harmful nature of current systems. To illustrate, voluntary corporate responsibility is like voluntary individual responsibility. Under this system, there might be no murder laws. Instead, citizens would be encouraged to not kill anyone but not be held responsible if they did. We would make the business case by showing how voluntarily not murdering anyone would provide a happier, more successful life. Obviously this position is absurd. But that is exactly what we are doing with corporate responsibility.

Encouraging companies to voluntarily stop harming the environment and society, when doing so will put them out of business, is irrational. It will provide some benefits, but not come close to ending environmental and social degradation. People in the future will ask, why did you not hold companies fully responsible for harm, in the same way that you held individuals responsible for murder and other crimes?

There sometimes appear to be valid reasons for not holding companies fully responsible, as there once appeared to be valid reasons for continuing slavery. It often is difficult to quantify intangible, long-term negative impacts and attribute them to particular companies. However, a whole system perspective shows that there are no valid reasons for allowing the destruction of life support systems and society. Degrading that which sustains us is not rational.

We have the ability to overcome all obstacles to holding companies to the same standard as individuals—act responsibly or be held accountable for harm. For example, expert panels

could estimate harm and hold companies responsible for the burdens and costs they impose on society. This internalization of costs could be phased in, and thereby allow a minimally disruptive transition to mandatory responsible corporate behavior.

Flawed systems and the reductionistic thinking that created them are the root causes of essentially all major challenges facing humanity. Examples of major systemic problems include inadequate regulation, public deception and division, suppression of democracy, and global instability.

## **2.2. Inadequate Regulation**

Flawed systems essentially force companies to put maximizing profitability and shareholder returns before all else. Corporate charters generally do not require that companies maximize investment returns. Instead, this is a *de facto* requirement of the capital markets. When companies fail to put shareholder returns before the environment, society or anything else, management often is replaced, companies get taken over, or they go out of business. Flawed systems that do not hold companies fully responsible essentially force them to oppose anything that threatens shareholder returns, including actions that benefit society.

Two main strategies for blocking action are inappropriate government influence and misleading the public. Inappropriate business influence of government has occurred throughout US history. During the Civil War, corporations increased their influence over government. President Lincoln warned and accurately foresaw that they would use this power to secure even greater influence.

Over the past 40 years, campaign finance and lobbying have been used to influence the appointment of conservative Supreme Court justices. Through *Citizens United*, *McCutcheon* and other decisions, the court largely has dismantled campaign finance laws. Now individuals and companies are allowed to anonymously spend unlimited amounts on political campaigns. Giving money to politicians with the expectation of preferential treatment is considered to be bribery in other countries. But we made it legal in the US.

When businesses and their owners pay to put politicians in office, those politicians become beholden to their benefactors. Companies can compel their political servants to weaken or eliminate regulations or anything else that threatens ever-increasing shareholder returns. When companies control the entity that regulates them (government), self-regulation essentially exists. This is equivalent to no regulation. It creates a *Lord of the Flies* type situation where companies are forced to degrade the environmental and social systems that enable them to exist. Companies paying politicians to remove regulations exacerbates the primary system flaw—failing to hold companies fully responsible. As companies are held less responsible, they are forced to cause more harm. This accelerates the degradation of life support systems and society.

## **2.3. Public Deception and Division**

Misleading the public probably is the most powerful and effective strategy for blocking actions that benefit society, but threaten ever-increasing shareholder returns. The primary

concern of the US Founders about democracy was the ease with which vested interests could mislead non-expert citizens. The main Founders, except Hamilton, were greatly alarmed by the establishment of political parties. They did not want the newly united states to be divided into debating fractions.

George Washington and other Founders warned that vested interests would use political parties to divide and disempower citizens. This would enable them to unfairly take public wealth and control government. The Founders' concerns materialized.

For nearly all of US history, vested interests have taken advantage of tribalistic tendencies and divided citizens into debating factions, such as conservatives and liberals. People agree on nearly all major issues. Essentially all citizens want a strong economy, good jobs, a clean environment, good healthcare and education, low crime, healthy communities, strong international relations, and efficient, effective government. However, public division prevents citizens from working together on their many common interests.

From 1949 to 1987, the Fairness Doctrine limited the ability to mislead, divide and disempower the public. Major media was required to present both sides of controversial issues. It essentially was required to tell the truth. Removing the Fairness Doctrine accelerated the division and degradation of society. This allowed media to present biased or inaccurate information. In effect, they are allowed to lie.

This has strongly contributed to a second great civil war in the US—the conservative-liberal civil war. Over the past 40 years, media provided a nearly nonstop invective against the other side. This caused many citizens to dislike or even hate those on the other team, party or side. People were misled into focusing on false enemies (each other) and ignoring major problems and solutions, such as protecting environmental life support systems, using public wealth to equally and fairly benefit all citizens, and ensuring democratic control of government. This public division and disempowerment have enabled vested interests to protect shareholder returns by turning citizens against actions that threaten returns.

Inadequate regulation provides a perfect example of public deception. Regulations are prohibitions against causing harm. They are meant to protect society. Companies could not effectively argue that they should be allowed to harm society so that they can increase investment returns. Citizens would not be sympathetic. They would rightly say that the protection of their children and themselves takes priority over ever-increasing investment returns. In this case, telling the truth would not work. As a result, public deception is required.

Business leaders do not intend to harm anyone. They are good people who mean to help society, and do so in many ways. Flawed systems compel good, well-intentioned leaders to harm the environment and society. These systems often essentially force vested interests to lie.

On the conservative side for example, vested interests can say that liberals want to increase regulations. Then conservatives who have been misled into disliking liberals frequently blindly oppose them, operating under the misconception that regulations harm society. But in reality, there is no civilized society without regulations that prohibit harming others.



The division of society has become more pronounced since the Fairness Doctrine was eliminated. To illustrate, a generation ago, someone usually could safely say something like, "I generally vote conservative, but I think the liberals are right about three things." However, if conservatives said that today, they often would be attacked. They are pressured to fully go along with conservative positions, rather than think for themselves and make their own decisions.

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Public deception also has been used to turn citizens against unions, social welfare and other programs that protect and benefit society, but threaten shareholder returns. For example, over the past 40 years, under both political parties, nearly all benefits of economic and stock market growth were concentrated at the top of society, while inflation-adjusted wages remained nearly flat. Today's young people are the first generation in US history that will be worse off financially than their parents.

As campaign finance laws were weakened and billions of dollars were spent on political campaigns, social welfare programs that benefited low and middle-income citizens were reduced, while corporate welfare was increased. The US now has nearly the highest inequality in the world.

Business owners and investors have a right to profit from their hard work and ingenuity. However, much of the wealth concentrated at the top of society results from unfair and inappropriate influence of government. At least several trillion dollars of public wealth are concentrated at the top of society each year through many forms of corporate welfare. These include externalities, limited liability, private sector money creation (fractional reserve lending), unfair taxation, unfairly low wages, unfairly high prices, and declining customer value.

Several studies have shown that politicians in both major parties focus almost completely on meeting the needs of wealthy campaign donors, while the needs and requests of low and middle-income citizens have no statistical impact on voting. As people were distracted from real problems, politicians removed regulations that benefit society but restrict investment returns.

To illustrate, during much of the 1900s, buying back shares was seen as illegal stock market manipulation. This regulation enabled extensive corporate profits to be used to increase wages. From the 1930s to 1970s, wages largely rose with economic growth. However, deregulation beginning in the 1980s made many previously illegal actions legal, including stock buybacks. Now companies often use up to 95 percent of profits to buyback

shares. This has strongly contributed to flat wages and declining employee benefits over the past 40 years.

Several European and other developed countries increasingly view the US as a Third World country. They often build factories here because they can provide far lower wages and benefits to US workers than those in their home countries. Many jobs were created in the US prior to COVID-19. But they frequently were low quality jobs that paid poverty-level wages and provided few or no benefits.

The unexpected nature of COVID-19 compelled the US to do what many other countries regularly do, but the US does much less frequently—use the public wealth to benefit all citizens. Many average citizens were supported during COVID. This protected the economy and society by maintaining demand for products and services. Some workers were better off not working. Now many people seem to be unwilling to return to their poverty-wage, low or no-benefit jobs.

When experts say that unions are needed to ensure high-quality jobs that provide a decent standard of living, vested interests frequently label unions as liberal or socialist. Then many conservatives oppose unions. They are misled into attacking those who are trying to help them and protecting those who harm them.

Dividing citizens and distracting them from real problems enabled companies to increase profits and shareholder returns in many other ways. For example, business influence of government allowed mergers and other anti-competitive behavior. This enabled increased prices and profitability. Companies often use algorithms to calculate how quickly and extensively they can raise prices without significant sales losses. As a result, they often sell products for far more than their cost. They are able to get away with this in large part because those who question price gouging often are called liberals and ignored by conservatives. In the 1980s and 1990s, the Consumer Price Index was reformulated so that it substantially undercounted inflation. This further facilitated price increases.

Dividing and disempowering citizens enables ever-increasing shareholder returns and wealth concentration. But it essentially has created a monster that vested interests apparently no longer can control. This poses growing risks to companies and investors.

As discussed below, education reform since the 1980s suppressed critical thinking and made people vulnerable to deception and division. As millions of citizens experienced flat wages, declining benefits, reduced social welfare programs and rising prices since the 1980s, quality of life declined. Financial stress and anger grew. Unhappy, suffering people are highly vulnerable to deception. They seek to understand the causes of their increasingly difficult lives. As vested interest-controlled, deceptive media distracted citizens from the actual causes of their declining quality of life and instead blamed conservatives or liberals, divisions grew and society declined.

Recent stock market growth has been driven in large part by concentration of wealth and degradation of life support systems and society. This cannot and will not continue for much longer. Business only has one viable option—voluntary system change.

## ***2.4. Suppression of Democracy***

One of the most alarming problems caused by the media and vested interest-driven conservative-liberal civil war is the breakdown of democracy in the US and several other countries. For over 200 years, the US has been admired around the world for our protection of individual rights, freedom and fair elections. We were not perfect. The emphasis on economic growth and shareholder returns often caused the US government and companies to create environmental and social problems in other countries.

But overall, the US has been a stabilizing and protective influence in the world, especially during crises such as World Wars I and II. Politicians made their case and won or lost elections fairly. The US endured and prospered through peaceful political transitions. However, the conservative-liberal civil war is weakening and possibly ending US democracy. This poses an unprecedented threat to US and global society.

US democracy already was weakened by the Electoral College. This constitutional mechanism was established in 1787 in large part to protect the institution of slavery. In the 2000 and 2016 Presidential elections, the Electoral College caused Democratic candidates who received a majority of votes from US citizens to lose.

Never-ending media criticism of liberals is further weakening democracy. It has caused many conservatives to strongly dislike liberals. Intense fear or disdain seems to have created an 'ends justify the means' mentality. The need to keep liberals out of office is so great, many conservatives seem to believe, that cheating is justified. Since the 2020 election, many states have made it more difficult for Democrats to vote. Several Republican-controlled states have empowered their legislatures to overturn fair elections won by Democrats.

This gross violation of the Founders' intentions and spirit of our Constitution is unprecedented in our 230 plus year history. It signals a phase where an angry, misled minority could rule the majority. It brings the US close to totalitarian states where citizens' rights and freedom are routinely violated. It will enable further vested interest control of government, concentration of public wealth, reduced quality of life, and degradation of society. It signals a new phase in global human society where the US no longer can be counted on to abide by the fair and noble principles upon which it was founded.

Using cheating and election unfairness to enable a minority of Republicans to rule a majority of Democrats is a prelude to revolution and system collapse. Many Republicans know this is wrong. They would not tolerate it if this injustice were happening to them. But deceptive media creates an overwhelming sense that defeating Democrats (by cheating if necessary) is essential for protecting society.

Discussion of how Republicans will solve climate change, inequality and other problems usually is limited or non-existent. The Republican platform often emphasizes eliminating regulations and reducing taxes. Citizens are misled into supporting society-degrading actions. Some regulations are ineffective and should be changed. But regulations are like murder laws. They hold companies responsible for harm, and thereby incentivize responsible behavior. Removing regulations in competitive markets often compels companies to harm society.

Cutting taxes on those who receive the most benefits from society (wealthy individuals and companies) frequently concentrates wealth, raises deficit spending and national debt, and underfunds essential public investments in infrastructure, education and other areas.

The purpose here is not to say that Democrats are better or should run society. Democrats have their own forms of deception. For example, Democratic politicians often say they care about climate change and other problems, but then do what wealthy campaign donors demand. As noted, inequality has risen under both major parties over the past 40 years. The problem is not Republicans or Democrats. The US has become a plutocracy (i.e. control of government and society by the wealthy). However, those who profit from flawed, unjust economic and political systems are not the enemy either. The real enemy is the flawed systems that compel their harmful behavior.

The January 6 Capitol attack perfectly illustrates public deception. Many Republican and Democratic election officials, legislators, and judges said that the 2020 presidential election was fairly won and there was no evidence of election fraud at a scale that could influence outcomes. (Election workers and other volunteers occasionally made minor mistakes, as has occurred throughout US history.) However, Republican leaders claimed without evidence that the election was stolen through substantial election fraud. Millions of Republicans blindly believed this false position, in large part because deceptive media conditioned them to dislike Democrats and blindly agree with Republican positions and leaders.

Their leaders told them they must fight to protect their democracy by stopping certification of the vote. As a result, they took the unprecedented action in US history of attacking the Capitol, some with the intention of killing politicians who simply were honoring their oath to uphold the Constitution. Blind faith (i.e. failing to use logic and common sense) caused them to believe that they were acting patriotically to prevent injustice. But in reality, they were manipulated into acting like traitors and terrorists.

Plutocracy-driven concentration of wealth, deceptive media-driven public division, and education reform-suppressed critical thinking have been degrading US society for 40 years. They plowed the field for January 6, making citizens vulnerable to deception and democracy degradation.

Young people often start revolutions. They frequently have the energy, drive and freedom to fight for what they believe is right. Many young people vote for Democrat because the party usually does a better job of protecting the environment and society. Citizens in some other countries are conditioned to accept totalitarianism and having their rights violated. However, US citizens are used to freedom. Young people will not tolerate having their voice and rights unfairly suppressed, especially by a party that is not protecting the future world they will inhabit.

Winning by cheating is a formula for disaster in the US. It will quickly drive major, possibly catastrophic, problems. The superior strategy for the Republican Party is to win fairly by developing a more appealing platform, in particular one that protects the environment and society that young people will need to survive and prosper.

## ***2.5. Global Instability***

In addition to deceptive media, the US conservative-liberal civil war is driven by foreign adversaries. Extensive evidence shows that Russia, China and possibly some other countries have used social media and other mechanisms to influence US elections and divide citizens. The openness of the US is a great strength, but also a weakness. It makes us vulnerable to 21<sup>st</sup> Century warfare. In Russia and China, for example, citizens often face severe consequences for criticizing the government. However, in the US, people are free to say what they want, provided they do not incite violence.

Foreign adversaries have used this vulnerability to severely weaken the US. They employ social media to further divide conservatives and liberals. When we are divided, we are conquered. Political parties focus mainly on beating each other and rarely work together on protecting citizens' common interests. Politicians in office regularly are attacked by the other party. This produces gridlock.

The conservative-liberal civil war neuters the world's largest economy and most powerful military. It greatly weakens our ability to promote democracy and freedom around the world. For example, the inability of the US to respond effectively makes it easier for Russia to invade Ukraine and China to invade Taiwan. Multinational corporations usually require stable economic and political systems to prosper. The US and other democracies have provided this environment at least since World War II. However, this appears to be ending.

James Madison, John Adams and other US Founders said that self-government requires moral and virtuous leaders. Our Constitution cannot work without this. US leaders take an oath to uphold the Constitution. There have been many biased, partisan political leaders throughout US history. But they largely upheld their oath and respected the peaceful transition of power. When US leaders encouraged citizens to stop the constitutional transfer of power on January 6<sup>th</sup>, through violence if necessary, they violated their oath.

Many Capitol attackers waived the US flag as they perpetuated one of the most egregious violations of the Constitution in US history. This shows how extensively they were misled. Growing division in the US makes winning paramount. This attracts leaders who will say or do nearly anything to beat the other side. It elects the type of leaders that the US Founders feared—those who violate their oath to uphold the Constitution and are not guided by virtue, fairness and justice. Self-government cannot succeed under these conditions.

The unprecedented breakdown of democracy in the US and some other countries shows that global society is in the midst of system change and possibly collapse. Businesses increasingly will not be able to rely on the peaceful and fair societal structures, practices and conditions that enabled them to prosper.

The corporate and financial sectors have the power to reduce or end the conservative-liberal civil war, restore democracy and put the well-being of society first, as the US Constitution demands in its most important Preamble goal—promote the general welfare. Business and investor prosperity will require substantially different strategies going forward, with a primary focus on system change. The following sections frame up the system change challenge and summarize the optimal business and investor roles in system change.

### 3. Systemic Solutions

Systems theory, economic reform and many other aspects of system change have been studied and addressed at least since the 1970s. Many experts and organizations have focused on particular systemic changes, such as incorporating external costs into prices or developing more accurate measures of social well-being than economic growth. More recently, experts have often emphasized principles and processes for achieving system change, such as initiating and managing collaborative system change groups.

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*“The illusion that we are separate from something that we actually are a part of is the foundational cause of essentially all major human problems.”*

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All of these ideas and actions are beneficial. They frequently are the optimal solution in certain situations. However, in spite of all this good work over the past 50 plus years, the environment and society are rapidly declining in many areas. This strongly indicates that new approaches to system change are needed.

Humanity is part of one interconnected whole system. As a result, a true whole-system approach probably is the only way to voluntarily evolve human society into a sustainable form. Global System Change provides such an approach. It was launched in 2005. The tagline was and still is—Aligning human ideas and systems with reality and nature. This provides a clear and simple definition of human sustainability and system change. The problem is that we are not aligned with nature, which also could be called reality. The solution is to align with it.

The sophisticated results of nature, or natural systems such as the human body, imply whole system thinking or some type of integrated consciousness. The implied thinking and actual systems and laws of nature have controlled all life on Earth for 3.8 billion years and will continue to do so going forward. They are almost infinitely more sophisticated and advanced than those of humanity.

Discussing how humans could match the thinking, systems and results of nature can seem impractical, idealistic or even utopian, because they are so far beyond where we are now. Some people might say that we should focus on the here and now and practical next steps, rather than a distant and perhaps impossible future. But this future is not impossible. It is absolutely guaranteed. Humans will align with and abide by the implied thinking and laws of nature. Or we will not be here.

Another important Global System Change principle is putting the What before the How. It means identifying the goal before figuring out how to achieve it. In this sense, the emphasis on system change process sometimes is premature. System change content (goals, systemic changes—What) should take priority because it defines the optimal process (How) for achieving goals. When going on a trip, the first task is to identify the destination. This determines the optimal means of getting there.

This does not mean that developing practical next steps for business is ignored. Rather it is temporarily set aside, while the big picture is considered. Paradoxically, this is the most effective and probably only way to identify practical, effective next system change steps. Developing strategies out of context (without a clear understanding of the whole system) almost certainly will not achieve the goal.

Using whole system thinking to stand in the future and look back from sustainable society (i.e. humans abiding by the laws of nature) illuminates root causes, societal interconnections, systemic barriers, key leverage points, and optimal solutions. This often shows that the apparently logical next step is counterproductive, while the not-obvious one is ideal. Companies do not need to know all the steps required to get to sustainable society. However, keeping the whole system in mind greatly increases the likelihood that next steps will be the most effective.

Putting the What before the How facilitates system change by weakening vested interest arguments against it. For example, to protect harmful systems that unfairly concentrate wealth, vested interests often argue that system change will be too expensive, difficult or disruptive. Putting the What before the How means honestly identifying problems and solutions, before figuring out how to implement them.

To illustrate, whole system thinking shows that flawed systems often are harming and killing current and future generations, for example, by causing environmental degradation, pollution and inadequate social welfare programs. Understanding what is happening can compel us to say that we will do whatever it takes to protect people now and in the future. This means that companies no longer will be allowed to profit by degrading life support systems and society.

To block changes that threaten returns, vested interests frequently will say that system change is too expensive or difficult. Putting the What before the How shows that they effectively (though certainly unintentionally) are saying, we must continue to harm and kill people because it would be too expensive or difficult to stop doing so. This accurate perception of reality makes these anti-system change arguments untenable.

Global System Change uses the laws of nature to provide an objective reality framework for system change. It helps groups to move beyond the inertia and inaction often caused by various philosophies, biases, vested interest deceptions, and other inaccurate perceptions of reality. It provides a clear, simple vision of sustainable society and how to achieve it. This clarity is essential for building public demand for system change, probably the greatest force driving it (aside from reality and nature). An objective reality framework also helps to guide and coordinate the many local, regional, national and international system change efforts needed to achieve sustainability.

This section discusses the whole system framework needed to develop practical business and societal system change strategies. These strategies are discussed in the Business Role in System Change section. As noted, humanity must emulate the implied thinking (or consciousness) and actual systems and laws of nature to survive and prosper on Earth.

Thinking precedes action. Therefore, consciousness is discussed in the following section. Then the Global System Change framework is used to summarize the laws of nature and how to achieve a society that abides by them.

### **3.1. *Consciousness of Nature***

Human society is a reflection of human thinking. Every major challenge facing humanity is foundationally caused by flawed thinking and perspective. Higher-level, reality-based thinking is the foundational solution. Nature models the higher-level thinking needed to survive and prosper.

The *Global System Change* book series introduced a new model of individual and collective human consciousness. It describes the consciousness evolution needed to reach our fullest potential. The model discusses three levels of consciousness—unconscious unity, conscious separation and conscious unity. Nature implicitly operates in unconscious unity. Non-human life forms are guided in ways that produce essentially infinite coordination and technological sophistication. Nature operates as the one interconnected system that it is in reality. The results of nature imply unity consciousness, like the implied consciousness that coordinates a healthy human body. Non-humans apparently do not self-reflect, and therefore could be called unconscious at an individual level.

When humans began self-reflecting, the spiritual beliefs of original people show that they often retained awareness of their unity with nature. This accurate perception of reality enabled them to operate in harmony with nature and survive over the long term. But over time, many humans perceived themselves to be separate from each other and nature. This phase of human consciousness, the phase we still largely are in, could be called conscious separation. This illusion that we are separate from something that we actually are a part of is the foundational cause of essentially all major human problems.

The consciousness of separation produced fear that needs would not be met. This created a belief in the need for competition. In this environment, those with greater physical strength, aggressiveness and competitiveness (men) often were more highly valued. When power is defined this way, men innately have more power. Many studies show that women innately have more wisdom, when it is defined as cooperation, empathy, whole system thinking, multitasking, relationship skills and intuitive wisdom. (These generalizations are irrelevant at the individual level. Everyone is different. All men and women have power and wisdom.)

In our separatist, competitive world, the unique qualities of women often are undervalued. Cooperation and empathy frequently are seen as weaknesses. Widespread environmental and social degradation shows that humanity has an abundance of power and a lack of wisdom. To achieve sustainability and abide by the laws of nature, we must emulate the implied unity consciousness of nature. We must exit the illusion of separation and enter the reality of unity. As we consciously understand our interconnectedness with each other and nature, we will enter the third phase of human consciousness—conscious unity.

Competitive systems and society show humanity's immense lack of sophistication compared to nature. The overwhelming force in nature and healthy natural systems is



cooperation, not competition. When the overwhelming force is competition, as in a body with terminal cancer, the system dies or changes.

The frequently undervalued qualities of women are exactly what is needed to ascend to conscious unity, abide by the laws of nature, and prosper over the long-term. This does not mean that women should control society, although a more balanced leadership structure obviously would be beneficial. The priority is balancing power and wisdom. We must teach all people that both are equally important. Power without wisdom is destructive, as we see in the world today. Wisdom can do nothing without power. Power can do nothing right without wisdom. Elevating the status of wisdom will elevate women to a position of true equality with men.

Considering the unity of nature shows the wisdom of the world's great religions. Primary suggestions of essentially all major religions are to treat others with love and respect, help the needy, and protect God's creation (the environment and all life). These are universal truths. They enhance the quality of life for all who practice them. They are based on the reality of our unity with each other and nature. This higher-level thinking shows that helping someone else ultimately is the same as helping oneself.

Some might say that living on this basis (unity consciousness, living in harmony with each other and nature) is too difficult for humans. It is too far away from where we are now. However, this happens all around us and in our own bodies. It has been happening on Earth for 3.8 billion years. We are parts of nature. We have the innate wisdom and power to do what nature already does.

Some people see one animal eating another and conclude that nature is brutal and competitive. This is the perspective of limited, separatist consciousness. (It also is logical from an individual survival perspective because we might be the ones eaten.) Higher consciousness sees the whole system. Nature's creatures (except humans) take only what they need. As a result, forests and other natural systems achieve immense individual and collective prosperity.

In many ways, purpose-driven business is a manifestation of unity consciousness. Why should companies help society instead of only themselves? Because they are part of society (unity) and cannot prosper apart from it. Profiting by degrading that which sustains companies (business behavior compelled by current systems) is irrational and suicidal.

Getting from where we are now to sustainable society can seem overwhelmingly complex from our current level of thinking. However, as parts of nature, we have access to the essentially infinite implied wisdom and intelligence of nature through intuitive function. Open-mindedness and teaching people to access intuitive wisdom will facilitate the transition to sustainable society.

We each are walking around in an economic system that essentially is infinitely more sophisticated and effective than capitalism, socialism or any other modern human system. Recognizing this empowers us to question and improve current systems. We do not have the luxury of taking our time to transition to sustainability. We are on the fast track now, whether we like it or not.

Limited consciousness and the five senses create the illusion of separation. If cells in the body acted like they were separate from each other (as humans do), the body would quickly die (the inevitable outcome for humanity if we do not change our thinking, systems and behavior). None of us can survive in outer space. A human is as much a part of the whole Earth system as the hand is of the body. The illusion of separation and the competition it fosters are causing humanity to act like cancer on Earth. We are destroying life at a rate not seen since the last great extinction. Unity consciousness does not mean that we ignore our individual nature. Like cells in the body, we are simultaneously separate and connected—individual parts of one interconnected system.

Through meditation, people can access unity. They can actually experience the reality of oneness with everything, and the indescribable peace and joy that come with it. However, this experience of unity is not necessary for humanity to operate on a united basis. It can be achieved with logic and rational thought. It is obvious that protecting the environment that sustains us is essential for survival and prosperity. It also is obvious that treating other people well produces the most fulfilling and successful life. Cooperation is logical and essential for survival.

Humans do not produce the immense coordination, sophistication, sustainability and prosperity of nature because we think at a lower level (separation consciousness). Up to this point, self-reflection made us less intelligent, in terms of results (the most important measure of sophistication). The implied unity consciousness of nature, implemented through instinct and other mechanisms, coordinates non-humans in ways that produce immense success. Humans can begin to match the essentially infinite prosperity of nature when we begin to think and act like what we are in reality—interconnected parts of one whole system.

Some philosophies support individualism and condemn collectivism. This reductionistic thinking produces the tragedy of the commons. Individuals appear to prosper in ways that harm others. Whole system thinking shows that individual and collective wellbeing ultimately are not in conflict. Individuals cannot survive apart from the larger systems that sustain them. This higher-level, reality-based thinking is essential for maximizing the wellbeing of business and society.

In the Southern US 200 years ago, it often was seen as impolite to point out the barbaric nature of slavery. We are making the same mistake today. Companies are rapidly degrading life support systems and making people suffer (because flawed systems compel them to do so). However, pointing out the immense destruction caused by business and investing often is seen as impolite or inappropriate in business and similar settings. Instead, the focus usually is on the good that business and capitalism do in the world.

Of course, there is good. Businesses would not exist if they did not provide benefits. However, doing good does not justify or allow causing harm. People in the future will see many of our business and economic actions as barbaric and suicidal. We must be far more clear and honest about what is happening in society. This will increase the motivation to change.

The preceding ideas about unity consciousness illustrate the higher-level thinking needed to abide by the laws of nature. Current illusory, separatist thinking is the foundational cause of unsustainable society. Reality-based unity thinking is the foundational solution. Having discussed the implied consciousness of nature, the next section discusses its actual qualities.

### ***3.2. Global System Change Framework***

Nature's laws, systems and results are observable, logical, consistent and often proven by science. The laws of nature provide an objective reality framework and show what absolutely will occur on Earth. This is essential. We must clearly see the whole system goal (i.e. sustainable society—humans abiding by the laws of nature and evolving within this context), and then move to it as quickly as possible. We almost certainly do not have time for incremental approaches or reductionistic philosophies.

Philosophies often are based on well-meaning, but limited human opinions or perceptions. Stakeholder capitalism, for example, seeks to improve the current, unintentionally destructive form of capitalism by benefiting all stakeholders. This incremental approach potentially could work, especially if we had many decades to implement it, which we almost certainly do not. A faster and more effective strategy would be to clearly understand sustainable society, and then do whatever is necessary to get from here to there quickly.

The SDGs provide a framework for human sustainability and action. However, they are human-centric, and therefore not reality-based. The SDGs are focused on humanity, implying that we are the center of life on Earth. But in reality, human society is a sub-element of the whole system of nature. This whole system determines the sustainability and prosperity of all life, including human life. Nature is the reality-based, whole-system frame of reference for humanity.

The SDGs describe many aspects of sustainable society. But they are reductionistic in the sense that they do not provide an integrated, whole system vision of sustainable society, how it functions, and how it can be achieved. GSC was designed to provide this whole system, high-level framework.

The goals probably were not intended to provide a whole-system vision and describe how to achieve it. Instead, they discuss qualities of sustainable society, and thereby facilitate planning and action to achieve them. Groups focusing on one goal often do not adequately address the whole system. As a result, their efforts can produce unintended consequences that inhibit the achievement of other SDG goals. This reductionism is the root cause of SDG problems. Reductionism cannot be fixed with more reductionism. Whole systems thinking and action are required.

Focusing on the SDGs or implementing a particular philosophy will not determine human survival and prosperity. That will be completely determined by the extent to which we abide by the laws of nature. Making them our foundational goal and guiding standard is the only way to achieve the SDGs and implement a sustainable economy, possibly including stakeholder capitalism. Abiding by the laws of nature will produce the outcomes described in the SDGs.

Abiding by natural laws and emulating nature's economic and other systems does not necessarily mean getting rid of capitalism or any other human system. It requires first identifying the natural law aspects of sustainable society and the most efficient paths to get there. That often involves keeping and improving effective parts of current systems (of which there are many) and transforming or improving the harmful parts.

Many aspects of capitalism align with the laws of nature. The system's partial success indicates this. High productivity, individual initiative and decentralization occur in abundance in nature. We almost certainly could evolve the current destructive form of capitalism into one that abides by the laws of nature, provides far more benefits, and eliminates harm. This is what nature has been doing for 3.8 billion years. It is going to happen one way or another. We obviously are better off voluntarily changing our systems rather than having the change imposed on us.

Global System Change uses the laws of nature to provide an objective reality framework for sustainability and system change. It clarifies sustainable society and the objective (not philosophical or subjective) means to achieve it at a high level. It makes the path to long-term human prosperity easy to understand. It guides and grounds experts as they dive deeply into the immense complexity and details of evolving human systems. By clarifying the What (system change content), it facilitates the How (system change processes).

### ***3.3. Sustainable Society Defined by the Laws of Nature***

The GSC framework provides an integrated, whole-system vision of sustainable society and how to achieve it. The framework describes how living systems, such as the human body and whole system of nature, function. It includes three major parts—sustainable society defined by the laws of nature, systemic changes needed to achieve it, and the actions required to bring about these changes.

Taken together, the laws of nature provide a whole-system vision that describes the environmental, social and governance characteristics of sustainable society. Observable laws of nature include seeking balance not growth, producing no waste, living on renewable resources, equitable resource distribution, widespread cooperation (with limited competition at the individual level), equally valuing generations and species, enabling individuals to reach their fullest potential, and decentralizing production and governance (except in limited cases where broader or global governance is most effective). Implied operating principles of nature include democracy/self-government, equality, total cost accounting, no externalities and full employment.

These laws define sustainable society at a high level. They show what nature demands and what humanity must achieve to survive and prosper. While these laws are absolute, there are many ways that humanity could abide by them (e.g., rural versus urban living).

The limits of nature (i.e. planetary boundaries) are receiving growing attention in the sustainability field. It is useful to know how much pollution nature can sustainably absorb, for example. It also is helpful to understand corporate emissions in the context of environmental limits. However, nature's laws should take priority over its limits. Even if limits were known,

the key question would be, how do we live within them? The answer is abiding by the laws of nature. These laws illuminate how to live within the limits of nature. We almost certainly will be within the limits when we abide by the laws.

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*“Education reflects society. Our society is focused on maximizing economic growth and shareholder returns.”*

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### **3.4. Necessary Systemic Changes**

These laws define sustainable society at a high level. They show what nature demands and what humanity must achieve to survive and prosper. While these laws are absolute, there are many ways that humanity could abide by them (e.g. rural versus urban living).

In the same way that there are many forms of sustainable society, there also are many methods or paths to achieve it. However, there also are absolutes. Clarifying the characteristics of sustainable society at a high-level (nature-based requirements of sustainable systems) illuminates objective, high-level systemic changes needed to get from here to there.

The second part of the GSC framework identifies necessary systemic changes. The GSC books describe many essential economic, political, social and financial system changes. Two of the most important overarching systemic changes are implementing democracy and abiding by the rule of law.

Democracy is the only sustainable form of government. It is based on the innate human rights to equality and self-government. However, as the US Founders well knew, democracy is an unworkable form of government for more than small groups. Citizens usually do not have enough time to study and make well-informed decisions about every issue. As a result, democracy must be implemented through republican forms of government, where elected politicians, often assisted by experts, make decisions that maximize the long-term well-being of society. Obviously, this requires that politicians equally and fairly serve all citizens, a condition that does not exist in the US and many other countries.

The rule of law probably is the most effective way to frame up economic and political reform. This principle says that individuals and companies should be free to do what they want, provided that they do not harm others. As discussed, the meta economic and political system flaw is the failure to hold companies fully responsible for negative environmental and social impacts. In competitive markets, allowing harm often compels companies to cause it. There are many specific system flaws that cause harm. They all have the common fundamental problem of not holding companies fully responsible.

The rule of law is an ideal system change framing device because it is objective and not debatable within the realm of logic. It transcends philosophies, biases and vested interest deceptions. Companies cannot logically argue that they should be allowed to profit by degrading the environment and society. The rule of law boils system change down to one simple meta solution: hold companies fully responsible for negative impacts.

It can guide specific system changes, such as reforming externalities, time value of money and limited liability. We will know that these and other systems are reformed and sustainable when they hold companies fully responsible.

### **3.5. Actions Required to Achieve System Change**

Once sustainable society and necessary system changes are clear at a high-level, the third part of the GSC framework identifies actions needed to bring about system change. Actions are required in all major areas, including government, the general public and corporate/financial. The following discusses government and general public actions. Corporate/financial actions are discussed in the Business Role in System Change section below.

Government reform is an essential aspect of overall system change. Nearly all economic changes require government change. For example, only government can enforce the rule of law and hold companies fully responsible for harming the environment and society. Government also influences or controls many actions needed to abide by the laws of nature. For example, it strongly influences the degree of democracy, how societal success is measured and managed, the extent of centralization and decentralization, fair and equitable use of public wealth, and creation and management of the money supply.

Governments in the US and several other countries largely are controlled by vested interests, instead of all citizens through democratic processes. As a result, pressure to change often comes from outside the government.

Actions needed in the general public are the most important over the long-term. Citizens collectively are the most powerful force in society. They could quickly change any company or government (even totalitarian ones), if they understood and acted upon their common interests. However, as shown in the US and many other countries, it unfortunately often is easy to divide and disempower citizens. They are manipulated into acting in ways that benefit the small group that is deceiving them, while their own lives become more difficult.

Many actions are needed to empower citizens and end the civil war between conservatives and liberals. Key transformation areas include political parties, media and education.

#### **3.5.1. Political Parties**

The US Founders were greatly concerned about political parties. Vested interests have used them for all of US history to divide and disempower citizens. The major US parties appear to have partly different agendas. But for the past 40 years, public wealth was concentrated at the top of society, while life became more difficult for the large majority of citizens, regardless of which party was in power. Political parties potentially could play a useful role in politics, if major changes were made. Like governments, they largely are controlled by wealthy campaign donors, and thereby facilitate plutocracy.

James Madison argued that many different interests in society would prevent any one group from dominating others. However, these interests have been reduced down to two major party platforms, both of which are controlled by vested interests. Political parties are not mentioned in the US Constitution. George Washington called them the worst enemy of elected government in his Farewell Address. Every party-line vote is a violation of

the Constitution because citizens are not controlling the government. Vested interests are controlling it. Political parties and government structures should be reformed so that they are truly democratic and well represent the different interests of society.

### **3.5.2. Media Reform**

Media reform is essential for voluntary system change. Democracy cannot exist if citizens do not have accurate, honest information. Corporations did not have Bill of Rights protections in the early US. But over time, they used their growing influence over government and judicial appointments to compel their political and judicial servants to provide these protections. Media does not have a right to mislead citizens or lie to them in ways that benefit the vested interests that control media through ownership and advertising.

It is no coincidence that radical, deceptive media rapidly grew after the Fairness Doctrine was eliminated in 1987. This single act of deregulation potentially is the most destructive in the past 50 years. It allowed media to provide biased, inaccurate, inflammatory information (i.e., lie) to citizens. It strongly drives the conservative-liberal civil war. This division of society makes it difficult or impossible to solve nearly every other problem, thus making it a highly destructive act of deregulation.

Citizens' essential need for honest, accurate information takes vast priority over media companies' (non-existent) right to mislead citizens. Empowering citizens to effectively resolve problems and protect their common interests demands that media be required to tell the truth. To achieve this, the Fairness Doctrine and similar requirements for social media must be re-established.

### **3.5.3. Education**

Education is also essential for uniting and empowering citizens. In the 1950s and 1960s, the US was a world leader in K-12 education. However, so-called education reform since the 1980s has severely degraded the quality of US primary and secondary education.

Young people are often forced to sit in sterile classrooms for about 35 hours per week, listening to adults talk to them. They are constantly ranked against each other and made to feel inadequate if they fail to achieve superior grades. They are forced to study subjects in which they often have no interest and quickly forget. Students are constantly monitored and controlled by authorities. They are taught to blindly believe dominant societal ideas. Young people frequently learn that fun occurs outside of school.

This coercive, compulsive education system suppresses critical thinking and teaches young people to obey authorities and endure boring jobs for the rest of their lives. It creates a cowering, compliant population that can be abused by vested interests and will not question unjust economic and political systems. Education reflects society. Our society is focused on maximizing economic growth and shareholder returns. It is no surprise that young people are trained to serve this end, even if it does not meet their needs.

True education reform (i.e., actual improvement) is needed to empower citizens to protect their common interests. Young people should not be ranked against each other, as if they

were commodities. They should be taught to critically examine ideas and make their own decisions. And they should be empowered to follow their hearts in education, career and life.

Evolving human society into sustainable form (i.e., system change) is the most complex challenge facing business and society. Using a whole system approach and an objective reality framework probably is the only way to voluntarily evolve systems and society, before nature and reality evolve them for us. Global System Change provides this whole system framework. Its clarification of sustainable society qualities and necessary systemic changes and actions can guide and coordinate the highly complex system change process.

The GSC framework is essential for developing practical corporate and financial sector system change strategies. These are discussed in the next section.

#### **4. The Business Role in System Change**

When citizens are divided and disempowered, the corporate and financial sectors often are the most powerful segments of society. They can quickly drive voluntary, collaborative system change, if they see the benefits of doing so. This paper explains why keeping economic, financial and other systems the same is not an option for much longer. It discusses the severe disruption of system collapse (involuntary change). And it concluded that voluntary system change is the only practical option for the corporate and financial sectors. These could be called the stick or risk arguments.

On the carrot or opportunity side, system change provides a large opportunity for companies and investors. It is essential for protecting business, investing and profits. The goal is to produce a thriving society. Business will play a major role in this. System change will produce more efficient, effective and resilient companies.

System change probably accounts for at least 80 percent of sustainability and SDG solutions. However, one could argue that it is closer to 100 percent. Current corporate sustainability and responsible investing approaches encourage companies to voluntarily stop degrading society under flawed systems that make it impossible to do so. With sustainable systems, companies will be held fully responsible for negative impacts. When this occurs, they will maximize profits and investment returns by acting in a fully responsible manner. Voluntary responsibility and exhortations to stop harm will become far less necessary. Essentially all companies automatically will do the right thing because this will be the only way they can survive and prosper.

System change has gotten relatively little attention in the corporate and financial sectors, until recently. Leading business organizations, such as the World Economic Forum, emphasize the importance of it. Incremental approaches usually are advocated, such as stakeholder capitalism and Net Positive.

The Net Positive approach encourages companies to increase positive impacts and reduce negative ones. It is a practical, transitional strategy. Ultimately companies must be held responsible for all negative impacts. As sustainable systems are implemented, the focus will shift from net positive to zero negative impacts.



Net Positive is based on current paradigm corporate responsibility. Current systems do not hold companies fully responsible for harming the environment and society. Instead, they are encouraged to voluntarily reduce harm, for example, by striving to produce more positive than negative impacts. Environmental and social degradation often accelerates under this approach because it does not address root causes. It is impossible to end harm under systems that unintentionally compel it.

New paradigm corporate responsibility recognizes that companies must be held fully responsible for harm. This requires system change. Vested interests have traditionally argued that it is not the company's job to take care of society. Government should do that. Companies perhaps could argue that they should not be required to benefit society. However, they cannot credibly argue that they should be allowed to harm it.

The focus of current paradigm corporate responsibility could be called—Do Good. The focus of new paradigm corporate responsibility should be—Do No Harm. The focus on doing good can be a distraction. It diverts attention from the most relevant sustainability issue—harm compelled by flawed systems. To achieve sustainability, we must stop harm. This can only occur if systems are changed in ways that prohibit harm (i.e., abide by the rule of law). Increasing good is a primary strategy for reducing harm. However, the focus must be on ending harm, not increasing good. Focusing on the good can justify or allow causing harm.

At the complex implementation level, some people might argue that the environment and society could absorb some harm. As a result, limited harm might be allowed in some cases to achieve a greater good. Experts can work out this complexity. However, the bottom line (i.e., foundational, meta system change) is that companies must be held fully responsible for harm. This will compel them to act responsibly and sustainably.

Two major categories of work are needed to augment and accelerate existing system change efforts. The first is to implement a true whole system approach that provides an objective reality framework for guiding system change. Global System Change provides this and has been summarized. The second is to provide practical, profitable system change strategies, like System Change Investing. SCI is discussed below.

#### ***4.1. System Change Investing***

SCI is one of the most powerful system change strategies available in all areas of society. The corporate and financial sectors are driven mainly by investing. SCI uses this strong lever to engage these powerful sectors in the most important sustainability issue.

Twenty years ago, few companies had sustainability strategies. Now, nearly all large companies have them. Responsible Investing, also known as ESG investing, was the primary factor compelling companies to engage in sustainability. As owner/investors shifted investments to sustainability leaders, companies were strongly incentivized to implement sustainability strategies.

SCI uses the proven ESG strategy to engage companies in system change. The approach rates companies on system change performance, and then uses this research to guide investment decisions and develop SCI funds. As investors shift investments from system

change laggards to leaders, companies will be incentivized to implement system change strategies and improve system change performance.

SCI has the potential to capture a substantial share of the approximately \$40 trillion responsible investing market. By focusing on system change and root causes, SCI funds can provide greater sustainability benefits than current approaches, nearly all of which are focused on changing companies and addressing symptoms. Providing the highest possible sustainability benefits will help financial institutions to increase assets under management and position themselves as global responsible investing leaders.

SCI enhances investment returns by assessing financially relevant systemic risks and opportunities that are not addressed by conventional ESG and financial analysis. More importantly, SCI ratings are strong indicators of superior management and stock market potential. System change is the most complex management challenge. Companies that do well in this area implicitly have the ability to outperform in other areas, and thereby earn superior returns.

Many ESG approaches have been developed over the past 20 years. There probably will be even more SCI strategies because the context is much broader. The frame of reference for ESG rating is negative impacts. Knowing this enables analysts to accurately assess the effectiveness of corporate sustainability strategies at mitigating impacts.

The frame of reference for SCI ultimately is the whole Earth system and its sub-element human society. System change overall must be understood before effective corporate system change strategies can be developed. Once this is clear, the optimal corporate role in system change can be identified. Aspects of this become metrics in SCI rating models and components of corporate systems change strategies.

To illustrate SCI, the first SCI model (Total Corporate Responsibility—TCR<sup>®</sup>) is segmented into three metric categories—traditional ESG, mid-level system change (sector, stakeholder, environmental/social issue-level), and high-level system change (economic, political, social system-level). Sample metric categories include system change goals and strategies, whole system thinking, public awareness and media campaigns, government influence activities, system change collaboration, addressing specific system flaws, and supporting system change organizations and efforts.

The GSC framework identifies the major systemic changes and actions needed to abide by the laws of nature. SCI uses this frame of reference to assess the extent to which companies are effectively driving and supporting these necessary changes and actions.

ESG models provide sustainability roadmaps for companies. Metrics in the models identify the essential components and actions of leading corporate sustainability strategies. In the same way, SCI models provide system change roadmaps. As investors shift investments to system change leaders, companies will study SCI models in an effort to improve system change ratings and thereby secure investment.

GSC and SCI address both ends of the system change spectrum. GSC frames up the system change challenge for business and society. SCI provides a powerful system change

implementation tool. They both are very large opportunities for the corporate and financial sectors, and society overall. The approaches are based on the nearly infinite implied intelligence and sophistication of nature. They translate this information into clear, practical business and investment strategies.

The overall goal of GSC and SCI is to help humanity reach our fullest potential by manifesting the wisdom of nature that is innately present in all of us. Our current unintentionally destructive systems and ways of life are ending. We are at the dawn of a new phase of human consciousness and prosperity. Business and finance can drive this transition in a minimally disruptive manner. GSC and SCI provide the practical and profitable means to do so.

This paper provides a whole-system framework for developing system change-based responsible investing, corporate sustainability, government reform and broader societal strategies. Contact the author for information about specific strategies.

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