

Principles for Collective Progress

Opinion piece

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The Global Solutions Initiative (GSI) works towards a global economic system that benefits people and planet. Rooted in research, GSI brings together policy, academia, civil society, and the private sector to generate insights for better global governance. Founded in 2017, the Berlin-based independent, non-profit organization annually convenes the Global Solutions Summit, which serves as a steppingstone to the G20 and G7 Summits. GSI is led by Dennis J. Snower, Markus Engels, and Christian Kastrop.

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Economic prosperity has become decoupled from social and environmental prosperity. Current economic systems often oblige business leaders to seek profit at the expense of social and environmental prosperity. Current political systems often oblige politicians to pursue the national interest at the expense of the global public interest. Current socio-economic systems often induce consumers to gratify consumerism at the expense of longer-term meaning and fulfillment. Current digital platforms often manipulate digital citizens by exploiting their psychological and cognitive weaknesses. It is a small wonder that economic activities frequently are not beneficial to our societies and disrespectful to our natural world.

In the face of such systemic failure, we should not feel encouraged by examples of successful green businesses and investors that are decarbonizing their portfolios, isolated green initiatives by governments and international organizations, or uncoordinated green civil society projects. Without the appropriate collective action, the clean activities of the few will fall short of countervailing the damage done by the inaction of the many.

This problem cannot be addressed through incremental changes of policy or business strategy. Adjusting some rules while leaving the broader system intact ignores the root problem, namely, that the inherent incentive structure of current economic systems is misaligned with human and environmental flourishing. To recouple economic prosperity with social and environmental prosperity, the operating system of our economies needs to change. Such systemic change can be achieved only when the conditions within

which businesses, governments and civil societies operate are such that it becomes their private interest to promote social and environmental prosperity. What are the “principles of collective progress” for achieving this new economic paradigm?

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Though systemic change always seems overwhelmingly difficult at present, it has repeatedly been achieved in the course of human evolutionary history. Systemic change occurred when hunter-gatherer bands gave way to clans and tribes, when agricultural collectives turned into cities, when medieval city-states gave way to modern nation-states, when family businesses turned into multinational corporations. Systemic change occurred when slavery was abolished, and forms of democracy were embraced around the world.

Through millennia of trial and error, principles of collective progress have become known, at least implicitly, through countless successful experiments in tackling collective challenges. The problem is not that we don't know what to do. Rath-

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er, the problem is that our current institutions are not designed to do it. As the world economy has become increasingly globalized, financialized, commercialized, and digitized, the world's global challenges have proliferated – from climate change and biodiversity loss to cyberthreats and financial instabilities. Our current system is not designed to address many of the challenges that extend beyond our current national and social borders.

Consequently, it is important to make principles of collective progress explicit and thereby indicate the systemic change required to put these principles into practice. The principles are meant to provide a foundation for reconceiving multilateralism in the 21st century.

The problem of climate change illustrates how these principles are both obvious and unachievable under the current system; it thereby provides a basis for conceiving a new system that makes the obvious achievable.

It is convenient to summarize the principles of collective progress under four

headings: shared purpose (S), agentic governance (A), redirection of gain (G), and environmental sustainability (E). Together, these principles provide a SAGE approach to economic policy. The principles are sage in two senses: they embody sound, farsighted judgment and they represent wisdom accumulated over ages of collective action.

SHARED PURPOSE (S)

The first principle is that the magnitude of our collective goal must correspond to the magnitude of the collective challenge. If the challenge is stopping global warming, then the collective goal must be global since greenhouse gases emitted anywhere affect people everywhere. Achieving a global goal requires achieving a shared sense of identity regarding this goal. When it comes to climate change, we need to view ourselves as part of humanity, striving to protect our planet. For this purpose, politicians must come to accept a moral responsibility to mobilize not only the national common purpose, but the global common purpose to stop global warming.

This certainly does *not* mean that national identities should dissolve in a global identity, but merely that we should recognize that we are all in the same boat when we formulate our global climate goal. Different countries can pursue different pathways to this common goal, corresponding to their different economic, political, and social conditions, but the common goal must be set with all of humanity in mind.

The moral obligation to stop global warming must come to be recognized at a global level not just by politicians, but also by businesspeople and civilians, sim-

ilarly to the way we have come to consider the abolition of slavery a universal moral value. This moral obligation is meant to generate a sense of human solidarity in response to a global challenge, along with a sense of human agency in addressing the challenge.

AGENTIC GOVERNANCE (A)

Agentic governance is about creating opportunities for group members to participate in decision-making processes. The underlying principle is that those who are affected by the collective action should have a role in formulating the rules for that collective action. The aim is to create a fair and inclusive decision-making process.

This principle supports the various forms of participatory democracy, allowing citizens active involvement in shaping the policies that affect them. This means that power needs to be distributed so that local communities can make decisions that directly impact their lives. These decisions need to be framed consistently with higher-level decisions that ensure consistency of local decisions to achieve higher-level collective goals. When individuals actively contribute to shaping policies that affect them, they have a sense of agency, and a sense of solidarity often emerges as they work collectively toward common goals.

Since small social groups are the basic building blocks of human collaboration but many collective challenges involve collaboration at larger scales, it is necessary to observe the principle of subsidiarity. This principle suggests that decisions should be made at the most local or decentralized level possible, only moving to higher levels of authority when lower levels cannot adequately address the issue.

Decentralized decision-making empowers local entities by giving them a direct role in shaping policies that impact their community. This enhances the sense of agency and self-determination. Communities working together to address their unique challenges also gain a sense of solidarity through shared responsibility.

In addition, it is necessary to establish incentives and operating conditions that promote collaborative relations among local groups. The participation of citizens in the formulation of their local rules should be mirrored in the participation of local groups in the formulation of higher-level rules.

The resulting governance system is meant to be procedurally fair, including the following elements:

- **Impartiality:** Impartial decision-making involves treating all individuals or groups without favoritism or bias, considering only relevant factors. In a hiring process, for example, impartiality ensures that candidates are evaluated solely on their qualifications and skills, irrespective of personal connections.
- **Transparency and Accountability:** Transparent decision-making processes provide clear information about the criteria used and the reasoning behind decisions, promoting accountability. Such processes contribute to a sense of solidarity based on shared values and principles. Accountability mechanisms empower individuals by providing avenues for holding decision-makers responsible. To ensure that transparency leads to accountability, it is important to differentiate between individual transparency (focusing on failures of individuals, such as isolated cases of

corruption) and institutional transparency (addressing systemic flaws), since these relate to individual and institutional accountability. “Opaque transparency,” involving the dissemination of information that does not uncover how institutions make decisions and how they evaluate their impacts, may not lead to institutional accountability.

- **Inclusivity:** Inclusive decision-making involves considering and incorporating diverse perspectives, ensuring representation and participation from various stakeholders. Inclusive decision-making fosters a sense of belonging and shared ownership of decisions, leading to increased solidarity among participants. When individuals perceive that their perspectives are valued, they are more likely to collaborate cohesively. Inclusivity empowers individuals by providing them with a sense of agency and influence in shaping outcomes. This empowerment contributes to a stronger commitment to shared goals.
- **Consistency:** Consistent decision-making ensures that similar cases or individuals are treated similarly, avoiding arbitrary distinctions. In a legal system, for example, consistency means applying the same laws and standards to all individuals, regardless of their background or status.

REDIRECTION OF GAIN (G)

In the existing economic system, the legal duties of company directors are not aligned with the promotion of environmental sustainability or social prosperity. Their duty to promote the success of the company frequently runs counter to the preservation of the environment and

flourishing communities. Climate change poses enormous risks for businesses that are currently not adequately measured or reported by currently accepted standards.

To make the pursuit of profit consistent with the interests of people and planet, business incentives and business operating conditions need to be reformed with the aim of ensuring that profit cannot be earned at the expense of environmental sustainability and social cohesion. Business incentives are influenced by taxes and subsidies, as well as incentive schemes for public-private partnerships and co-investing. Business conditions can be shaped by such factors as (i.) environmental standards, (ii.) fiduciary and legal responsibilities of business owners, and boards of executive and non-executive directors; (iii.) government regulations, (iv.) constraints on companies' specifications of their corporate purpose and governance frameworks, and (iv.) government procurement contract conditions that are consonant with the shared climate goals.

Analogously, consumption needs to be redirected so that the benefits of consumption do not come at the expense of social and environmental prosperity. This can also be done by reforming the incentives and operating conditions that consumers face.

Since climate change is a problem shared by the global community of nations, international climate action should be aimed at a shared set of climate goals. These shared goals are to be pursued transparently and accountably through differentiated pathways that reflect the distinctive social, political, economic, and environmental conditions in different countries. In order to be legitimate, international climate action must be both

environmentally sustainable and socially acceptable.

The pathways to achievement of internationally shared climate goals can take a variety of forms, such as prioritization of a transition to renewable energy sources; energy efficiency measures across sectors; sustainable agricultural practices; carbon pricing mechanisms; nature-based solutions; etc. Domestically implemented measures should avoid harmful effects on other countries and, in recognition of the uncertainties surrounding climate change, the precautionary principle should be encouraged.

ENVIRONMENTAL SUSTAINABILITY (E)

The final principle for collective progress is that all economic policies must be environmentally sustainable. This means that economic policies must promote the internalization of environmental costs, encourage innovation in clean technologies, and incentivize sustainable practices.

This principle will generally involve some combination of carbon pricing, subsidies for renewable energy, green infrastructure investments, circular economy policies (to promote the reuse, recycling, and repurposing of resources), environmental regulations (governing air and water quality, waste management, and land use), payments for ecosystem services (such as carbon sequestration, water purification, and biodiversity conservation) as well as education and awareness programs.

IMPLEMENTING A SAGE APPROACH TO ECONOMIC POLICY

It is not surprising that these principles of collective progress correspond to the

»**Climate policies must be accompanied by fast and fair conflict resolution mechanisms, with the help of trusted, impartial mediators.**«

elements of the SAGE dashboard for the measurement of prosperity, where S is “Solidarity,” A is “Agency,” G is “Gain,” and E is “Environmental Sustainability.” GThe empirical measures of this dashboard are described in Lima de Miranda and Snower (2020, 2022). The broad conceptual analysis and policy implications are summarized in Snower (In-Press). Solidarity stands for measures of social embeddedness, necessary for pursuing shared purpose. Agency represents measures of personal and collective empowerment, associated with agentic governance. Gain stands for material living standards, contained in profit, wage and rent incomes, which are to be redirected to promote the recoupling of economic prosperity with social and environmental prosperity. Finally, Environmental sustainability is the objective underlying environmental responsibility.

The implementation of this approach requires the following “policy enablers”:

- **Consistent measurement:** The climate impact of government, business, and

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civil decisions needs to be measured consistently. Furthermore, the social impact of climate action – particularly with regard to social solidarity and empowerment – needs to be measured consistently as well.

- **Consistent reporting, monitoring, and analysis:** Consistent measurement should provide a basis for consistent reporting of the climate impact of government, business, and civil decisions, as well as consistent monitoring of these decisions. Furthermore, the analysis of climate impacts should be consistent across stakeholder groups and in line with the latest scientific insights.
- **Graduated rewards and sanctions:** Based on consistent monitoring, graduated rewards for helpful decisions and graduated sanctions for unhelpful ones should be imposed. Climate action cannot be based solely on voluntary contributions by governments, businesses and civil actors, since voluntary schemes are inevitably vulnerable to free riding.

- **Protective policy wall:** The graduated rewards and sanctions should create a protective policy wall, ensuring those who adhere to the agreed climate action do not suffer a competitive disadvantage relative to the free riders. The underlying international policy framework is meant to provide a level playing field for business competition in pursuit of profit and eliminate undesirable arbitrage opportunities (such as carbon leakage).
- **Conflict resolution:** Climate policies must be accompanied by fast and fair conflict resolution mechanisms, with the help of trusted, impartial mediators.
- **Financial and technical support:** Such support from developed countries is required to address the underinvestment in the transition to a low-carbon economy, climate resilience, and protection of nature. Institutional structures are required to mobilize financing of climate action, bringing together the key stakeholders.

The aim of the SAGE principles of collective progress is to identify rules and institutions of the current economic system that decouple economic progress from social and environmental progress and to provide general guidelines for future rules and institutions promoting a system devoted to holistic flourishing in the socio-economic and environmental domains.

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