

Global System Change

A Whole System Approach to Sustainability, System Change and the SDGs

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Humanity can be vastly more prosperous than we are now. Nature displays nearly infinite levels of sophistication, coordination, advanced technology, sustainability and widespread prosperity. We are parts of nature. As a result, we have the innate ability to achieve the same high levels. Nature implicitly operates from a whole system perspective. All aspects are balanced and taken into account. This article summarizes Global System Change – a whole system approach for achieving our fullest potential.

Human society reflects human thinking. The root cause of every major environmental, social and economic challenge facing humanity is our reductionistic, myopic thinking. The human mind did not evolve to consider the whole Earth system and its sub-element human society at once. As result, we broke society into parts and addressed them without adequate reference to the whole system that contains them. This reductionism caused us to develop economic and other solutions that ignore relevant factors. This in turn produced unintended consequences, such as widespread environmental and social degradation.

As Einstein implied, solving our most complex challenges requires higher-level, whole system thinking. Global System Change (GSC) uses whole system thinking to develop systemic solutions to complex environmental, social and economic challenges. GSC principles include putting the What before the How, non-judgment and practicality.

Putting the What before the How involves identifying what we want before discussing how to achieve it. It also involves stepping back and seeing the big picture or whole system, and then keeping it in mind when deciding how to make specific changes.

Human society lives within the whole Earth system and nature. There are absolute laws of nature by which all life must abide. Humanity cannot live outside these laws for more than relatively short periods. Currently, we are grossly violating the laws of nature. We either will voluntarily align society with these laws or reality will force compliance through involuntary means.

Evolving human society and our economic, political and other systems into alignment with the laws of nature can seem overwhelmingly complex. Putting the What before the How is essential for managing this complexity and making societal transformation comprehensible.

To illustrate, 200 years ago in the Southern US, many people made apparently logical and compelling arguments about why it would be difficult or impossible to end slavery. Had they looked at the whole system of nature and its inviolate laws, they would have seen that slavery inevitably would end because it grossly violates the natural law of equality. Understanding the big picture would have compelled people in the Southern US to do whatever it took to eliminate slavery, before reality ended it through highly traumatic and disruptive means.

The exact same situation exists today. Many experts, leaders and average citizens make compelling, apparently logical arguments about why it would be difficult or impossible to change economic and political systems and broader society. Stepping back and looking at the big picture shows the extent to which we are grossly violating the laws of nature and causing massive environmental and social

degradation. From this perspective, it becomes clear that systemic and societal change is inevitable, probably soon given the scale and pace of degradation we are causing.

Putting the What before the How means that we first describe a human society that lives within the laws and limits of nature. Once this is clear, we can begin the conversation about how to achieve it. This principle facilitates and accelerates transformation. As people argue that change is impossible, whole system, reality-based thinking shows the flaws of these arguments, as it would have shown the flaws of arguments against ending slavery.

To illustrate the application and importance of putting the What before the How, whole system analysis shows that our economic and political systems unintentionally put business in conflict with society and humanity in conflict with nature. These systems cause many environmental and social problems that harm and sometimes kill current and future children. Putting the What first means we define what we want. One of the most important aspects of this is protecting our children – all children, not just our biological children. Virtually everyone would agree that we must do whatever it takes to protect children and future generations.

Once this is established, we can begin to discuss how to make necessary systemic and other changes. Vested interests might argue that it is too difficult, expensive or disruptive to change current economic and political systems. Having established the What before the How, it becomes clear that these vested interests unintentionally are saying that we must continue to harm and kill children because it would be too difficult to stop doing so.

Putting the What before the How shows the unacceptability and irrationality of these arguments against system change. We established the position that we will overcome any difficulty and pay any price to protect children and future generations. Once vested interests realize that system change is inevitable, they will use their huge creative potential and resources to drive it in a cost-effective and timely manner.

Non-judgment is essential for voluntary system change. No business or political leader intends to degrade the environment or society. Failure to look at the big picture (reductionism) caused humans to develop economic and political systems that seem logical and beneficial from a narrow perspective, but produce unintended consequences. These flawed, myopic systems compel good, well-intentioned leaders to take actions that harm the environment and society.

The enemy is not these leaders. It is the flawed thinking and systems that compel their harmful behavior. Voluntary, non-disruptive system change requires engaging current leaders and the mainstream. This is greatly facilitated by non-judgment.

Practicality also is essential for voluntary systemic and societal change. It often is defined as that which can be reasonably achieved under current systems. By this standard, substantial changes to current systems frequently are considered to be impractical. This is an irrational, reality-ignoring definition of practicality.

True practicality is based on reality. Living outside the laws of nature, as we largely are doing now, might seem easy and practical. But a whole system perspective shows it to be grossly irresponsible and impractical. It inevitably will cause increasingly severe, possibly catastrophic consequences. True practicality is that which works in the real world, regardless of how difficult it might be. It recognizes that doing whatever it takes to align human society with the laws of nature is the only practical option.

Clarifying the What (living within the laws of nature) facilitates the development of practical strategies for achieving it. Big picture practicality illuminates the upside. It shows that humanity can be essentially

infinitely more prosperous than we are now. The benefits of sustainability and system change vastly outweigh whatever costs or difficulties might be involved.

The GSC process involves clarifying the major aspects of sustainable society, systemic changes needed to abide by natural laws, and actions required in different areas of society to bring about these changes. This article summarizes these three areas and concludes with a fourth – the most powerful short-term driver of system change – engaging the corporate and financial sectors through System Change Investing.

Sustainable Society

Nature operates according to physical and nonphysical laws. It does not care about human ideas, philosophies or systems. To the extent that human perceptions of reality differ from the laws of nature, reality and nature will correct them. Before discussing any philosophy or strategy for society, we must understand the constraints within which humanity exists. This provides the reality-based framework for evolving human society into a form that abides by the laws of nature. This in turn enables us to truly prosper over the very long term and achieve our fullest potential, individually and collectively.

The laws of nature can be deduced through objective observations of nature and natural systems. Physical laws include cooperation, seeking balance not growth, equitable resource distribution, equally valuing current and future generations, living on renewable resources, producing no waste, enabling individuals to reach their fullest potential, and decentralizing production and governance (except in limited cases where broader or global governance is most effective). The nonphysical laws of nature include equality, fairness, self-government and freedom of expression.

All life forms, except humans, abide by these laws through DNA, instinct, intuition and other mechanisms that we do not fully understand. The implied coordinating mechanism, intelligence or wisdom of nature produces essentially infinite sophistication, coordination, symmetry and beauty. We sometimes make the mistake of thinking that we are the most intelligent creatures on Earth. But judging by results, the objectively most important standard in reality, we are near the least intelligent. This recognition promotes humility, which in turn opens our minds to new ways of thinking and being on this planet.

The natural laws of equitable resource distribution and cooperation can be used to illustrate myopic, unintentionally destructive current thinking and higher-level, reality-based, whole system thinking. Many people probably would say that inequitable resource distribution is a natural state among humanity because it has existed in different forms since the First Agricultural Revolution about 12,000 years ago. This reflects myopic thinking.

In nature, creatures take only what they need. One animal does not take 1,000 times more than it needs, thereby causing other animals to go hungry. In the human body, cells also only take what they need. As a result, resources are equitably distributed throughout the body, as occurs in all other healthy natural systems. If the inequality in human society existed in the human body, people would drop dead on the spot. Modern humans have existed for about 200,000 years. For nearly all of this time, resources were distributed about equally among people in hunter-gatherer societies. Over the past 12,000 years, no society with significant resource inequality has survived for more than relatively short periods.

To modern humans, inequitable resource distribution might seem like a natural condition of humanity or a fact of life. But it is the opposite. It grossly violates the natural, inviolate law of equitable resource distribution. As a result, any society or human system with significant inequality inevitably will end or change. Equitable resource distribution is not a utopian philosophy. It is an inviolate law of nature. This clarity helps to overcome barriers to system change.

As vested interests argue that ending resource inequality would be difficult or impossible, whole system thinking shows that it not only is possible. It absolutely will occur in human society, as it already occurs in nature and our own bodies. Equitable resource distribution will be achieved through voluntary or involuntary means, possibly including the great reduction or elimination of humanity. Understanding this will help us to do whatever it takes to make it happen, rather than fighting to maintain current inequitable systems.

Many people also would say that competition is a natural state in human society and nature. This once again reflects myopic thinking. One might observe an animal eating another and conclude that nature is competitive. But stepping back and observing the whole system shows that the overwhelming force in nature and healthy natural systems is cooperation. When the overwhelming force is competition, as a body with terminal cancer, the system is dying.

We are all interconnected parts of one system, like cells in the body. None of us can survive in outer space. Each human is as much a part of the whole Earth system as the hand is of the body. Myopic thinking and our five senses often trick us into thinking that we are separate from each other and nature, as our five senses once tricked us into thinking that the Earth was flat. Thinking that we are separate produces fear and belief in the need to compete for scarce resources. This myopic thinking has driven extensive inefficient, destructive competition among humanity.

Greater cooperation within human society also is not a utopian ideal or philosophy. Cooperation is an inviolate law of nature. The only way that humanity can survive and truly prosper over the long term is to greatly increase cooperation in society, achieving nearly the same overwhelming levels that already exist in nature and our own bodies.

The absolute, inviolate laws of nature are constraints for human society. But they also are liberating. Abiding by them is the pathway to unprecedented, long-term prosperity and happiness among humanity.

It also is the most efficient and effective way to achieve the UN Sustainable Development Goals (SDGs). The goals provide a human-centric view of sustainability. But the reality-based view is nature-centric. Abiding by the laws of nature will substantially achieve the SDGs. For example, abiding by the natural law of equitable resource distribution will substantially achieve the SDGs related to poverty, hunger, healthcare, education, gender equality, energy, water, sanitation, economic opportunity, good jobs, safety and justice.

Necessary System Changes

Aligning human society with the laws of nature requires many system changes in all major areas. These changes can be framed up with three GSC principles – emulate nature, establish democracy and abide by the rule of law.

Emulating nature is essential for achieving long-term survival and prosperity. We are surrounded by nearly infinitely greater implied intelligence and wisdom. As part of nature, we have access to this intelligence, largely through the intuitive. But current education systems generally do not adequately teach people how to access it.

Nature provides a nearly perfect model for sustainable human economic, political and social systems. Imagining how we could abide by the laws of nature enables us to envision a sustainable society. This illuminates the flaws of current systems and necessary system changes.

To illustrate, nature implicitly values current and future generations equally because it provides about equal resources to them. Time value of money violates natural law by saying that future generations are worth less than current ones. Obviously this must be changed.

In nature, there are no externalities. All aspects implicitly are balanced and taken into account. But we allow businesses to externalize vast costs onto society. Like nature implicitly does, we must use full cost, whole system accounting to take all relevant tangible and intangible factors into account.

Nature implicitly seeks balance and resilience. We myopically seek infinite growth in a finite system. Nature implicitly seeks to maximize individual and collective well-being. Our financial and economic systems seek to maximize the financial well-being of shareholders, and irrationally assume that this will maximize the well-being of all stakeholders.

Nature produces no waste. But our grossly inefficient production and other processes produce massive amounts of waste. We churn through pristine nature and turn much of it to garbage. Nature equitably distributes resources. But our unjust, undemocratic systems concentrate massive amounts of wealth at the top of society.

Democracy is another essential aspect of sustainable society. It is an implied law of nature. In nature, individuals are free to do what they want and reach their fullest potential. Democracy in principle is the only sustainable form of government. It is based on innate rights to equality and self-government. However in practice, 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 all issues. Therefore, democracy must be implemented through republican forms of government. Under this approach, expert politicians make well-informed decisions that maximize the long-term well-being of society. Obviously this requires that politicians equally serve those who elect them.

High inequality indicates low democracy. Countries with low poverty and high standards of living, like Scandinavian countries, implicitly have strong democratic governments that use the public wealth to equally and fairly benefit all citizens. Countries with high inequality, like the US and China, implicitly have low democracy. Citizens vote in these countries. But it has limited impacts on government. Both countries largely are controlled by small groups of powerful people – wealthy campaign donors in the US and the Communist Party in China.

Over the past 40 years, the US has substantially dismantled its campaign finance laws. As a result, wealthy citizens are allowed to spend unlimited amounts of money on election campaigns anonymously. Several studies have shown that politicians from both major political parties focus almost completely on meeting the needs and requests of wealthy campaign donors. As a result, wealth has been concentrated at the top of society for the past 40 years through many forms of corporate welfare. At the same time, inflation-adjusted wages have been nearly flat.

About 43% of US citizens cannot afford to meet basic needs. The US uses a deceptive 1960s era definition of poverty. A more honest and accurate definition is inability to meet basic needs. By this standard, nearly half the people in this wealthy country are living in poverty.

Obviously this injustice will not last. It violates natural law. Voluntarily abiding by the natural law of equitable resource distribution requires true democracy implemented through republican government. (Natural law in this article refers to the actual, observed laws of nature. It does not refer to religious dogma, which sometimes is deceptively labeled natural law.)

The rule of law is one of the most effective ways to frame up and simplify system change, especially in the corporate and financial sectors. Nearly all economic and political system flaws could be rolled up into one overarching system flaw – the failure to hold companies fully responsible for negative environmental and social impacts. This is the general mechanism that puts businesses in conflict with society. In competitive markets, not holding companies fully responsible makes it impossible for them to act in a fully responsible manner (by eliminating all negative impacts) and remain in business.

Very generally speaking, companies can voluntarily eliminate about 20 percent of short-term and long-term, tangible and intangible, negative environmental and social impacts in a profit-neutral or profit-enhancing manner. Beyond this point, costs usually go up. If companies continue impact reduction they will put themselves out of business long before reaching full impact mitigation.

Many specific economic and political systems flaws fail to hold companies fully responsible. These include limited liability, time value of money, externalities, over-emphasizing economic growth and shareholder returns, inadequate measurement of social well-being, and inappropriate business influence of government.

Not holding companies responsible violates the rule of law. This principle says that individuals and companies should be free to do what they want, provided that they do not harm others. Current systems not only allow, but compel companies to cause massive environmental and social harm. People in the future will look back on our gross rule of law violations in the same way that we look back on slavery and witch burning. But like those in the time of slavery, it often is difficult for people today to see the extremely destructive nature of systems that they depend on and have lived their whole lives under.

The rule of law is a good system change framing device because it boils virtually all economic and political system flaws down to one simple, easily understood, non-debatable (within the realm of logic) overarching system change. Businesses and their allies cannot credibly argue that they should be allowed to violate the rule of law (i.e. harm the environment and society). And yet they violate it extensively. This contradiction cannot withstand enlightened public scrutiny.

Vested interests often attempt to perpetuate profits and destructive systems by misleading citizens into opposing regulations. This deception distracts them from the most important issue – not causing harm. Opposing business regulation is worse than opposing murder, assault and robbery laws. Individuals can and usually would voluntarily act responsibly if these laws were removed. But businesses cannot act in a fully responsible manner and remain in business. As a result, business regulations are essential. Holding companies fully responsible makes acting in a fully responsible manner the profit-maximizing strategy.

Vested interest-controlled government frequently implements inefficient regulations that, for example, make it difficult for small companies to compete with larger companies that gave more money to politicians. The solution to inefficient regulations is not to generally eliminate them, as vested interests often imply. The priority is figuring out how to hold companies fully responsible (i.e. fully apply the rule of law) in the most efficient and effective manner possible.

SDGs. System change is the most important action needed to achieve the SDGs. Flawed systems compel all companies to cause environmental, social and economic problems. These systems, and the reductionistic thinking that created them, are the root causes of the major challenges addressed by the goals. Nearly all SDG efforts are focused on symptoms (environmental, social, economic problems), instead of root causes (flawed systems that create the need for the goals in the first place).

System change is a highly efficient and effective way to achieve the SDGs. Rather than focusing on the 17 goals and 169 targets, one system change strategy (GSC) can substantially achieve the goals. Many

efforts that encourage companies to voluntarily achieve the SDGs would become unnecessary under rule of law-based economic and political systems. Companies automatically would aggressively work to achieve the goals because this would be the profit-maximizing approach.

Societal Actions

In nature, many actions combine to form effective whole system solutions. The same approach is needed to achieve sustainable society. Uncoordinated efforts that do not adequately consider the whole system, and thereby ignore relevant factors, often produce limited or counterproductive results. Whole system approaches identify systemic constraints and system changes needed to abide by them. They illuminate societal interconnections, root causes, systemic barriers, key leverage points and optimal solutions. A whole system vision and strategy guide and coordinate actions in all major areas of society. Major action areas include government, the general public and corporate/financial.

Government. Extensive government changes are needed to align human society with the laws of nature. Government largely (and necessarily) controls the economic and financial systems. For example, efficient, beneficial markets cannot exist without rules that protect buyers and sellers. Only government can enforce the rule of law, require responsible business behavior, and thereby make acting responsibly the profit-maximizing strategy. Only government can implement the many specific system changes needed to enforce the rule of law, such as reforming limited liability, time value of money and externalities.

Government largely controls the flow of funds in society. Only government can ensure that the public wealth is used to equally and fairly benefit all citizens, for example, by reforming tax and other corporate welfare programs (i.e. abide by the natural law of equitable resource distribution). Government also largely controls the measurement, management and focus of society's success. Only government can shift the focus from economic growth and shareholder returns to maximizing the long-term well-being of society.

Government also substantially influences the levels of economic and governance centralization and decentralization. Government can strongly drive decentralization, for example, by implementing programs that strengthen communities and local economies. This facilitates abiding by the natural law of decentralized production and governance.

Only truly democratic governments can make the above changes. In a democracy, government is the agent of the people. Its job, as the US Founders intended, is to equally and fairly serve all current and future citizens in an efficient and effective manner. James Madison said that the people are the only legitimate source of power in government. The people exercise their collective power to maximize their individual and collective well-being through governments that they control (democracy).

But democracy does not exist in the US, China and many other countries. The US is a plutocracy (control of government and society by the wealthy), not a democracy. The US government has done an excellent job over the past 40 years of effectively serving those who control it, as shown by rapidly rising wealth and income inequality.

Vested interest-controlled governments are unlikely to change on their own, unless there is a major collapse. But then it will be too late to avoid widespread suffering and disruption. Pressure to make the essential changes noted above largely will come from outside government, mainly from the general public and corporate and financial sectors.

General Public. The people collectively are the most powerful force in society. They could quickly change any business or government, if they understood and acted upon their many common interests. Unfortunately, as the US Founders well knew, citizens are vulnerable to deception and disempowerment. The Founders often spoke of the evils of democracy. They knew it was the only sustainable form of government, but it has this major weakness.

The primary means of deceiving and disempowering the people is to take advantage of tribalistic tendencies and divide them into debating factions. 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 factions. They knew that vested interests could use political parties to divide and disempower the people. This enables them to take control of government and unfairly concentrate public wealth. For nearly all of US history, political parties have enabled vested interests to largely control government.

Political parties divide the people into acrimonious, often hateful factions, such as conservatives and liberals. Citizens agree on nearly all major issues. Nearly everyone wants a strong economy, good jobs, low crime, good education and healthcare, a clean environment, good international relations, and efficient, effective government. Some people argue that citizens agree on higher goals, but not on the means to achieve them. But if people look at the big picture and objectively consider options for achieving goals, they would realize that they also largely agree on how to achieve them.

The path to widespread prosperity is clearly defined in nature. Nature does an excellent job of maximizing individual and collective well-being, far better than we are doing. If the people had full, accurate information, they would understand their collective best interests and work together to achieve them. But political parties divide the people and make them unable to work together.

The conservative-liberal war is the most destructive influence in the US and many other countries. Vested interests use political parties and dishonest media to turn the people against each other. As citizens are busy fighting false enemies (each other), vested interests are free to essentially steal the people's wealth and power to rule themselves.

It will be impossible to establish democracy and sustainable society unless we stop the many conservative-liberal civil wars that are raging around the world. Uniting and empowering the people is the most important action needed to abide by the laws of nature and protect the common long-term well-being of humanity.

Many specific actions are needed to achieve this. These include weakening political parties, requiring honest media, raising public awareness about root causes and optimal solutions, and implementing empowering, freedom-based education.

Political parties are not mentioned in the US constitution. Politicians are supposed to equally and fairly serve those who elect them. But political parties often sit above politicians and compel party-line voting. Political parties largely are controlled by wealthy campaign donors, not citizens in the party. As a result, regardless of which party wins, the wealthy benefit, while average citizens usually suffer. Every party-line vote violates the Constitution because the people are not controlling government. Political parties must be weakened so that citizens can directly and equally control the politicians they elect.

Honest media is essential for democracy. The people cannot effectively rule themselves if they do not have honest, accurate information. From 1949 to 1987, the Fairness Doctrine required US media to provide both sides of controversial issues. But this requirement for honesty inhibited the ability of vested

interests to mislead, divide and disempower citizens. As a result, vested interest-controlled government removed it. Now media essentially is allowed to lie and mislead the public.

For example, conservative media often promotes the views of energy company-funded scientists who say that humans are not causing climate change. They are not required to disclose that the vast majority of climate scientists say we are substantially contributing to climate change and urgent action is needed to protect humanity. This misleads conservative citizens into taking actions that protect shareholder returns, but harm their children and themselves.

To maximize the long-term well-being of humanity, citizens must be made aware of the root causes of major challenges (reductionistic thinking and resulting flawed systems) and optimal solutions (system change implemented through whole system approaches). To achieve this, the people must demand honest media.

US citizens have a constitutional right to freedom of speech. This does not give media the right to lie or mislead the public. Citizens' need for honest, accurate information takes huge priority over media's (nonexistent) right to say whatever it wants (lie).

Freedom-based education also is essential for empowering citizens to rule themselves and protect their common interests. The current forced education system is a legacy of the Protestant Reformation and Industrial Revolution. The goals largely are indoctrination and obedience training. Young people are 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 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.

Freedom-based education approaches, such as Self-Directed Learning, have proven themselves over decades in the US and other countries. The approaches do a vastly better job than forced education of developing the most important skills needed for life success, including high self-esteem, strong social and emotional skills, and empowerment to think independently and guide one's own life. Young people are not ranked against each other or forced to study subjects in which they have no interest. Compared to forced education, they perform as well or better in higher education and careers.

Humans did not evolve to learn by force. Coercion causes poor knowledge retention and weak social skills. People often spend the rest of their lives trying to prove that they are not as stupid as they were made to feel in school. As we shift society from plutocracy to democracy, we will implement truly empowering education. Freedom-based education maximizes the well-being of society by best preparing young people to have fulfilling and successful lives.

System Change Investing

Extensive actions are needed in the corporate/financial area to abide by the laws of nature and achieve sustainable society. When the people are divided and disempowered, the corporate and financial sectors often are the most powerful forces in society. They strongly control governments in the US and many

other countries. Companies and large investors usually use this influence to block system changes that threaten short-term profits and investment returns.

But these efforts to perpetuate unintentionally destructive systems are increasingly counterproductive. Flawed systems compel all companies to degrade the environment and society. As the human population and economy expand in the finite Earth system, negative corporate impacts return more quickly to harm companies, often in the form of market rejection, lawsuits and reputation damage. Companies have increasingly strong financial incentives to change the systems that cause growing problems for business and society.

Investing is the most powerful short-term mechanism for driving system change. The corporate and financial sectors are controlled by investors. Over the past 20 years, the global Sustainable/Responsible Investing (SRI) market has grown to over \$30 trillion. SRI has compelled nearly all large companies to implement sustainability strategies. The same mechanism can be used to encourage companies to implement collaborative system change strategies.

System Change Investing (SCI) provides a practical and profitable way to do this. Like SRI, the process involves developing strong business cases for system change, rating companies on system change performance, and developing system change-based investment funds.

The business case for system change is strong and clear. If we do not adequately address the root causes (flawed systems) of major environmental, social and economic problems, they will cause increasingly severe consequences for business and society.

Current systems often compel companies to profit by degrading the environment and society. Sophisticated investors and business leaders understand that this situation is increasingly untenable. Environmental and social degradation is widespread and accelerating. We do not have decades to avoid major societal disruptions. Substantial system change is needed in the short-term. No one has greater power to drive it than corporations, institutional investors and other large corporate/financial sector parties. SCI is the most effective way to engage these sectors in driving system change.

The approach provides substantial financial, sustainability and leadership benefits to investors. SCI ratings identify systemic risks and opportunities and provide strong indicators of management quality and stock market potential. They can be used as overlays to enhance the financial returns of value, growth, index and many other types of investment funds.

System change is the most important sustainability issue. As result, SCI funds can provide far greater sustainability benefits than any other SRI fund type. Financial institutions launching SCI funds will be seen as the true sustainability and SRI leaders.

Rating corporate system change performance is more complex than traditional ESG (environmental, social, governance) analysis. The frame of reference is much larger. ESG research mainly assesses unilateral corporate efforts to reduce negative impacts, for example, by lowering pollution and selling low impact products. The frame of reference for corporate system change analysis ultimately is the whole Earth system and its sub-element human society. This larger context must be understood before accurate corporate system change rating can be done.

Developing effective system change rating models requires first understanding the main characteristics of sustainable society and major system changes needed to achieve it. Once this is clear, the optimal corporate role in bringing about these changes can be identified. Aspects of this role become metrics in system change rating models.

The first SCI model (Total Corporate Responsibility – TCR[®]) was developed in 2003. The model is segregated into three broad metric categories – traditional ESG, mid-level system change (sector, stakeholder, environmental/social issue-level) and high-level system change (economic, political, social system-level). Examples of SCI metrics include system change strategy, public awareness and media campaigns, system change collaboration, government influence activities, addressing specific system flaws, and supporting NGOs, academia and other groups that are promoting system change.

Nearly the entire SRI market is focused on changing companies and addressing symptoms (environmental, social, economic problems). SCI shifts the focus to system change and root causes. It is the most significant SRI transformation since positive screening was introduced in the 1990s. SCI is a new paradigm, whole system approach. It represents the higher-level thinking and action needed to resolve major challenges.

It often is difficult to look forward and imagine a sustainable society that abides by the laws of nature, in the same way that it was difficult for people in the Southern US 200 years ago to imagine a society without slavery. From our current perspective, equitable resource distribution and widespread cooperation among humanity can seem idealistic and unattainable. A whole system perspective shows that these factors are inviolate laws of nature and absolute requirements for long-term human survival and prosperity.

Putting the What before the How helps to overcome resistance to system change. It facilitates doing whatever is necessary to abide by the laws of nature. It shows that the cost and difficulty of voluntary system change is nothing compared to that of involuntary system change. A whole system perspective shows that we have the innate ability to be nearly infinitely more prosperous and successful than we are now.

This article hugely condenses the Global System Change process. A far more detailed and heavily referenced description is provided in the book Global System Change – A Whole System Approach to Achieving Sustainability and Real Prosperity.

Frank Dixon established Global System Change in 2005 when he recognized that system change would become the dominant sustainability issue of the 21st Century. His experience as the Managing Director of Research for the largest ESG research company (Innovest) and sustainability advisor to Walmart and other organizations showed that flawed economic and political systems compel all companies to degrade the environment and society. He conducted several years of multidisciplinary research to produce a true whole system approach to sustainability (described in the Global System Change books). The approach provides practical system change strategies for all major areas of society. In the corporate and financial sectors, System Change Investing represents the most advanced and effective sustainability strategy. Frank Dixon advises businesses, investors and governments on sustainability and system change. He has presented at many corporate and financial sector conferences around the world, as well as leading universities, including Harvard, Yale, Stanford, MIT and Cambridge. Frank Dixon is an Associate Fellow of the World Academy of Art and Science. He has an MBA from the Harvard Business School.

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