Deep Institutional Innovation for Sustainability and Human Development

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Abstract

This paper argues that, due to a confluence of crises, many of the fundamental social institutions upon which societies have relied for decades for stability and direction, including politics, economics, technology, religion, gender and higher education are currently failing. It argues that this moment of deep transition (Kanger and Schot, 2019), as well as being a time of danger, presents an opportunity for positive renewal. For such positive renewal to occur, however, existing social institutions must be critiqued and re-imagined. The paper develops a model of deep institutional innovation at times of historic change such as the present, and outlines a research agenda aimed at initiating a holistic assessment of the main foundational institutions in society and re-imagining them in ways that will allow them to fulfil their basic ethical and effectiveness functions. Such a fundamental critique and re-imaging, the paper argues, is essential if global challenges are to be mitigated and resolved.

Section 1. Introduction

Social Institutions in a Time of Deep Transition

We are in a moment of deep institutional breakdown. Climate change, environmental degradation and a biodiversity crisis, marked increases in inequality, economic crises, the rise of populism, rising geo-political tensions, the effects of increased globalisation, and ongoing religious and ethnic conflicts provide clear evidence that current social institutions are not optimal, either for human flourishing or for addressing global challenges. The coronavirus pandemic has brought this dangerous reality into even starker relief, as it highlights both the deep interconnectedness and the sheer fragility of our globalised socio-economic-environmental system.

This deep interconnectedness and complexity extend across multiple domains, including techno-economic, ecological, political and ethical. The aforementioned crises and problems, oftentimes framed as ‘grand challenges’ within technical and engineering discourse, require approaches and re-imagined institutions which radically go beyond the mere technical or economic (Cech, 2012). Instead, the types of multi-level and transcendent problems which encompass such systems can be described as ‘wicked problems’, a term first coined by Horst Rittel and Melvin Webber, where they described these as complex messy problems where ‘there are no “solutions” in the sense of definitive and objective answers’, and which even elicit broad disagreement in their framing (Rittel and Webber, 1973). Such problems, layered with complexity, require multiple systemic responses, extending beyond reductionist science and accompanying ‘command and control’, managerialist
conceptions of reality. Instead, any productive and purposeful engagement with grand challenges requires an appreciation and embrace of their system complexity, inherent uncertainty and a post-normal approach to science (Ravetz, 1999, 2006).

In this context, this paper focuses on the role of social institutions, and institutional values, in either perpetuating current dysfunctions or facilitating progressive global change. It argues that, due to a confluence of circumstances, many of the foundational social institutions upon which societies have relied for decades for stability and direction, including economics, democracy, technology, religion, gender, and higher education, are currently failing.

The paper argues that this moment of deep transition (Kanger and Schot, 2019), as well as being a time of danger, presents an opportunity for positive renewal. For such positive renewal to occur, however, existing social institutions must be critiqued and re-imagined. Following Eisler and Fry (2019), we argue that this re-imagining needs to be based on a shift in the underpinning values that animate the major social institutions that make up society, from dominance values of hierarchy, inequality, coercion and private gain, towards partnership values of equity, cooperation, and public good.

The paper begins by outlining the definition of social institutions as meta-institutions (i.e. systems of organisations) that are of central importance to a society. The paper then develops a model of change in social institutions at times of historical transformation. Our model posits that deep societal transformations occur at specific moments in history when underlying changes lead to tipping points that necessitate systemic change. It is the premise of this paper that we are now at such a historical tipping point.

The outline of the paper is as follows:

Section 2 develops a framework for understanding the complex processes underpinning change in major social institutions at moments of historic transformation, such as the present. It identifies a number of sources of toxicity that, if they are not constrained, are likely to steer the coming societal transformations in detrimental directions.

Using this framework, Section 3 identifies three core functions of social institutions in times of transformative change and posits a definition of a ‘good’ social institution that will help steer social transformations in the direction of fairness, sustainability and public good.

Section 4 applies this definition of a ‘good’ social institution to critique the current dominant neoliberal economic paradigm.

Section 5 then proposes a broader research agenda aimed at similarly critiquing and re-imagining the existing social institutions of democracy, religion, gender, technology and higher education, as guides for their progressive transformation.

This historic moment of deep change also requires new imaginaries to guide the direction of societal transformation. Section 6 briefly outlines our ambition, based on the project’s findings across social institutions, to generate new and inspiring visions to guide global transformation at this historic moment of both great danger and exceptional promise.

Defining Social Institutions

The literature distinguishes between two different accounts of institutions. Atomistic theories (e.g. Taylor 1985) identify institutions with relatively simple social forms such as conventions, social norms or rules. According to Hodgson (2015:501), for example, institutions are "integrated systems
of rules that structure social interactions". Rational choice theory, which is a constituent part of modern economic theory, is perhaps the best-known contemporary example of atomism.

By contrast, holistic theories, including structuralist-functionalist theories, stress the inter-relationships of institutions (structure) and their contribution to more complete social complexes, especially societies (function).

While there is no single definitive definition of social institution, this paper adopts the following broad characteristics of social institutions: they play a central and important role in society; they are typically meta-institutions i.e. systems of organisations; and being central and important to a society, they are usually long lasting, typically trans-generational (Stanford Encyclopedia of Philosophy). Social institutions in the sense being used in this paper are distinguished from less complex social forms such as conventions, rules, social norms, roles and rituals. The latter here are considered to be among the constitutive elements of social institutions. Hence this paper is adopting a structuralist-functionalist view.

At the most general level, the main social institutions are family, education, religion, economy and government. These social institutions are, almost by definition, characterized by historical continuity, pattern maintenance and social reproduction, rather than by change, innovation or transformation. The current paper, however, is interested in exploring the processes of deep structural and functional change within social institutions at historic tipping points. Such an exploration requires, by necessity, a deep historical, cross-disciplinary, comparative perspective in order to escape prevailing paradigms and to envision and chart a path towards possible alternative social institutional configurations.

This paper will focus, in particular, on the social institution of economics. In addition, it will map out a possible future research agenda that would also include democracy, religion, gender and higher education. It will also argue for the inclusion of technology as a critical social institution, one that is currently transforming each of the other institutions considered.

Section 2. Theoretical Approach – Social Institutions and Historical Transformative Change

This section develops our theoretical approach to change in large complex social systems in historical moments of transformative change. Our model of change has three components.

First, we consider the dynamic interactions between ‘leaders-followers-context’ to be at the core of institutional change. We draw on the models of Kellerman (2012) and Padilla et al (2007), taken from the literature on business and management, which view both leaders and followers as embedded in specific contexts or environments. This triangular model emphasises the critical influence of societal and organisational context in affecting followers’ demands and expectations and in empowering particular types of leaders. Change within this ‘leaders-followers-context’ complex can, and typically does, occur without causing deep transformation of the social system of which it is part.

The second component of our model of change asserts that at particular historical moments, changes within the ‘leaders-followers-context’ complex reach tipping points at which deep transformation can occur. Such moments of change, characterised by the breakdown of social institutions, are periods of liminality, extreme contestation, social unrest and deep institutional innovation.

In our analysis, we draw on Plato to embed the ‘leader-follower-context’ triangle within this broader historical framework for social systems change. The central argument of Plato’s Republic is that
history is not linear and progressive, but is instead characterised by periodic degenerations, recurrences, and reversals, which can culminate in transformations of entire social institutions and societies. Plato allows an interpretation of the ‘leader-follower-context’ triangle not simply as ongoing, and potentially reversible, shifts between different leaders and power groupings, but as transformations of the entire ‘leader-follower-context’ system between different system configurations - from democracy to tyranny, to oligarchy, to aristocracy, for example. Deep institutional innovation therefore only occurs, following Plato, at specific moments in history.

The third component of our change model moves from considering the dynamics of change to identifying sources of toxicity, (or alternatively sources of flourishing/wellbeing), in social system change. It is notable that the literature focuses predominantly on sources of toxicity, rather than on sources of flourishing. We argue that at times of deep social change, the dominance of particular forms of toxicity can steer the transformation in a direction that is detrimental to the public good.

Three complimentary sources of toxicity are considered. First, Plato in Republic identifies ‘pleonexia’, an anthropologically and psychologically deep-seated hunger for power and wealth, as the source of toxicity in social change. Second, Girard et al. (2003) draw attention to the fact that humans are imitating creatures and in imitating other people’s desires we end up as rivals. Such mimetic rivalry, for Girard, is a source of toxic change in social systems. The third source of toxicity explored is the fixed psychopathology of a minority within the human population, specifically those individuals with psychopathy and narcissistic and paranoid personality disorders (Hughes, 2018). These sources of toxicity, if not constrained, can lead to transformation of social institutions in directions which are detrimental to the public good.

(i) The ‘Leaders-Followers-Context’ Triangle

We begin by drawing upon two related models used to describe systemic interactions between leaders, followers and context (or environment), namely Kellerman’s leadership triangle and Padilla et al.’s model of the toxic triangle, both of which are found in the literature on leadership and management.

Kellerman and Padilla et al.

There is a widespread sense in contemporary society that not only individual leaders, but the entire leadership class has failed. According to Kellerman, “…government and business are suffering from a near breakdown in their capacity creatively and collaboratively to effect policies to address the most pressing of the nation’s problems” (Kellerman, 2012:xix). Many leaders have been exposed as deficient on the two central criteria of leadership, namely ethics and effectiveness. Kellerman calls this phenomenon, ‘the end of leadership’ and asserts that it has undermined the ability of leaders to effect fundamental change.

Kellerman explains this crisis of leadership in terms of the dynamics of the triangle comprising leaders, followers and context (Kellerman, 2012:xxi). Over recent decades, the cultural context has changed in ways that have undermined the authority of leaders while empowering followers. Two factors have contributed to this power shift. The first is the historical trend towards democracy, equality and inclusion. This trend has reduced the distance between leaders and followers, and in doing so has reduced leaders’ authority and power. The second is information and communication technologies. This too has affected leadership and followership by diminishing the former and empowering the latter. Social media, for example, empowers everyone to express their opinion and voice their demands. The dissemination of classified information that exposes corrupt or dishonest
behaviour of leaders, by Wikileaks for example, has also served to undermine leaders’ credibility in the minds of many citizens.

According to Kellerman, “… weakened leaders, alienated followers and an array of apparently intractable problems. This constitutes the contemporary context…” (Kellerman, 2012:83). To address this, she suggests that a paradigm shift is needed away from leader-centrism to an understanding that all three sides of the triangle of leaders, followers and context have equal weighting. This would require a greater emphasis on the importance of contextual intelligence, a shift in emphasis from developing good leaders to addressing the problem of stopping bad leaders, and a focus on educating ‘good followers’.

Padilla et al.’s model of the ‘toxic triangle’ also focuses on the systemic interaction of leaders, followers and context, and in particular on the circumstances that give rise to ‘destructive’ leadership. According to Padilla, “destructive leadership entails the negative consequences that result from a confluence of destructive leaders, susceptible followers, and conducive environments” (Padilla et al, 2007). The basic premise of this model is that in order attain positions of authority, destructive leaders need both a core base of followers and an environment that supports their rise to power. Padilla et al.’s analysis identifies five characteristics of destructive leaders: narcissism, charisma, personalized use of power, negative life themes, and an ideology of hate. Their model also identifies four environmental factors that enable destructive leadership: instability, perceived threat, cultural values, and the absence of checks and balances, such as strong institutions.

Padilla et al. assert that whereas instability and weak institutions can enable the emergence of bad leadership, effective institutions, system stability, and proper checks and balances, can serve to deter bad leaders from emerging, and constrain their destructiveness if they do rise to power (Padilla et al., 2007: 186). Reflecting Kellerman’s injunction on the need for ‘good followers’, Padilla et al. also argue that developing strong followers, by promoting a culture of empowerment, is important in constraining a toxic leader’s destructiveness (Hollander & Offermann, 1990).

(ii) Plato – A Long Term Historical Perspective

The second component of our model of change asserts that at particular historical moments, changes within the ‘leaders-followers-context’ complex reach tipping points at which deep transformation can occur.

This second component, which we draw from Plato, embeds the triangular models above within a broader historical framing. Kellerman’s work, it can be argued, may be viewed as embedded within a linear-progressive conception of history, whereby societies become progressively more democratic and egalitarian and ‘good’ leadership plays a crucial role in ensuring such progress. The central argument of Plato’s Republic, in contrast, is that history is not linear and progressive, but is instead characterised by periodic degenerations, recurrences, and reversals, which are experienced as transformations not only between different forms of leadership but between different types of society.

In Republic, Plato posits that Aristocracy (leadership by wise kings) degenerates and transforms into, or is overthrown and replaced by, Timocracy (heroic military leadership). This in turn consolidates, but over time transitions into Oligarchy, which is leadership by family descendants, estates, businesses and other wealthy elites associated with and inherited from the military heroes. In turn, Oligarchy grows increasingly corrupt and is eventually overthrown by Democratic revolution, which installs leadership by the demos.
Within a Democracy, however, Plato, like Kellerman, asserts that as everyone becomes more equal, leadership becomes increasingly difficult. As popular demands grow, citizens become ever more dissatisfied with the performance of their leaders. During periods of acute crisis, with no ordinary leader being seen to be capable of delivering on their demands and expectations, the democratic masses become susceptible to electing charismatic, ‘strongman’ leaders. Such leaders however, Plato warns, soon become Tyrants who overthrow Democracy and restore, once again, a pseudo-Aristocracy of ‘wise kings’. According to Plato, at specific moments in history, such deep innovations in entire social institutions can be expected to occur.

(iii) Sources of Toxicity

Plato

Plato’s ‘Republic’ gives an account not only of the transformation of societies, but also of the potential source of toxicity during periods of transformation. According to Plato, this source is what the Greeks called ‘pleonexia’, an anthropologically and psychologically deep-seated hunger for power, wealth and other social goods. According the ancient Greeks, pleonexia is always present in history and social relations, a latent propensity, ‘hard wired’ in human appetites and competitiveness, and all historical societies have needed to control and to govern it by one means or another. Under conditions of crisis and uncertainty, however, pleonexia may be unleashed, resulting in the rise of destructive leaders on a wave of mass support, and the potential transformation of societies in a direction that is detrimental to the public good.

Girard

A closely related, and complimentary, way to formulate the source of toxicity at times of deep social change is with the help of Rene Girard’s theory of ‘mimetic rivalry’, and a contagious downward spiral of ‘scapegoating violence’. According to Girard’s mimetic theory (Girard, 2003), imitation is a key characteristic of human beings and is a basic mechanism for learning, in so far as we imitate what we see others doing. Girard, however, draws attention to the fact that we also imitate other people’s desires, and in doing so may end up desiring the very same things, thus becoming rivals. Girard distinguishes ‘imitation’ from ‘mimesis’. The former refers to the positive aspect of reproducing someone else’s behaviour, whereas the latter implies the negative aspect of rivalry.

Girard’s eschatology, in ‘Things Hidden Since the Foundation of the World’, echoes Plato’s critique of democracy in Republic, and Kellerman’s concerns regarding the ‘end of leadership’, namely that equality undermines the authority and effectiveness of leaders. In a Girardian interpretation of Kellerman’s leadership triangle, the shorter the side of the triangle linking leaders and followers becomes, the more it tends to generate a downward spiral of envious mimesis, violence and disorder. According to Girard, mimetic rivalry’s propensity for contagious violence can be limited by elevating a Subject(s)/Leader a great distance above other subjects, so that rivalry amongst the masses is mediated through an external model, who cannot be envied, only revered. In this way, a ‘strongman’ leader quells mimetic rivalry and restores order.

Hughes

A third potential source of toxicity is the fixed psychopathology of a minority within the human population. Hughes (2018) identifies the personality disorders of psychopathy, narcissistic personality disorder and paranoid personality disorder, which together affect around five percent of the general population, as being a potential source of toxicity at times of crisis. The characteristic traits of individuals with these pathologies include the demand for complete subordination,
paranoia, the vilification of opponents, narcissistic rage when challenged, reckless risk taking, and an inability to change course even in the face of imminent disaster. Individuals and groups with these disorders have a higher chance of rising to power at times of crisis than those with healthy psychology. Once in power they can transform social institutions towards more destructive forms from within. Hughes also draws on the leadership triangle of Kellerman and Padilla et al. to explain the dynamics that enable toxic leaders to rise to power, namely when a conducive environment induces a critical mass of followers to support a psychologically pathological leader. In ‘Disordered Minds’, Hughes highlights the role of social institutions as either an enabler of, or a check on, the rise to power of such destructive leaders, with a particular focus on democracy as a defence against their dangerous psychopathology.

Section 3. Core Functions of Social Institutions and the Definition of a ‘Good’ Social Institution in Times of Transformative Change

Our model of deep institutional change posits that societal transformations occur at specific moments in history when underlying changes in the dynamics of ‘leaders-followers-context’ lead to tipping points that necessitate deep systemic change. At such historical moments, the prevalence of particular sources of toxicity, if they are not constrained, can tip the balance of the transformation to outcomes that are severely detrimental to the public good.

It is the premise of this paper that we are now at such a historical tipping point. Many of the social institutions that comprise contemporary society are no longer fit for purpose and are breaking down. These social institutions urgently need to be reimagined and reconstituted to constrain sources of toxicity and direct the coming transformations in constructive directions.

In the following section we discuss three core functions of social institutions in this time of deep societal transformation. Based on these core functions, we formulate a definition of a ‘good social institution’ applicable to our current historical moment. These core functions are: setting societal rules and norms of behaviour; enabling ‘good’ and deterring ‘bad’ leadership; and possessing the capacity for ‘progressive’ change.

In the context of today’s grand societal challenges, the paper adopts an explicitly normative approach by considering ‘positive’ transformation to be in the direction of advancing towards the goals of sustainability and human flourishing as reflected in the Paris Agreement on Climate Change and the United Nations Agenda 2030 and the Sustainable Development Goals. The paper’s normativity is thus grounded in well-established international agreements and laws.

a. The importance of social institutions in setting societal rules and norms of behaviour (Eisler & Fry)

Our model of deep institutional change follows Eisler and Fry (2019) who characterise social systems as lying on a continuum between domination systems and partnership systems.

According to this formulation, social systems based on domination are characterised by the following: rigid top-down rankings, including the ranking of one form of humanity over another; cultural acceptance of abuse and violence; beliefs that rankings of dominance are inevitable and even moral; and use of fear and force to preserve structural violence embedded within the system.

Partnership systems, by contrast, are characterised by the following: democratic and egalitarian values and social practices; cultural rejection of abuse and violence; beliefs about human nature that support equality, compassion, caring and cooperation; and equal status for men and women. This last point includes the valuing, in both women and men, of qualities and behaviours, such as non-
violence and caring, that are denigrated in the dominance system as being exclusively ‘feminine’ (Eisler and Fry, 2019:99).

Eisler and Fry assert that contemporary society is marked by a struggle between dominance systems and partnership systems within every major social institution in society, a struggle that is, at root, a struggle between value systems (Eisler and Fry, 2019:296). While no social institution orients completely towards either end of the spectrum, the degree to which it aligns one way or the other profoundly effects the rules, norms, beliefs and practises that are enforced by that social institution.

With regard to leadership, Eisler and Fry emphasise that partnership systems are not free of hierarchy. Instead the hierarchies that do exist are generally used to empower followers. Similarly, partnership systems are not free from conflict. Rather conflict is acknowledged and dealt with non-violently through debate and mediation. As a result of their inclusiveness, social institutions biased towards the partnership system have a greater tendency to be oriented towards the common good. (Eisler and Fry, 2019:103)

In adopting Eisler and Fry’s formulation, we suggest that whereas their continuum between ‘domination’ and ‘partnership’ suggests a dualism, we posit a dialectic, so that any particular institutional configuration will represent a compromise between these opposite tendencies.

**b. Social institutions as enablers of ‘good’ leaders and deterrents of ‘bad’ leaders (Hughes)**

As Kellerman argues, contemporary society is characterised by failures of leadership, as evidenced by widespread loss in trust in leaders and ubiquitous examples of unethical and ineffective leadership, across a wide range of contemporary social institutions.

Hughes (2018) argues that social institutions, including their value systems, can play a critical role in containing ‘bad’ leadership by preventing individuals with destructive personality disorders, namely psychopaths and those with narcissistic and paranoid personality disorders, from rising to leadership positions. He outlines, for example, how the modern system of liberal democracy can be seen to be comprised of six pillars, or constraints, each of which acts as a defence against the abuse of power by pathological leaders and elites. These constraints are: political participation through democratic elections and direct participation of citizens in government; the rule of law applied equally to all; constitutional constraints on the power of government; a prohibition on the imposition of state sponsored ideology; social democracy to ensure social stability; and the protection of fundamental human rights through international law (Hughes, 2018:121). Hughes argues that in the struggle described by Eisler and Fry, between “those trying to move towards partnership and those pushing us back to rigid rankings of domination” (Eisler and Fry, 2019:296), pathological individuals can play a catalytic role in tipping the balance towards destructive transformations. A core function of social institutions at times of transformative change is therefore to act as a constraint against such individuals’ toxicity.

**c. Capacity of social institutions for ‘progressive’ change (Eisler and Fry and Institutional Economics)**

A third critical function of social institutions in times of transformational change is to enable ‘progressive’ change and prevent ‘regressive’ change that would result in harm to public good.

At this point, we find it useful to also draw on the field of institutional economics, which places values at the core of institutional change.
According to institutional economics, the process of institutional change comes about as a result of a change in society’s ‘value structure’. According to Tool (2018), individuals can act in accord with culture, having internalised its values and practices, and in doing so perpetuate the status quo. Alternatively, individuals can act to change culture, by critically assessing and acting to change existing values and practices. The reflective capacity of individuals and groups to critically evaluate the status quo and determine whether or not it is suitable to meet the contemporary needs of society plays a major role in institutional change (Bush, 1987, 2015).

An institution’s capacity to allow such critical reflection to take place, however, depends on the balance within the institution between what Ayres (1944) calls ceremonial valuation and instrumental valuation. In ceremonial valuation, innovations are judged not on the basis of their consequences, but on their conformity with authority, tradition and ideology. In instrumental valuation, by contrast, new ideas are tested based on evidence as to whether or not they will bring about desired change. While instrumental valuation is open-ended, ceremonial valuation is bounded by existing authority and dogma. According to Foster (1981), all institutions perform both ceremonial and instrumental valuations. The more ceremonial valuation dominates instrumental valuation, however, the greater the resistance to change within the institution.

In this paper, following Eisler and Fry, we posit that progressive change is (in large part) change in the direction of the ‘partnership system’, while regressive change is change in the direction of the ‘dominance system’. We posit therefore that the capacity of a social institution for ‘progressive’ transformation is determined both by its existing values and norms as well as its capacity to reflect on its existing values and practices.

In forwarding this premise we do not wish to suggest that ceremonial valuation, based on authority and tradition, is of no value. We do wish to argue, however, that critical engagement with authority and tradition is necessary in the context of deep social change. This is particularly important when authority and tradition empower values that are detrimental to the public good.

Definition of a ‘Good’ Social Institution in Times of Deep Transformative Change

The considerations above allow us to tentatively suggest a definition of “a good social institution” in times of transformative change. Our definition has three broad components that relate to the three core functions of social institutions outlined above.

Based on these essential functions, we define a good social institution as one that: (i) sets rules and norms of mass behaviour based predominantly on partnership values rather than dominance values (ii) serves both to empower positive leaders, (who are both ethical and effective), and constrain negative leadership, and (iii) enables progressive change towards solving the grand societal challenges facing humanity.

This definition of a good institution places values of justice and sustainability, ethical and effective leadership, and the ability to drive positive institutional and societal change for the common good, at the heart of good social institutional design.

It should be noted that in applying this definition, we assert that the principles inherent in the definition will manifest in different ways depending on specific local cultures and circumstances. This definition is therefore offered as a prism, rather than a ‘one-size-fits all’ prescription for progressive social institutional change.

Section 4. Critique of Neoliberal Economics
In this section of the paper, we apply the definition of a ‘good institution’ to the social institution of contemporary neoliberal economics. This analysis takes as its starting point the report ‘Beyond Growth’ (OECD, 2019a) produced for the New Approaches to Economic Challenges unit at the OECD, which provides an authoritative critique of the existing dominant paradigm. This report identifies a range of failures in the existing dominant neoliberal paradigm, the sources of those failures, some emerging new approaches, and the need for deep institutional innovation in economics based on a shift in underlying values.

**Economic failures**

The NAEC report (OECD, 2019a) points to a range of systemic failures of the current dominant economic paradigm in many OECD countries both prior to and after the 2008 financial crisis. (The report pre-dates the Covid-19 pandemic). The following features are identified: income inequality and wealth inequality have risen (Alvaredo et al., 2018); living standards for many are barely above those of a decade ago (OECD, 2018); under-employment and insecure and precarious work have increased; the gap between richer regions and those on the periphery has widened; public and private debt is high (OECD, 2019b); productivity growth has slowed and innovation is no longer being diffused to the rest of the economy (OECD, 2019c); and economic growth remains dependent on emergency measures such as ultra-low interest rates and expanded central bank balance sheets.

Largely as a result of these failures, popular discontent with politicians and the political system has risen (OECD, 2017); trust in established institutions, in experts and ‘elites’ has declined (OECD, 2017); and social cohesion has been eroded, with many countries experiencing increased cultural as well as economic divisions (World Bank).

The report concludes, “[m]any of the policies which have been implemented across the OECD, not just over the last decade but over the last forty years or so, appear no longer able to improve economic and social outcomes in the ways they once promised.” (OECD, 2019a:4)

**Sources of failure**

In terms of diagnosing the source of these ills, the NAEC project, based on a range of expert input from diverse sub-fields of economics, identifies a wide range of problematic structural issues. These issues include: the growth of financial capitalism; the concentration of market power, which has reached near monopoly levels in numerous sectors of the global economy, particularly in digital technology; the model of shareholder primacy as the dominant model of the firm; the focus of governments on GDP, despite widespread acknowledgement that GDP is not an adequate measure of well-being; the retreat of the state in favour of the market; and the dependence of economic growth on unsustainable practices such as fossil fuels, forms of intensive and meat-based agriculture, and the unlimited exploitation of global natural resources.

To this we add taxation and revenue, of particular contemporary salience in the context of globalization, as the essential structuring matrix of most other modern social institutions, and the bridging mechanisms between ‘economy’ and ‘democracy’. While societies remain localized, in the context of globalisation many economic activities have become dis-embedded and trans-national, depriving national governments of the revenue required for the social institutions upon which social cohesion depends. Following Elias (1982), who characterised the French Revolution as essentially a tax revolt, past social revolutions, including the 1930’s ‘New Deal’ in the United States and the European social welfare state model, involved deep innovations in taxation and revenue. The neoliberal revolution and the proposed ‘New Green Deal’ can similarly be seen, in large part, as existing (and failing), and proposed future, configurations of taxation and revenue respectively.
Emerging New Approaches

In response to these systemic failures, the NAEC report notes that new economic theories and policy directions have emerged that are challenging the current paradigm.

Within mainstream economics itself, significant changes are taking place. These include, for example, the recognition of the ‘social’ human being as an important economic agent, in acknowledgement of the fact that people do not act solely in their own self-interest but can also act in caring, co-operative and altruistic ways (McGregor and Pouw, 2017). The role of power in the shaping of markets is receiving more attention, including the impact of corporate lobbying on regulatory policymaking and the impact of such activities on inequality (Boushey, 2019). The detrimental impacts of ‘financialisation’, including the role of speculative and short-term financial trading, investment in real estate, and the rise of the ‘shadow banking’ system, are also the focus of increased attention (Lazonick, 2014; Kay, 2012; Nesvetailova, 2019).

Non-traditional strands of economics have also emerged to challenge some of the basic assumptions of the dominant paradigm. Ecological economics, for example, seeks to bring the economy back within the earth’s ‘sustainability limits’ or ‘planetary boundaries’, and in doing so is challenging the notion of economic growth itself (Hickel and Kallis, 2019; Jackson, 2018; Steffen et al., 2015; Victor, 2019). Feminist economics is expanding the boundaries of the economy by including the critical role which unpaid caring work, carried out mainly by women, plays in society (see e.g. Folbre, 2008; Himmelweit, 2002; Waring, 1988). Some political economists are arguing for an overt acknowledgment of the ethical nature of economics and a more sophisticated public debate about the justice, or otherwise, of different economic institutional arrangements (Sandel, 2012; Sandel, 2013; Farrar et al., 2016; Komlos, 2019). And there is also a growing recognition that the narratives which are commonly accepted in society about how the economy works, and how people behave in it, themselves influence individual and mass behaviour (Shiller, 2019).

The need for Deep Institutional Innovation based on a shift in values

On the basis of their analysis, the NAEC report concludes that the deep challenges facing OECD economies today will not be addressed simply by incremental changes to existing policies, but that instead fundamental structural changes will be required. The report points out that such deep institutional innovation happened twice in the last century (Laybourn-Langton and Jacobs, 2018): first, in the 1940s, in the aftermath of the Wall Street Crash and the Great Depression, when the economic orthodoxy of laissez faire was replaced by Keynesian economic theory and the development of the welfare state; second, when this ‘post-war consensus’ itself broke down amid the economic crises of the 1970s, and was replaced by the free market or neoliberal model developed by economists such as Milton Friedman and Friedrich Hayek.

According to NAEC, “[m]ore than a decade after the financial crash, with the global economy and many individual OECD countries facing multiple crises, our argument is that the time is ripe for another such paradigm shift” (OECD 2019a:21)

For the purposes of this paper, what emerges clearly from the NAEC analysis is that the emerging direction of change in this paradigm shift is from Eisler and Fry’s dominance system to the partnership system. This is evident in a wide range of policy proposals that were the subject of intense economic and political debate even before the Covid-19 pandemic, including:

- the need for the state to play a more assertive role in prioritising sustainability and the protection of social cohesion alongside economic growth
• the need to reverse the dominance of the financial economy, relative to the real economy, to reduce inequality and economic instability
• the need to reduce corporate monopoly through the application of effective anti-trust law, and more assertive state policies governing fair tax payments and the protection of public goods
• the need for governments to move beyond GDP and adopt a wider set of measures of economic and social progress as the aims of economic policy
• the need for new models of the firm which balance the pursuit of profit with the pursuit of broader social and environmental goals
• the need for a new culture of globalisation that is supportive of global convergence between developed and developing nations, both as a moral objective and as a necessary precursor for addressing challenges including pandemics, climate change, war and terrorism, and
• the need for ethical leadership and corporate governance as the foundation of future economic, environmental and social progress.

In summary, the evidence presented in the NAEC report points to the potential for deep institutional innovation away from the values and structures of the current dominant economic paradigm towards greater distribution of power, greater emphasis on cooperation and inclusion, and a shift in values from private gain to public good.

Section 5. Outline of a Proposed Research Agenda

(i) Critique of Existing Institutions

In this section we briefly outline a proposed research agenda aimed at initiating a holistic assessment of the main foundational social institutions in society and re-imagining them in ways that will allow them to fulfil their basic moral and functional roles, and in doing so contribute to a positive transformation of society towards sustainability and human progress.

We agree strongly with Eisler and Fry that understanding the inter-relatedness of social institutions is key to understanding human societies and that at this moment in history, such a systemic analysis is essential (Eisler and Fry, 2019:11). We therefore assert that such a research agenda cannot consider individual institutions in isolation. Instead, simultaneous critical analysis and re-imagining of each of the major institutions in society is required.

A preliminary analysis of the social institution of economics has been presented above. This analysis serves as an initial outline of how a critique and re-imagining of key institutions might be approached. As our example illustrates, the research agenda we are proposing would draw on critiques and re-imaginings that are emerging in response to current crises. The possible elements of such a programme have also been sketched in our example above, namely an authoritative critique of the existing institutional paradigm, a comparison of the existing institution with our definition of a ‘good institution’, and the re-imagining of possible new social institutional paradigms in closer accord with the principles underlying our definition of a ‘good social institution’.

We propose that this research agenda would cover not only economics but would also encompass democracy, religion, gender, technology, and higher education. This section briefly outlines the rationale for focusing on each of these particular social institutions.

Democracy
Within the political arena, several wealthy, supposedly “consolidated” democracies are currently experiencing significant and unexpected setbacks in democratic institutions and practices, while progress toward democracy has been stalled or reversed in many emerging and developing nations (Wike and Fetterolf, 2018). World Values Survey (WVS) data document declining support for democracy and growing support for nondemocratic forms of government among the publics of several established democracies. This is reflected in the rise of right-wing populist nationalist parties across many established democracies, which has resulted not only in the erosion of democratic norms and institutions, but also in an alarming increase in identity-based hate speech and hate crime. The rise in nationalism has also led to a dangerous erosion in international cooperation and a deterioration in the capacity of international organisations to facilitate the global cooperation needed to address urgent global challenges.

**Religion**

The major world religions face fundamental questions in the context of globalisation and global challenges (Ott, 2007). Planetary wide human migration, whether voluntary or coerced, changes in gender roles and norms, the future evolution of ‘homo techno-sapiens’, environmental destruction and mass species extinction, are just some of the ongoing disruptions that are challenging existing religious paradigms. Globalisation and human migration require a cross-cultural consensus about the fundamentals of life as a regulative idea. Education needs to address issues of gender equality, advocacy for children and future generations, and ethical responsibility to others in order to reduce inequalities and resolve global challenges. The dialectic between religion and science needs to produce scientifically informed communities and ethically informed technologies. In this context, world religions face tensions between the extent to which they are acting as a practical force for social change toward sustainability and fairness, and the extent to which are they responsible for producing and maintaining existing injustices and unsustainability. According to Eisler and Fry, the extent to which world religions can act as ideological and practical forces for social good will depend in large part on the deconstruction of the domination narratives in religion and an increased emphasis on the partnership-oriented narratives that promote a more ethical morality and spirituality.

**Gender**

Gender equality, and the social construction of gender, is a pervasive issue across all of the major social institutions in society (Smiler, 2019). Gender equality requires systemic changes to eliminate the many root causes of discrimination that still curtail women’s rights and flourishing in private and public spheres. The majority of the world’s poor are women. Gender-based violence remains one of the most pervasive human rights violations in the world, while women commonly face higher risks and greater burdens from the impacts of climate change. In politics and business, women still hold less than a quarter of parliamentary seats globally and less than a third of senior and middle management positions in the private sector. In economics, women conduct over two and a half times more unpaid care and domestic work than men. A new construction of gender is urgently needed that is less destructive to both women and men and which could provide the basis for transformations towards more ethical and sustainable societies.

**The University**

Existing models of education are increasingly failing to meet the challenges facing societies today, including technology, migration, climate change and increasing polarization and inequality. Higher education plays a foundational role in terms of enabling (or preventing) deep system change. One of
the primary functions of the University is 'the reproduction of elites' in the professions, in political and business leaders, science, and the arts and humanities. The University can either replicate the status quo in terms of paradigms of knowledge, epistemology, methodologies etc., or can act as an enabling institution, from within which deep system change may emerge. The organisation of academic institutions into specialised academic disciplines has led to very significant scientific, technical, cultural, and societal progress. However, the increasing compartmentalisation of knowledge has become, in certain situations, an obstacle to addressing sustainability challenges. Steering society towards a more sustainable path will require a more transdisciplinary research approach where academics collaborate with practitioners and others outside of academia, including society at large (Dedeurwaerdere, 2014).

Technology

Green technologies lie at the heart of the transitions needed to address societal grand challenges, such as climate change, biodiversity loss and environmental degradation. These sustainability transitions will require global cooperation to enable the change from existing unsustainable socio-technical systems (such as existing food, energy, heating and transport systems), to more sustainable configurations. Such ‘system innovation’ involves a diverse range of new technologies, multiple stakeholders, requires numerous systemic policy interventions, and is inherently highly uncertain. Current levels of global cooperation and investment, however, are well below those needed to avoid potentially devastating levels of global warming, environmental destruction and human harm. At the same time, new technologies, such as digital technologies and biotechnologies, are beginning to disrupt our current ways of living in ways we cannot yet fully predict. New and emerging technologies have far reaching implications for issues such as health, privacy, equality, and social cohesion. According to Jasanoff (2016), this range of issues raises fundamental questions as to whether existing social institutions are capable of deliberative, ethical, future making in the face of accelerating technological change.

Section 6. Re-imagining Global Society

This historic moment of deep transformational crisis requires not only fundamental innovations in all the major social institutions that make up society, it requires new imaginaries to guide the direction of those transformations. Most difficult of all, it also requires, as the President of Ireland, Michael D. Higgins stated in his address to the United Nations General Assembly in 2019, the consciousness to bring about the necessary changes in our economic, political and social lives (Higgins, 2019).

As well as critiquing and re-imagining individual social institutions, therefore, our proposed research agenda, would also address systemic issues, such as the dynamic interactions between social institutions and the meta-level outcomes that result. One particular aim in this regard is the generation of new global imaginaries. According to Steger (2019), imaginaries are belief systems, institutions and practices that promote specific ideas and values that guide human communities. Taylor (2004) asserts that social imaginaries come into being as ideas initially held by elites that eventually spread into the wider public through their material instantiation, through which they influence law, government, institutions, and social practices. Such imaginaries, produced and reproduced within contested political, economic, religious institutions, can constitute powerful forces capable of affecting profound social change. Examples of contemporary social imaginaries include neoliberalism, feminism and environmentalism. Steger further cites imperial globalism, market globalism, justice globalism, jihadist globalism, and right-wing nationalism as currently existing competing and co-existing global imaginaries.
In addition to critiquing and re-imagining the individual social institutions of economics, democracy, technology, religion, gender and the university, the proposed research agenda would also aim to assess the emergence of possible new global social imaginaries that could empower and enable the global transition to sustainability and a more just and equal world see e.g. Wahlrab, 2019).

**Section 7. Conclusion**

The paper has presented a model of deep institutional innovation at times of historic change such as the present, and outlined a potential research agenda aimed at initiating a holistic assessment of the main foundational institutions in society and re-imagining them in ways that will allow them to fulfil their basic ethical and effectiveness functions. Such a re-imaging, the paper argues, is essential if challenges ranging from climate change to species extinction and environmental damage, democratic decline, rising social unrest and inequality, among others, are to be faced and addressed.

**References**


