Sustainable Competitiveness

in the Climate Emergency

Foreword

The Global Sustainable Competitiveness Index (GSCI) was first published in 2012, based on the concept that what is not sustainable is not competitive, and what is not competitive is not sustainable.

The GSCI measures sustainability an competitiveness of nations across all issues relevant to the economic, social and environmental performance of a country, based on more than 200 quantitative indicators.

Sustainable competitiveness is essentially about efficiency – resource allocation, management systems, and policies that allow for each dimension to flourish, not against each other, but with each other,

This Report outlines the key policies required for a country to improve overall sustainable competitiveness.

The World in 2024 is paralysed by a poly-crisis: runaway climate change threatening health, food, and ultimately, human civilisation and the survival of our own human species in the next few decades, coupled with the disappearance of nature and species due to pollution and human exploitation of resources, all happening against the back-drop of increasing inequality between and in-between societies, groups and people, additionally spiced up by a volatile geopolitical situation increasingly characterised by tensions and conflicts.

We have work to do. If we are to survive, we need system change. Here is how system change could look without tearing down everything first, economically and socially sound, giving our planet a fighting chance.

We would hope this could be of inspiration.

About SolAbility

SolAbility is an independent sustainability think-tank with a fairly successful history in sustainable management implementation in international corporations.

SolAbility is the proud publisher of the Global Sustainable Competitiveness Index. Our sustainable management systems have made 3 DJSI Super-Sector Leaders.

SolAbility Sustainable Intelligence
Zürich, Seoul

www.solability.com
contact@solability.com

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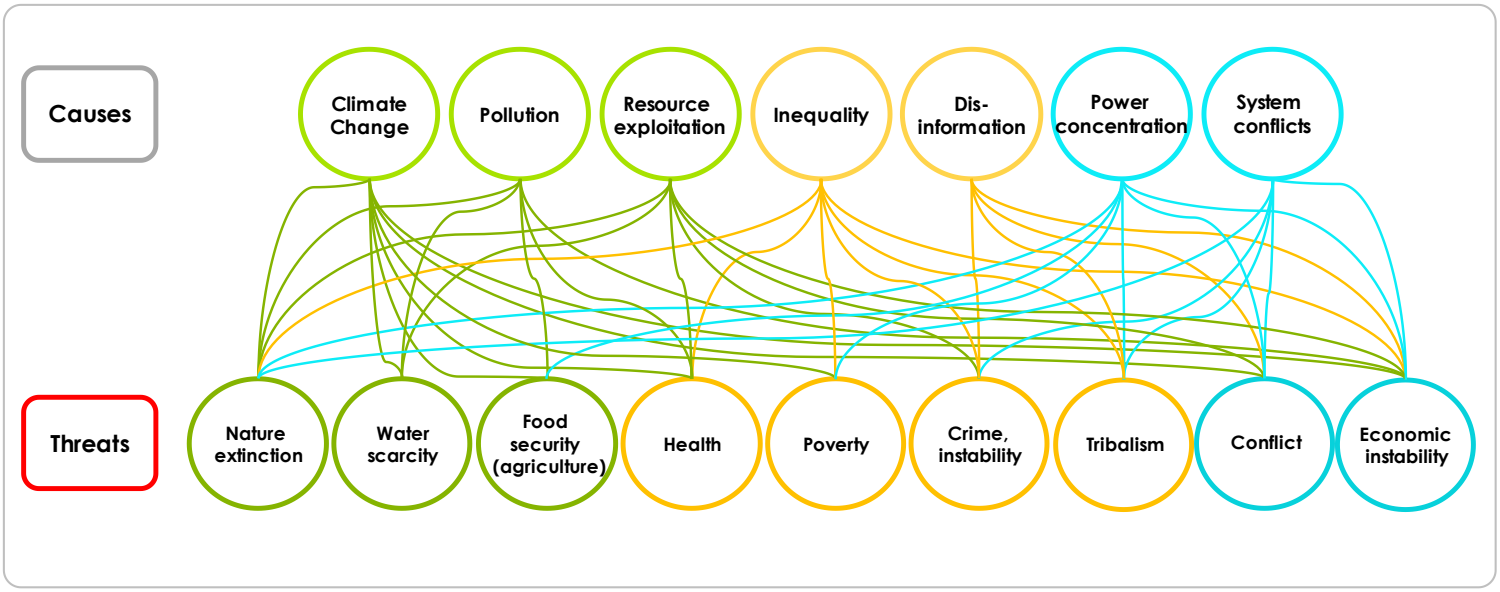
1 Summary

1.1 Where we are

We currently have 2 systems, and one of them is trying to undermine the other: "liberal" free market systems with somehow elected officials, being attacked by one-person "strongman", somewhat free market systems. And both of them are out of control, beyond rationality, where the individual is negligible.

This is happening against the backdrop of a poly-crisis: runaway climate change that is already affecting our food security as we speak, getting worse, fast; the pollution of nearly everything; and the extinction of the natural environment. Plus: ever bigger inequality between the haves and not-haves, in countries, and in between countries.

Our systems have destroyed the nature upon which we depended for food and shelter, as well as the social fabric within and in between countries. **We have destroyed what we depend upon to survive.**



1.2 Where we want to go

A "sustainable" World, in which people, nature & the economy are in balance with each other – where one supports and profits from the other. Where neither of them is exploited. If that were possible:

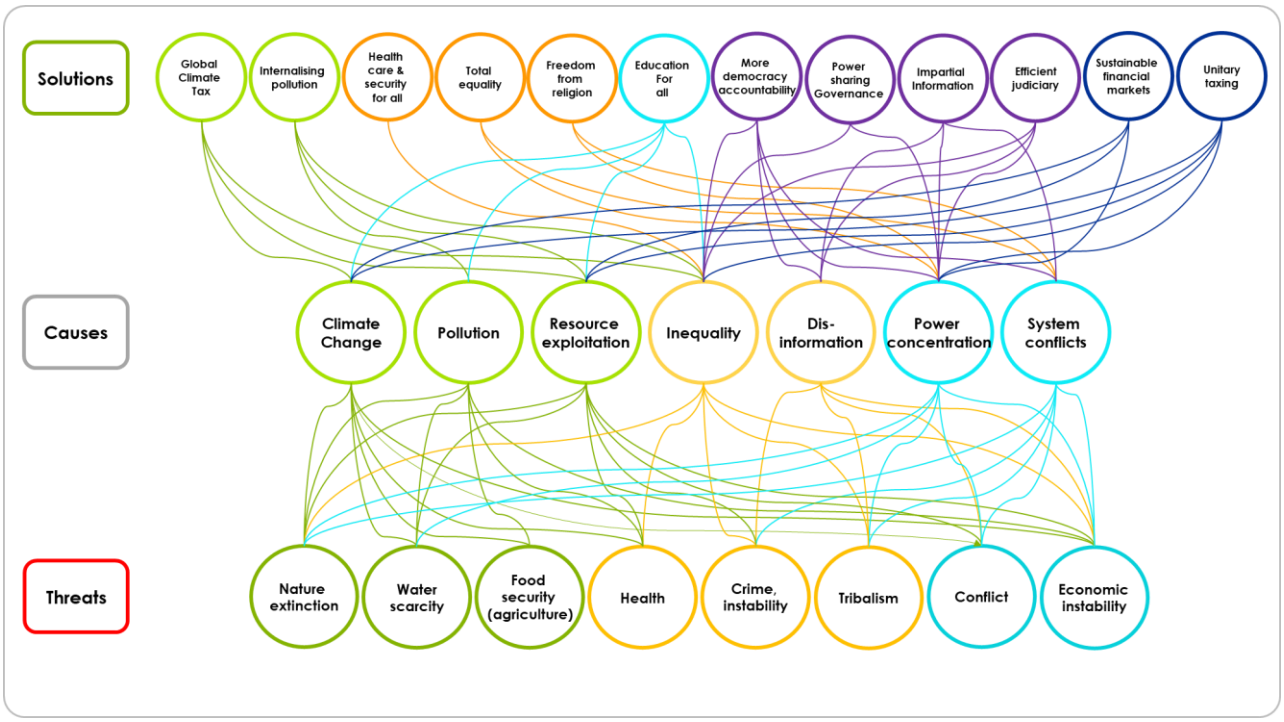
- Energy system based on renewable energy
- Ending poverty & providing equal opportunities for all, regardless of place and class of birth
- Restoring nature
- Shared decision-making

1.3 How we get there

Implementing "Sustainable Competitiveness" is how we could get there:

- Internalise all external cost on the environmental and human health in the sales price – making better, cleaner and healthier processes, products & services the cheaper choices.
- Imbalance has gone out of proportion. Every job should be able to pay for a decent life, free from fear of the next bill. We need to balance pay, and we need high taxes on high incomes.
- Free (affordable) quality education for all, based on science (and nothing else)
- Impartial, true information
- A new form of democracy with (a lot) more accountability through regular referenda, and where individual players (parties and/or individual) cannot make decisions by themselves.

Unfortunately, it is highly unlikely that the strongmen in the strongmen system will voluntarily give away any of their richness and privileges. Which is why it is all the more important that the still somewhat "liberal" systems reduce imbalance to fight of the lure of the strongmen systems.



1.4 The Climate Emergency

At the same time, we happen to be in a Climate Emergency. The running mean temperature since May 2023 is 1.6 degrees above pre-industrial levels. We have already missed the 2050 target, resulting in heat, drought, wildfires, floodings, crop failures, threatening food supplies.

The climate emergency commands:

- Safeguarding the global food system (agriculture) against the impacts of climate change (heat, drought, rain bombs, hail, storms, flooding), and against the markets, in which scarce goods (in this case: food) is only affordable for the wealthy.
- Safeguarding the people against heat & flooding
- Securing water supplies

1.5 Achieving sustainable competitiveness: The 12 key policies

1) **A global climate tax**
   Taxing all climate emissions, globally at the same level. Return 50% in cash to the people, use 40% o build renewable infra, and 10% for adaption/mitigation
2) **Internalising all external costs**
   Integrate all external environmental and human health costs of substances/processes in the price, globally co-ordinated
3) **More democracy**
   Proportional voting, no more winner takes it all; ministries are allocated according to voter share. Regular referenda on decisive issues to hold politics accountable
4) **Better governance**
   Eliminate power concentration in a single person: no more PMs and Presidents; the ministries form the executive. Equally, no more CEOs in the private economy; the head of departments are the executive.
5) **Working financial markets**
   The markets need to work for the economy, not vice-versa. Eliminate perception-driven bubbles and short-term rent seeking by introducing minimum holding time and/or transaction tax. New financial instruments need to be examined before approval.
6) **Education, education, education - quality education for all**
   Increasing educational spending, allocated at the state level to ensure equal education for all with higher focus on vocational training. Education is based on science – and nothing else then science
7) **Fact-based, impartial information**
   On-line posting in social media & the internet only with verified identity, eliminating all bot-driven propaganda. Tax-financed information networks, not controlled by government. Ban on all electronic political advertisement. Force apps to include relevant public information on all feeds or block their IPs.
8) **Health care and social security for all**
   Essential health care and social security are financed through salary-deducted percentage of income
9) **Impartial and efficient justice system accessible to all**
   Impartial staff in fast processes, enabling access to legal rights to all while minimising abuse
10) **Unitary Taxing**
    Globally agreed bracket for tax rates for individuals and entities, and process of taxing multi-national corporations. Increasing the marginal tax rate
11) **Freedom for, and from, religion**
    Faith is a choice. Science is not. Everybody is free to practice their faith, and nobody has their freedom impaired by other people's faith. Total separation of state governance and religion.
12) **Total equality**
    Total equality - between genders, races, regions, nationality, wealth
13) **Climate emergency management:**
    Nationalising food supply chains; investing in high-tech and nature-based agricultural solutions, heat protection through greening cities

1.6 Sustainable Competitiveness

"Sustainable competitiveness is the ability to generate and sustain inclusive wealth without diminishing the future capability of sustaining or increasing current wealth levels."

When we say "sustainable", we mean something (an entity, an organisation, a community, a country) that is efficient and successful. Today, tomorrow, next year, and the years after that. Sustainability is not a new concept; it is not a revolution. It is an extension of existing governance, management and policy thinking – but going deeper into time, and including more issues (the so-called "intangibles", or "externalities"), into decision making. System thinking. Aligned with physical and economic reality.

In a "normal" world, this translates to:

Sustainability that is not competitive is not sustainable.

There are lots and lots and lots of idealistic ideas, projects, and movements out there, but when the funding runs out, the project dies. It is not sustainable because it is not competitive.

However, our policies, starting with Reagan/Thatcher, have prioritised "competitiveness", without giving the markets guidelines forcing them to integrate sustainability (system thinking). It is wild west out there – the law of the most powerful where the winner takes it all. Competitiveness that ignores physical, social and economic realities undermines its own fundament. We have degraded the environment, and destroyed the social fabric within and between countries. Which is the main reason many democracies now see a rise in political groups that profit from the derailed state of affairs, while pushing policies that would make the threats even worse.

So this is where we are today:

Competitiveness that is not sustainable is not competitive.

Sustainable Competitiveness in practice:

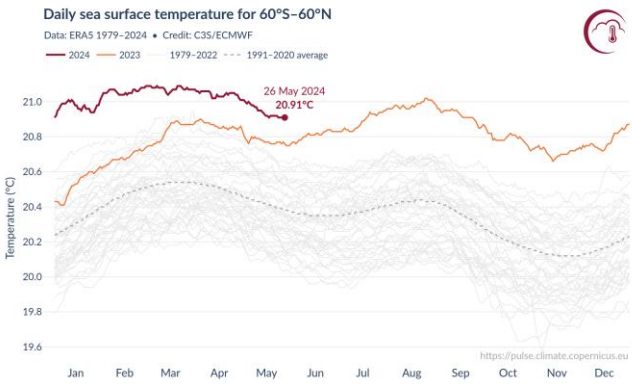
Sustainable competitiveness is about finding the most beneficial solutions at the least possible cost through a sustainable cost-benefit analysis. Fact-based, bottom-line focussed. Completely apolitical. The best cost-benefit ratio is achieved through:

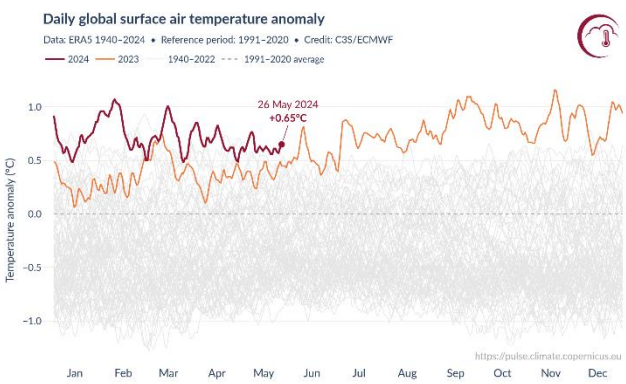
- identification and categorisation of risks and opportunities,
- evaluate costs and benefits,
- designing tools to eliminate risks and maximise benefits.
- All of this based on existing systems to minimise transitional bottle-necks

Our World is highly complex. It requires solid and evidence-based information and analytics to facilitate decision-making and resource allocation to achieve the best possible outcome.

1.7 The Climate Emergency

Had we implemented Sustainable Competitiveness 50 years ago, that problem called "climate change" would be significantly smaller now. Unfortunately, it is not:





All climate data indicators are flashing bright red: CO_2/CH_4/NO_2/SF_6 concentrations, sea temperatures, air temperatures, records everywhere. The running average global temperature since May 2023 has been more than 1.5 degrees above pre-industrial levels, and we see what is happening: heat, drought, rain bombs, hail, monster storms, floodings, everywhere, threatening g human lives, infrastructure and most pressing: food production.

We are in a climate emergency.

What happens next?

- Heat, flooding, storms, land-slides are going to kill more and more people.
- The increasing frequency and ferocity of climate extremes is going to affect food crops. Fruit, vegetables, staple crops. Everything. Everywhere.
- Food supplies are controlled by a few large corporations. In a market economy, the price of non-elastic goods rises when the supply becomes smaller. We will soon see heavy food-price driven inflation - maybe already in 2024.
- Food scarcity and the rising cost of basic food supplies increases poverty, threatens stability and security, and will lead to conflict, crime, economic decline, and drive political division, fulling extremism.
- In addition to that, millions of people living in areas threatened by increasing heat-waves and/or flooding are going to start to move – to places they consider more secure; for example, Northern Europe and the US

So - what now?

In Summer 1939, the US armed forces consisted of roughly 200'000 men, many of them cavalry. There were 400 light armoured vehicles, mostly from WW1, artillery was pulled by horses, and the Air Force consisted of WW1 planes and 11 combat-ready B-17s.

By the middle of 1945, the US economy had produced more than 200'000 planes, 400'000 tanks, 2 million trucks, in addition to shells, bullets, uniforms, field camps and hospitals. Plus, the whole logistics operation to ship all of this across the Atlantic to where supplies were needed. And the little coward had shot himself, hiding in his bunker.

That kind of effort is required again.

What is most at risk

- Food supplies
- Water supplies
- Physical survival

Securing food supplies

- The global food supply chain system is controlled by large international private players. States must take the supply of food back into public ownership.
- Increase efficiency of the supply chain and systems to preserve food to eliminate food waste (currently nearly 30% of all food waste)
- Convert agricultural land currently used for animal-feed crops to human staple crops
- Contingency planning: food shortages in the near future cannot be excluded. Governments must prepare contingency plans and food rationing systems that can be implemented from one day to the next to avoid social unrest
- Immediate large-scale investments in expanding and securing agriculture through a mix of high-tech (indoor vertical agriculture) and nature-based solutions (permaculture, regenerative agriculture, mixed plantations, organic agriculture)

Water supplies are threatened by drought, but also by pollution through the increasing frequency of floodings

- Make water-use more efficient
- Increase investment in de-salination and technologies to gain clean water from the air
- Re-naturalise cities and agricultural areas to absorb and store more rain water
- Planning infrastructure taking into consideration the changing patterns of rain

Physical health: heat waves are threatening more and more people, particularly the poorer segments of populations in less-developed countries

- Provision of cooling areas for people with no A/C during heat-waves
- Managing water distribution in emergency scenarios
- Making cities and building heat resilient through external light painting, insulation, and architectural measurements to increase natural insulation and cooling

Stop burning fossil fuels:

- We need to change our energy supply system as son as only possible to renewable electricity. The most efficient way to achieve this is through global carbon/climate taxes, re-imbursed in cash per capita to the people, and re-invested in renewable energy infrastructure

Taking CO2 back out of the atmosphere: the amount of GHGs already in the atmosphere has backed in further future temperature increases. Stopping CO2 emissions is no longer enough, we also need to

- Planting trees; growing fast-developing trees and sink them in the oceans (wood in saltwater does not rot)
- Using plant to extract and store carbon (e.g. through making plant-based building materials)
- Invest in other nature-based solutions to extract and store carbon

1.8 The Systems Conflict

In addition to the environmental and social poly-crises, we are also seeing increasing geopolitical tensions between "weak-men" regimes (weak individuals posing as strong, controlling countries through the judiciary systems, budget allocation, internal security services, and control of the media) trying to undermine the stability and legitimation of systems with elected officials (however weak their democratic legitimation may be). The campaign to undermine "democratic" systems is conducted through asymmetric means (cyber campaigns), and now also open warfare (Putin's attack on Ukraine). Internal division in the "democratic" systems is also on the rise through movements/individuals within, capitalising on increasing inequality and fear of loss of standard of life trying to establish the same kind of "weak-man" systems centred on a single person.

The lack of sustainable policies in "democratic" systems has given rise to inequality, and yielded power and influence to single large players (corporate and individuals). Combined these factors have fuelled diversion within societies, which in turn increases attraction to groups/individuals that promise simple (but impossible) solutions to problems that have been created by the same policies they suggest as solutions. Inequality and environmental degradation have weakened the social fabric and cohesion – the "democratic" systems are in a crisis of their own making.

The only purpose of "weak-man" systems is to keep the weak-man in power, and enables the circles around the power-centre to gain position of influence and wealth. Unfortunately, the "weak men" are unlikely to yield their power and privileges voluntarily; meaning that tensions and conflicts between "democratic" and "weak-man" systems are likely to persists, if not to increase.

The key selling and winning point of "democratic" systems has always been the higher standard of life. Economic performance and standard of live measurably declines with the level of concentration of power in a system: the more power is concentrated in few, the lower the per-capita income – a historic observation that is almost always holding true.

The "West" won the Cold War not because of superior military capabilities, but because the people living in Western countries enjoyed significantly higher standard of life. In order to reduce system conflicts, the "democratic" systems need to become stronger. They need to reverse the growing inequality that have occurred over the past 40 years, increase equality and provide fair opportunities to all, protect the natural habitat (including food systems), and reverse natural degradation where possible.

A healthily balanced economic/social system that provides for all is less vulnerable to external influence campaigns and internal division. A sustainable & competitive system.

2 Sustainable Competitiveness

2.1 Sustainable Competitiveness Model

The policies proposed in this report are based on our work on the Global Sustainable Competitiveness Index (GSCI). The GSCI evaluates the competitiveness of nation-economies based on 200+ quantitative performance indicators measured both as-is and over time. The indicators are grouped in 6 Sub-categories – *Natural Capital, Resource Intensity, Social Capital, Intellectual Capital, Business Sustainability, and Governance*. These 6 categories are the bases of a sustainable & competitive state.

An efficient, sustainable society is characterised by

- Thriving natural environment: Safe & sufficient water availability for all purposes; The availability of sufficient & healthy food; Thriving natural environment and biodiversity; Climate change is kept in checks
- Resource efficiency: Sustainable, resource efficient production in a circular economy
- Innovation: Education for all, adapted for specific challenges; Economic competitiveness driven by quality and innovation; Thriving business scene
- Social Cohesion: Democracy, respect for human rights, & free press are the norm; Freedom from fear (peace); The absence of crime; Coherent services (health, public transport, infrastructure) are guaranteed and working efficiently
- Sustainable Economy: innovation and sustainability-based economic development
- Sustainable Governance: Shared powers and responsibilities throughout all organisations; Legislative, executive and judicative powers are completely separated and independent from each other; The absence of corruption; Financial markets that work for all of the above; Efficient infrastructure

Sustainable Competitiveness is defined as:

> "Sustainable competitiveness is the ability to generate and sustain inclusive wealth without diminishing the future capability of sustaining or increasing current wealth levels."

A Competitive and sustainable society requires only basic fundamentals:

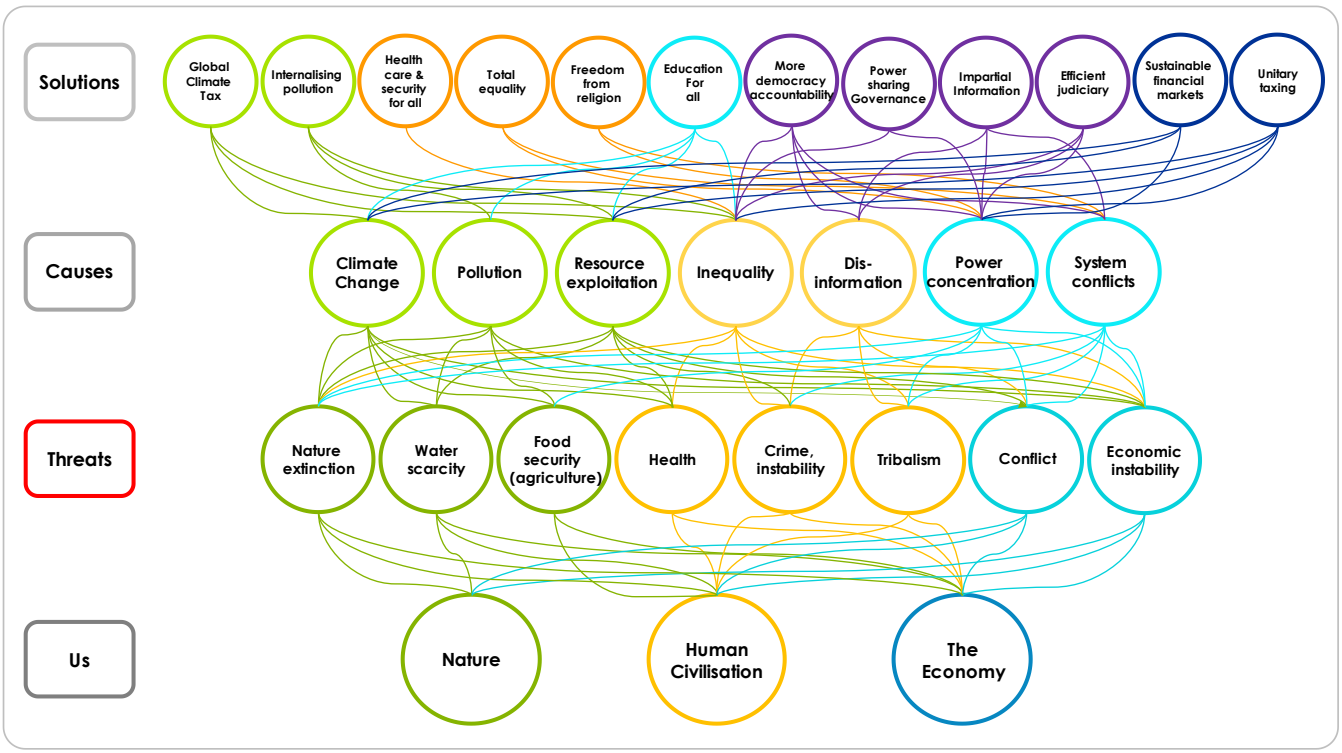
- Equal opportunities, everywhere
- Decision-making based on science
- Sustainable cost-benefit analysis

Resulting in

- low-cost, high-benefit solutions
- across all fundamentals that form the nation-economy-society

Unfortunately, our current governance systems do not support the development of efficient policies. Instead, they support inefficiency, and the advancement of singular interest at the cost of the economy, the society, and the environment. It is not an individual's fault to be able to ruin entire economies. It is the system's fault that allows individuals and/or groups to wield such extensive power.

Causes, threats, and solutions to a sustainable competitive system:



2.2 Core elements of a sustainable, and competitive society

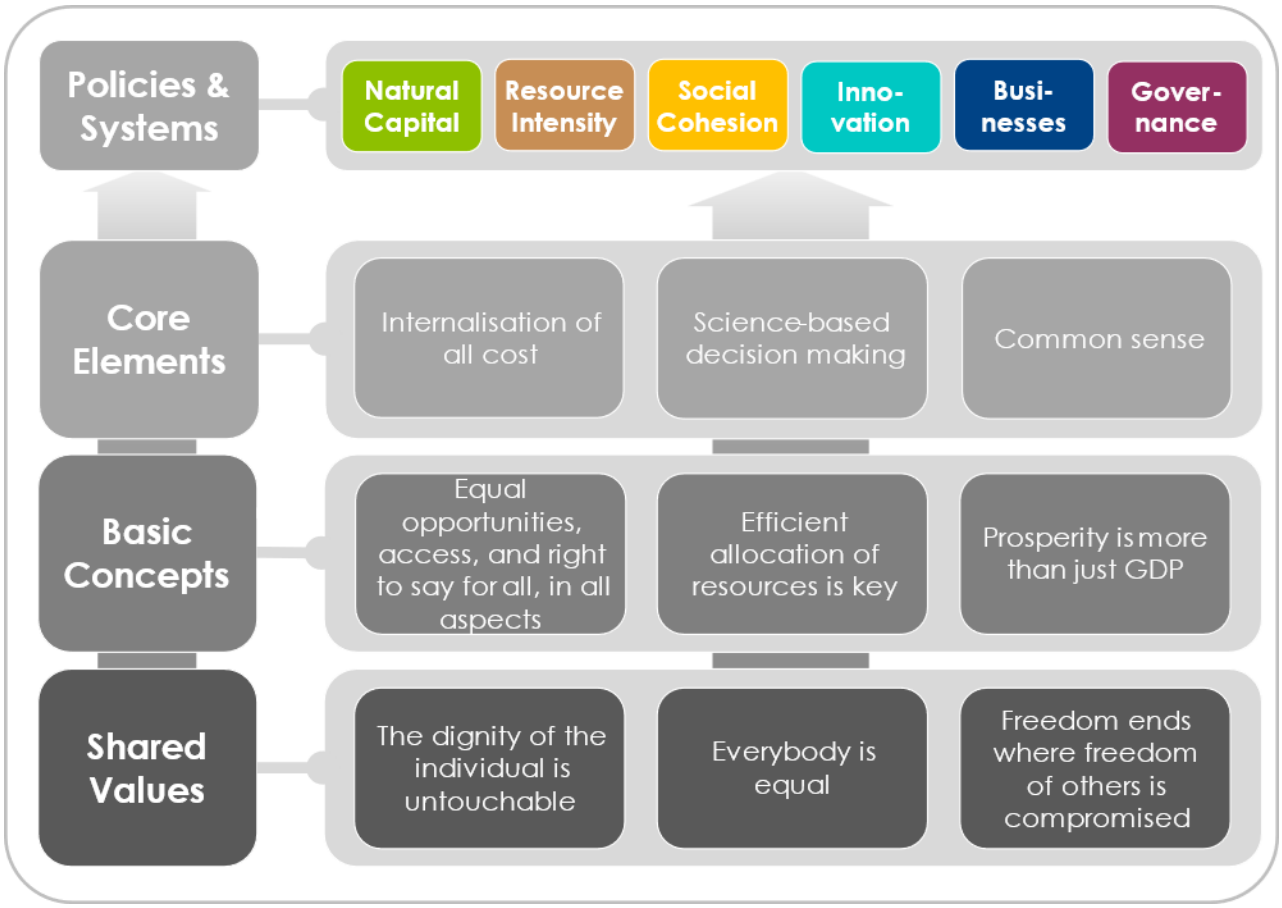
Unfortunately, our current systems do not work efficiently.

We are not able to truly address changes and challenges, even if they might be life-threating, even if the science is crystal clear.

Our current governance gives individuals far too great power and responsibilities. That might be okay if the person in question is someone like Buddha, Jesus, the Prophet, or someone like Nelson Mandela. Which most people are, unfortunately, not. For some reason, our systems flush people into powerful positions that tend to care more about perception and their own personal interest than the interest of the people they are supposed to represent.

Our current market economies do not factor in t external costs – destruction of the environment (including) on water and food production), and impacts on health of people. The unguided market economy destroys its own base. That is not very efficient

Sustainable Competitiveness is based on a number of universal values and concepts. Again, these values, concepts and elements are not new. They are the underlying and often unseen elements of a efficiently working entity/organisation/community/country. New is the full integration and evaluation in analytical frameworks.



3 12 + 1 key policies

1. A global climate tax. Climate change is a gigantic market failure. We need a global climate tax - introduces in phases, paid back to the people in cash and reinvested in a renewable energy infrastructure - to avoid disaster. Now. Read more…
2. More democracy. In the 21st century, it is not possible that individuals decide over whole countries. The people need to be consulted on policy and law changes through mandatory referenda, and the possibility to induce issues on the governing agenda. And we need technical systems that enable simple and easy participation - it is not possible that people have to stand in line to vote in the 21st century. Read more…
3. Better governance. It's silly to assign responsibility for an entity as complex a country to a single individual. Presidents, prime ministers and chancellors are anachronistic remains of the 19th and 20the centuries, as are winner-takes-it-all-systems. Ministries should be assigned to parties (not persons) according to national voter share. Cabinet meetings are chaired by one of the ministers, in turns. The same applies in the corporate World: a CEO is a king of an entity that he has contributed nothing to build. We need teams of decision makers (e.g. composed of all the "C's" of a company). Read more…
4. Real market economy. Markets only work when all costs are incorporated. The environmental costs of polluting or otherwise harmful substances, materials and processes have to be integrated in the market price – preferably based on a globally agreed tax level. The taxes generated are used to offset the environmental cost (and nothing else - fiscal neutrality is essential). Read more…
5. Quality education for all. We need quality education, equal for all; taxed and re-distributed at the national level so the same resources are available to each student. Read more here-
6. Working financial markets. We need financial markets that support the real economy, and not vice-versa. This can be achieved through a transaction tax on, and/or minimal holding periods for all financial instruments. There is no economic need for high-frequency trading and obscure financial vehicles – none whatsoever.
7. Health care and social security for all. We need affordable basic health care for all – paid for as percentage of income, directly deducted, with the choice of additional insurance for more luxurious health care. Read more…
8. Impartial and efficient justice system accessible to all. The justice system has to serve justice, not the interest of the rich and powerful. It has to work fast, efficient, accessible to all while minimising abuse (used to intimidate, time deferrals). Court staff needs to be completely impartial, appointed through a process that is safeguarded from any political influence. Read more…
9. Unitary Taxing. We need a global approach to tax multi-national corporations (e.g. by a combination of revenues/employees/sourcing per country), as well as private tax. These are not normal times. A wealth tax on the rich, maybe for a limited time, needs to be seriously considered.
10. Fact-based, impartial information. We need impartial, science- and fact-based information, not opinions. Financed through taxes, but safe-guarded against any control attempts by governments/politicians. Read more…
11. Total equality for all. It's a depressing thing to have to say in the 21st century, but we need total equality and equal rights for all – between genders, races, religions, groups, regions, countries to unleash the full potential of humanity. Read more…
12. Freedom for and from religion: We need freedom for all to practice their chosen faith, and we need the freedom for all to not practice a faith and/or not being restricted by other people practicing their faith. And we need total separation from states and religion, everywhere, to fulfil the potential of each society. Read more…

3.1 We also need to talk about

- Infrastructure adjustment. Redesign infrastructure and transport, prioritising public over individual transport and infrastructure.
- Greening agriculture Industrial agriculture is based on the use of fertilisers, pesticides, and managing land in mono-cultures. All three of these have to be replaced with organic approaches. However, organic agriculture is inevitably more labour intensive. Solutions to keep the cost of food within reasonable scope for the wider public therefore have to be developed.
- Saving the biosphere. We need more protection for vital eco-systems, such as the Amazon and other rain-forests. However – it is not only the rainforests. We need more biodiversity across this World – in all countries, in all regions. More land needs more land to be protected as parks, and sustainable management of the resources has to be implemented in line with the communities living in these areas. Water is vital to the survival of humanity; waterways ned to be protected better.
- Population Control. Highly controversial, but… fact is that this place is getting a bit crowded. Having more than you can provide real opportunities for is irresponsible towards the World and towards the children themselves. We need a global 2-child policy.
- Dealing with Migration. As long as the inequalities between groups and countries remain as large as they currently are, coupled with overpopulation, migration will not stop. It is therefore highly important that all the above steps are also implemented in the lesser developed economies. People that have opportunities at home are unlikely to emigrate.
- New forms of work organisation. The labour market is changing; AI, robotics, digitalisation potentially may drive a significant share of workers redundant, with insufficient new/alternative employment opportunities. We need to talk about alternative employment models for this reality – e.g. reduced working hours, or the provision of a basic income against a certain amount of community labour, or, …
- Economic development strategy. Each country needs to develop an economic development strategy that gears best with its specific characteristics, and plan and co-ordinate resource allocation accordingly. And economic development never ends. Regular reviews need to be built-in
- Eradicating corruption. Corruption is a poison that stifles development. We need a basis that makes corruption unattractive, both financially and legally. We need established access points and processes to report, investigate corrupt actions and rewards for whistle-blowers (while punishing abuse for smearing purposes).
- Efficient Public Services. Privatisation of infrastructure-based public services (railroad services, water provision, electricity, gas, health care provision) has been a disaster in most cases: lower quality, more frequent disruption, higher prices. The role of the state in provision of infrastructure-based service provision therefore has to be discussed, and ways to ensure efficient management and prevention of corruption in public services have to be improved.
- Intelligent investment to facilitate all of the above. Investment decisions need to be based on a broader assessment of impacts – both negative and positive – and further into the future. In addition, they should be aligned with a clear development strategy, to allocate the limited resources at the highest possible return for society, the economy, the environment and the countries

3.2 Changing Climate Change: Global Climate Tax

Global Climate Tax	
Current affairs	• The science is crystal clear • Still, the World is based on 19th century fossil energy carriers – while renewables have passed market maturity and are now cheaper than fossils • GHG emissions are not considered a good by the markets • Small-scale market tools (carbon credits, cap & trade, CDM, …) only have negligible impact (if any at all) • Emission targets cannot be agreed upon • International conferences fail to formulate - let alone agree on – any action • Long-term targets (2050) shift responsibilities to next generation
Risks (current & future problems)	• As long as emitting GHGs is free, GHG emissions will continue • Increasing disruption of the economy, society & the environment due to climate change-induced extremes and disasters with all consequences • If not contained, climate change will lead to mass-migration, food & water shortages and conflict over the remaining resources, collapse of infrastructure and potentially a lot worse than that
Opportunities (What we need)	• Immediate reduction of GHG emissions, globally • Making GHGs more expensive while making renewables cheaper • Immediate large-scale investment in renewables & divestment from GHGs
Potential solutions	• Taxing GHGs, globally, at the same level in every country – starting at U$50/tCO2e, increasing by U$ 50 every year to enable the economy time to adapt • Revenues are 50% re-distributed (progressively! – lower incomes get higher cash-back) in cash to the people, 40% invested in renewable infrastructure, 10% in R&D and reforestation • Calculations show that his approach would generate sufficient renewable energy to replace all fossils in 15 years – while boosting the economy
Barriers to realisation	• Ideological barriers • Groups that potentially could see their wealth, power and influence reduced (real or perceived), such as fossil-exporting nations and the owner/executive management of fossil energy companies

Climate change is a gigantic market failure. Money is what makes things go round, and the markets allows us to emit GHGs for free. But it's not free, as we all know; we all pay – the price is climate change. Which means – the market is wrong. That can be corrected very simple: by pricing GHGs in all goods and services:

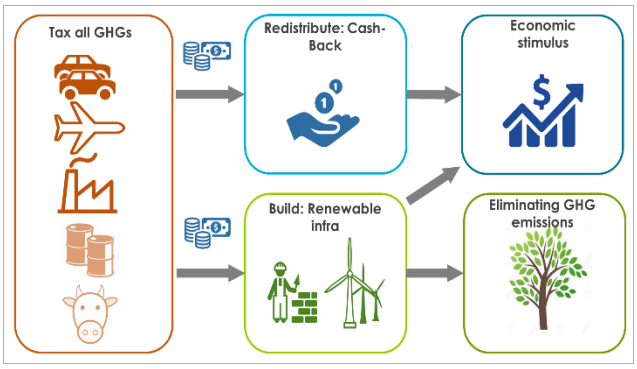
- Markets can be directed – if done wright, directed markets are more efficient than unregulated markets.
- Increases fossil energy prices increases efficiency and the acceleration of the renewable alternatives (a development that will occur anyway sooner or later, but a GHG tax would speed it up).
- Revenues of the tax must be strictly fiscal neutral. In normal times, such a tax would be 100% redistributed back to the people. But these are not normal times; 50% of the revenues will therefore be invested in renewable infrastructure

Eliminating emissions & reducing energy cost: global climate tax

It is often argued that a rapid transition to renewables would be extremely costly. Not true. On the contrary – global energy cost would come down rapidly, freeing resources for other purposes - and lost would be more than compensated with new jobs.

A climate tax is by far the most effective, and maybe more important, the simplest solution to the climate emergency. However, two cornerstones need to be followed:

- 50% of tax revenues are returned to the people in cash, progressively (low income receive more than high-wealth)
- 50% of tax revenues invested in renewable energy infrastructure
- The difficult part: needs to be Introduction simultaneously, everywhere



A simulation for global climate tax - starting at U$50/tCO2 and then increasing by U$50 every year - shows:

- Energy-related emissions can be eliminated in 8-15 years
- Gradual introduction gives the economy time to adapt
- Due to higher efficiency (electric devices are 3 times more efficient than combustion engines) and the cease of fuel cost, a global climate tax leads to lower global energy expenses.
- The overall impact is initially net zero on the global GDP, and up to *4% increase in GDP can be expected* in the long term

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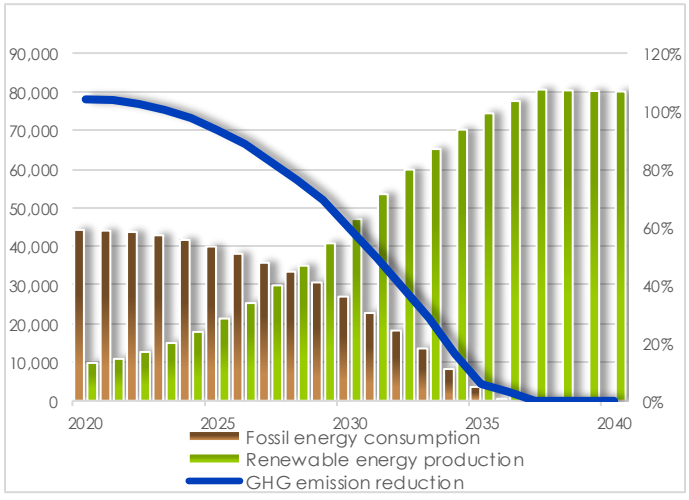
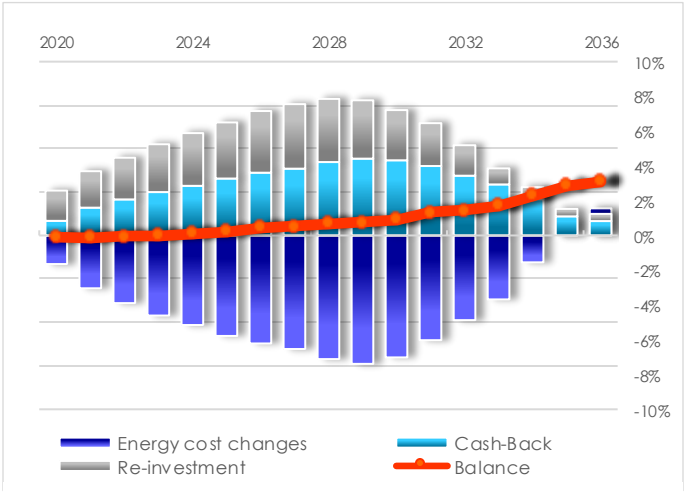


Fossil & renewable energy consumption under a global climate tax; energy-related GHG emissions will be eliminated after 15 years



Impact on growth: combined impacts of increased energy cost (short term), cash-back, investment stimulus and lower renewable energy cost (long term): World GDP increases by up to 4%

For more information on the global climate tax scheme and the simulation, please visit www.climatax.org

3.3 Education, education, education

Quality education for all Equal education for all (regardless of origin, place of living or parental wealth) is the bases of success – individually, and as a nation.	
State of affairs - as is	• Quality of education is often locally funded; quality differs significantly from city to city/neighbourhood to neighbourhood • Teachers are often low paid & loaded with non-school work • School infrastructure not up to date; teachers are not appreciated/paid sufficiently • Curriculums are often influenced by politics and/or religious believes • Insufficient budget allocation • One-size fits all approach
Risks Current & future problems	• Lower level of education directly translates into lower innovation and competitiveness • Outdated curriculums and/or influence by politics/faith reduces education quality • Unequal education opportunities widen gaps in between different groups of societies
Opportunities	• High education levels directly translate into innovation and national competitiveness • Higher education leads to lower inequality within nations, including gender inequality
Success elements	Education is the bases of success – individually, and as a nation. Equal education for all, regardless of origin and region, requires • Equal allocation of available resources to all children & students across a country • Facilities & materials • Well educated teachers • Highly motivated teachers • Efficiency in administration management • Curriculum based on science & continuously adapted to changing technologies/new scientific evidence – free of faith teachings • Applicability of teaching in real life • Job preparation through apprenticeships
Policy requirements	• Designing education a top priority at national levels and allocate resources correspondingly • Collect and allocate education taxes and spending on the federal level – distributed to communities by number of students • Align curriculums and administration systems according to evolving best practice to ensure national efficiency and interchangeability • Ban all political and religious influence from education
Barriers to realisation	• Lack of and/or insufficient resources - financial, personal • Curriculum interference based on political believes or faith • Pay-back period needs to be measured in decades, not years

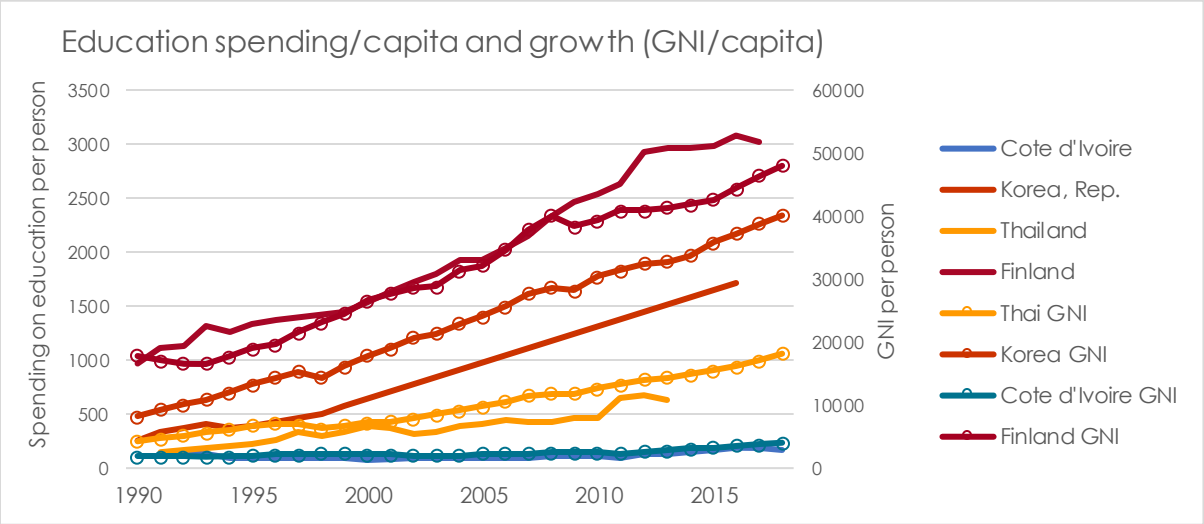
Why is education so important?

Education is the basis of innovation. The better the education of the people, the more innovative the economy. The better educated the people, the better they can make informed decisions – for themselves, in their jobs, and on matters concerning society.

Education needs to be

- available to everyone,
- based on science,
- and free of faith (faith is an individual choice, science is not)

Well-educated people are the fundamental base of innovation, quality, and competitiveness of each economy.



Overlay of government education spending per capita and GNI development per capita for Korea. Finland, Thailand, and Cote d'Ivoire. The above correlation can be replicated for any country. Data sources: UNESCO, World Bank

A well-educated work-force is paramount to economic competitiveness, and sustainable development. The correlation of state-spending on education and the development of the gross national income (GNI) is nearly 100% - ***increased spending in education is directly correlated to increased GNI per capita***:

Of course, the question is – is it the chicken or the egg? That we will never know conclusively. Regardless of that, the correlation is so strong that countries should prioritise education.

3.4 More – not less - democracy

More Democracy	
Current affairs	• Public is only allowed to send representatives (MPs) to parliament in voting cycles • Parliaments/presidents/prime ministers make decisions without consulting with, or the consent of, the population
Risks (current & future problems)	• Population is not involved & not welcome in decision making • MPs have zero accountability for their actual policy making • Decision tend to be on-sided the way of the current majority • Insufficient incentives to find compromises, frequent reversals of key policies after government changes (inefficiency)
Opportunities (What we need)	• Public involvement in decision making far beyond elections • More stability through compromises that serve all sides • All political decisions need to be approved by the public through mandatory referenda
Potential solutions	• Mandatory public referenda on major policy changes and changes to law • Mandatory consulting process on all issues through e-voting during parliamentary decision-making processes • It is not possible that people have to stand in lines for hours to vote in the 21st century. We need voting processes that are simple, easy and accessible to all (secure e-identities?) • Provision of processes to initiate policy changes/initiatives by non-parliamentary members ("normal" citizens) that lead to a mandatory treatment in parliament and referenda
Barriers to realisation	• Believers in authoritarian systems and their beneficiaries (e.g. current presidents & associates) • Groups that potentially have their power and influence reduced (real or perceived), such as lobbying groups, large corporations, the oligarchies, and parties currently in governing positions

"Democracy" stems from a Greek word and means "rule of the people".

Unfortunately, we are far from having a rule of the people. In most "democracies", people are allowed to vote for a representative and/or a president/prime minister, who then somehow should know and implement the will of the people on their behalf. Until the next election, these representatives do not own any accountability to the people, and people are not allowed to take part in decision making.

We are living in the 21st century. What humanity has achieved - in terms of technology – is simply amazing. It is not possible that we allow decisions to be made by individuals. We need decisions to be approved by the people. Having broader democracy with mandatory referenda on policy and law changes ensures

- Decisions are approved by the people
- Radical (partisan) proposals will not pass popular referenda
- Proposals need to be developed with consensus in mind
- Compromises leads to more stability (erases the need to undo previous policies when governments change)
- Higher national identification
- Reducing popular frustration that can be exploited for partisan purposes

3.5 Better Governance: No more presidents, prime ministers, CEOs.

No more "the winner-takes-it-all".

Governance	
Current affairs	• Presidential or prime minister systems • Winner takes-it-all systems
Risks (current & future problems)	• Too much power is concentrated in a single person • Today's complexity & number of challenges are far too great to be understood, let alone handled by a single person • MPs & ministers have zero accountability for their actual policy making • Decision can go too extreme in the way of parliamentary majority • Person-focused systems attract selfish and power-hungry rather than wise and pragmatic personalities • Winner-takes it all: large share of the population is not represented in government
Opportunities (What we need)	• End to personality cult • Shared power and responsibilities • Higher efficiency • More pragmatic solutions • Greater representation of all population segments in parliament
Potential solutions	• End all presidential and prime minister-style systems • Parties receive ministries based on national voter-share • Heads of ministries are picked by parties, then approved by parliament • Ministers chair cabinet meeting in turn • Final decision making happens in the cabinet based on majority votes
Barriers to realisation	• Believers in authoritarian systems and their beneficiaries (e.g. current presidents & associates) • Groups that potentially have their power and influence reduced (real or perceived), such as lobbying groups, large corporations, the oligarchies, and parties currently in governing positions

Presidential systems are an anachronistic remain of the late 19th and 20th century, modelled on what was before – the rule of monarchies, where all power is exercised by a single person. However, assigning that much power and responsibility is inefficient and dangerous: the issues are too complex to be handled by a single person, and if the president elected happens to be an immodest or otherwise unfit personality, the consequences can be disastrous. Presidential systems are inefficient. We need systems where power and responsibilities are shared.

We are proposing a governing system modelled on Switzerland. Switzerland does not have a president or prime minister; instead, 7 ministers form the government. The ministers are elected by the parliament and not through popular vote, further reducing personality cult. Representative functions and chairing of the ministerial meetings are assigned to one of the 7 ministries for the duration of one year. The Swiss system has led to remarkable stability, and the need to find compromises in all policy areas.

The proposed model goes further insofar as we propose a direct allocation of ministries based on voter share.

Personality cult is dangerous. Putting power and responsibility to a single person is inefficient and dangerous. The key issue here is that power and responsibilities for decision making and/or policy direction are shared between several people, representing different segments of the population. Through allocation of ministries based on voter share, the government represents all population segments, not only the ones that voted for the party that gained most votes.

Example of ministry allocation in a multi-party environment:

In this example, 11 ministries are defined: Finances, Jurisdiction, Education, Health & social security, Environment, Mobility, Energy, Foreign affairs, Economic development, Defence, Internal security

- Parliamentary seats are assigned according to voter share (proportional allocation seems much more efficient and just than a majority assignment to improve representation of all population groups and prevent what has become known as Gerry-meandering in the US)
- Ministries (to be defined) are allocated based on national voter share
- Head of ministries are picked by the respective parties, but need to be approved by parliament
- Heads of ministries form the cabinet. Major decisions have to be approved by both a cabinet and parliamentary majority (plus through public referendum for important decisions)
- Cabinet meetings are chaired by one of the ministries, taking turns in 6-month or annual Turnus. Representative functions (international meetings, summits, welcoming foreign guests, etc.) are assigned to the current cabinet chair

Multiple-party system					
Party	Voter-share	First round	Left	Second round	Total ministries
A	**28.4%**	3	1.13%	0	**3**
B	**20.7%**	2	2.52%	0	**2**
C	**17.3%**	1	8.21%	1	**2**
D	**14.5%**	1	5.41%	1	**2**
E	**12.3%**	1	3.21%	0	**1**
F	**9.4%**	1	0.31%	0	**1**
G	**6.8%**	0	0.00%	0	**0**
Number of ministries	11	9	2		11

In addition, further details will need to be defined - based on experiences in different countries, for example -

- Restricting the power of the parliamentary leaders – chairs (speakers) of parliaments are managers, not leaders. They chair meetings, but have no power to force or deny issues, procedures, and/or votes. Ideally, the term of a speaker is also limited to max. 1 year
- A minority of 1/3 of MPs can force an issue or a vote on the agenda of parliament to guarantee that bigger parties cannot dominate the agenda
- Popular initiatives should be allowed if a minimum pre-defined number of verified supporters outside the parliamentary process agree to a cause
- A total separation of powers between governments and the jurisdiction. Governments should not be allowed to pick judges, and judges should not be members of any party.

3.6 Financial markets for the economy

Financial Markets	
Current affairs	• The "real" (i.e. he producing) economy serves as collateral in the pursue of rent at the financial economy • Financial market performance is increasingly disconnected from real-world economic events – while real-world economy incedingly depends on the financial market performance • The circular nature of incentives for the different financial market players increases the disconnection • The financial markets are to small to support a national economy. Flooding more and more resources into the financial markets (with the main collateral being the new money flowing in) is akin a Ponzi scheme – and might burst someday with potentially devastating consequences for the real economy • Pensions are often tied to the financial markets – rendering a soft-landing unwinding near impossible
Risks Current & future problems	• The volatility and size of the bubble created by quantitative easing, low interests, share buy-backs, tax cuts and stimuli are increasingly threatening the real economy • Too much capital is bound in the financial markets, i.e. not invested in the real economy • Short-termism (the quarterly results) and the markets reaction to non-economic events and perceptions discourages necessary and profitable investments n the real economy • Increasing income disparity between real workers and financial workers are leading to social friction, crime, • Gapping social inequality leads to a vicious cycle of poverty, poor education, poor health, poor jobs
Opportunities	• Freeing resources for sustainable & profitable solutions • Accelerating sustainable & competitive solutions in all industry sectors through returning the financial markets to its original function: to provide capital to the real economy – for sustainable, profitable investments.
Success elements	Effective disentanglement of the circular interests and incentives between the key market players, namely rent seekers and executives of the companies behind the stock ticker • Replace executive incentives by long-term real economic targets. Share performance should be max a minor consideration in inventive calculations • Well-designed & simple investor incentives for longer-term shareholding – e.g. minimum holding period, charging a miniscule fee for transactions, • Yes, eliminate high-frequency trading. There is zero economic benefit in HFT. • The companies behind the share must become more democratic *and* more effective – through shared management
Policy requirements	• The current size of the financial markets unfortunately is not rooted in reality. Landing the markets back to reality without major wobbles is a precarious undertaking and therefore must be well thought through and carefully designed

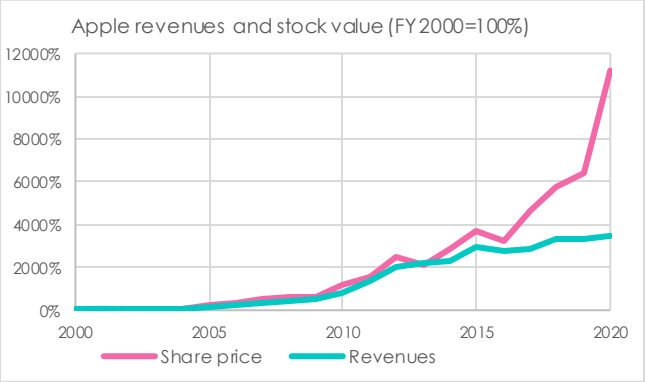
Short and blunt, there is no other way to describe the current state of current affairs:

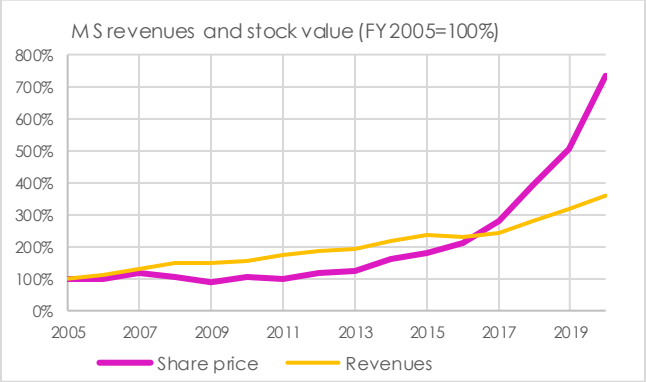
The financial markets are out of control.

Once upon a time, financial markets were set up to provide capital for industrial or service provider investments. Unfortunately, these days are long gone.

The sum of the shares of a company is supposed to equal the value of the company. However, only a fraction of today's share value (and with it, all related financial products) is based on the actual value of the company (fixed and intellectual assets, revenues, and profit margins). The share value is increasingly dominated by the amount of money flooding the markets, by non-economic events and - maybe more drastically – share prices are driven by perceptions and expectations. And of course, by greed. A toxic cocktail.

See the share price and revenue development for Apple & Microsoft below:





Financial markets today are dominated by rent seeking, with little connection to the real economy behind the share. Prices are driven (and inflated) by quantitative easing, tax breaks, share buy-backs, and the unlimited check-book given to the US Feds in the wake of the Corona pandemic. For the real economy – where most people are employed – this has several key implications:

- The real economy has become hostage to the continued increase of the financial markets. Should the financial bubble burst, the real economy will suffer dramatically.
- Due to the high returns at the financial markets – driven by quantitative easing, tax breaks and stimuli, capital is directed to the financial markets instead of real investments in the real economy
- Increasing and not justifiable gap between financial workers and other workers

Financial markets need to return to their original function of providing capital for investments in the real economy. This is highly complicated and the financial powers that be probably wouldn't be too excited. It can be achieved through

- Entangle company executive compensation from share price development, and increase evaluation time for compensation
- Encouraging longer stock holding periods though minimum holding periods, and outright banning of non-essential trading (e.g. high-frequency trading). Other incentives should be explored, such as assigning higher dividend payment to long term stock holders
- Taxing financial transaction
- Taxing financial income equally (or higher) than non-finical income (for private persons and companies)
- Distributing decision making power (CEOs) on a team of decision makers

3.7 Health Care & Social Security for all

Health care coverage	
Current affairs	• Increasing health care cost coupled with stagnating income of middle and low-income groups. In many countries, a significant proportion of the population cannot afford health care required, or will be bankrupted by a major medical incident. • While the companies pay out dividends and exorbitant salaries to executives and the star employees, lower grades (e.g. the nursing profession) can find it troublesome to make ends meet. • Hospitals, Insurances, and pharmaceuticals are privately owned, often listed companies: in their view, a sick person is not only a patient, but also a client – i.e. a source of income. That represents a significant conflict of interest between patient and the medical industry. • Specialised, high-tech medicine can work wonders. But it has a price. First class medicine is expensive.
Risks (current & future problems)	• High health care cost leads to more illness and lower general health. • In the wider context, lower health means a less productive work force. • Bad health equals lower mental health equals lower quality of life.
Opportunities (What we need)	• Affordable basic and emergency health care for all • Higher average population health leads to higher life quality for individuals and higher productivity for the wider society
Potential solutions	• Public-private healthcare: a mandatory public health insurance, with a private top-on • Preferably public owned medical facilities (health centres and hospitals) for basic and emergency services, with a private top-on for luxury medical care • Public owned and/or managed organisations would need to be designed strictly to prevent internal inefficiencies and corruption, and ensure efficiency on all levels while still rewarding performance • Private-public partnerships to develop future drugs
Barriers to realisation	• In many countries, such changes would represent large changes to current systems. System changes are always complex and resented by many • Shareholders, executives and high earners – thanks to their resources – have a large and influential network. They have limited interest in forgoing their jobs and income • Everything "public" is prone to be interpreted as "socialist" and/or "communist" by opposing parties that benefit from today's system. However, this is not about ideological matter, this is about getting the best result in return of the money send on health care.

- Better and wider available health care leads to better average health levels.
- Better health translates to higher productivity.
- Better health also means higher quality of life for individuals – including their family and business environment.

The provision of health care is, in many aspects, a tale of private vs. public services. We have sufficient evidence to compare different systems, and there are obviously benefits to both approaches. Focusing on efficiency and the highest (best) possible return on the resources invested, the best approach might be a combination of policies. South Korea, for example, has a mandatory basic insurance, directly deducted from the salary (as % of salary). This insurance covers basic and emergency health care (but not luxury health care, for which additional insurances are available), while medical facilities are run privately. The UK has its NHS, in the US it's all private, in Sweden all public. Every country has its own historically grown system. However, there are a couple of themes that probably can be applied universally:

- Insurance that covers basic and emergency medicine should be mandatory, and is most efficiently organised publicly - directly deducted from the salary, as percentage. This eliminated large overhead and marketing costs, complex differing offerings, dividend payments out and the salaries of insurance executives – i.e. there is more money available for the actual health care)
- Both privately and publicly owned/managed health care facilities have advantages and disadvantages. While private health care has larger overhead costs, dividend costs, and tend to oversell care (the patient is the source of income), public owned/managed health care tends to be slower, and depending on the country, prone to briberies for preferential treatment and corruption.

From a purely theoretical point of view, public owned/managed health centres and hospitals are preferable – they have lower overhead costs, lower executive salaries, no need for generating profit & paying dividends, and can co-ordinate between them without being competitors. However, Public health tends to be slower and possibly prone to briberies for preferential treatment as well as political interference (e.g. assigning important posts based on party loyalty, regional allocation of resource based on political preferences). AN ideal combination of public/private is therefore the most preferred option:

- Public health insurance (directly deducted from the salary – the South Korean model
- Publicly owned basic health care centres and hospitals for the most common diseases) – the UK NHS model. However, stringent policies, guidelines & evaluation systems need to be n place to ensure efficiency, cost adherence, and to prevent briberies.
- On top of the public options, private insurance and private health care can be provided by interested players for those who opt not to use the public services

The conflict between public/private systems is most striking in the pharmaceutical sector:

- Drugs save lives. That's why they should be affordable for all (i.e. drugs should be cheap).
- Drugs save lives. That's why the developers of drugs should be adequately rewarded and compensated – also in order to provide incentives for future drug development (i.e. drugs should be priced accordingly)

Unfortunately, this conflict is nearly impossible to solve. Newly developed drugs are likely to remain expensive absent a public-private agreement to solve this riddle.

3.8 Making markets better: Integrating all "external" costs

Making markets better: internalising costs	
Current affairs	• The cost of pollution is "externalised" – i.e. not included in the price of goods and products. • The wider society pays for pollution in terms of lower health and increased health cost, polluted (i.e. unhealthy) foods, damage to the built infrastructure, and loss of biodiversity • The failure of
Risks Current & future problems	• The failure of internalising cost leads to environmental degradation, loss of biodiversity, and ultimately to loss, negative health impact, • Pollution and degradation ultimately are threatening our food resources
Opportunities	• A more efficient, cheaper system is possible (and simple) • Internalising external costs would benefit all of us: less degradation, higher biodiversity, cleaner and healthier air, water and food • Healthier population increases productivity • Same rules applied everywhere reduces need for adaption (i.e. reduces cost)
Success elements	• Global agreement, or agreement between as many countries • External costs – for each substance/material - are calculated by an independent panel of scientists • These costs are applied everywhere, preferably globally • Reduce overheads and administrative work-load to a minimum, e.g. through a VAT-style tax, levied at the point of sale • Internalising must remain fiscal neutral and must be either paid back to the people in cash or are allocated very specifically (e.g. health care, environmental conservation & restoration) – or a combination of the two (e.g. 50/50). • Information, information, information
Barriers to realisation	• Each new tax or perceived cost is initially met with scepticism. – particularly by industry associations and their aligned politicians. • Individuals might also be sceptic because of perceived cost increase. Information on the cost benefits is therefore key to a successful implementation • The more countries involved, the easier the implementation. The less countries involved increases difficulties of how to deal with the non-compliant countries.

Environmental pollution will be greatly reduced if one has to pay for it. Not in terms of fines after polluting – but before the pollution happens.

Environmental degradation is – just like climate change – a market failure. The price of products/services do not include all costs associated within: the so-called "external costs that occur after the use of the good/product/service – degradation of natural environment, in the soil, the air and our water. We all pay for environmental degradation. Pollution affects or health increases health care cost, reduces productivity; it makes our food full of pesticides and pollutants.

Markets can work, however. We just need to internalise all costs in the price.

We know the polluting effects and potential health impacts of all substances, materials, and processes. We can estimate the total health cost associated with pollutants. Based on this, we can allocate the health care cost of each pollutant back to the original material or substance – and thus allocate a cost to each amount of the original substance/material. This amount is added to the sales price – and then either distributed back to the people in cash, or to the relevant fields (health care, environmental conservation/restoration).

- Establishment of external cost for all polluting substances/materials, so that costs can be added to the price of substances/materials
- Cost calculation should be determined by panel of experts, independently
- Cost should be applied everywhere – same rules globally
- Probably easiest administered at the point of sales (like VAT)
- Tax needs to be fiscal neutral – paid back to the people in cash, and possibly directed to the relevant fields 8health care, nature conservation, nature restoration)

The old "cost argument does not apply. Internalisation of all external costs would render certain goods/products more expensive (i.e. less competitive), but at the same time, make other products cheaper (i.e. more competitive). Polluting goods/products services will become more expensive, while cleaner and environmentally friendly alternatives become cheaper. With the additional cost redistributed back to the people or relevant public services, the cost to individuals does not increase.

However, such an approach only works best in a co-ordinated group (or better: all) countries take part in such a scheme. Otherwise, market distortions could lead to competitive disadvantages between countries. If the group of countries is large/strong enough, non-participating countries could be charged a flat import tax.

In theory, the solution is simple. However, there is very little realistic chance in today's political environment for such changes. The question is – why is there no consensus on simple solutions that benefit all? Actually, that is not possible, is it.

3.9 Independent, impartial information and social media

Free and fact-based information is key for an open, efficient society.

Free & impartial information	
Current affairs	• An increasing number of people inform themselves purely through social media. Social media algorithms – deciding what users see on the feed of their app of choice – are controlled by the owner of the particular app/platform • Social media app feeds are influenced by automatised non-human traffic and bots, and networks of fake accounts built by resource-rich players to press a particular view or interest • Artificial intelligence (AI) facilitates the creation of artificial – often fake – news content, and deep fake imagery • Media outlets are mostly privately owned, incentivising exaggeration of reporting to attract customers. Their income is defined by number of customers – incentivising exaggeration and "click-baits" to attract more customers (i.e. increase revenues) • Private owned media opinion is influenced by the owner/controllers of these media corporations • Significant number of people are relying on a single source and/or a group of like-wise media channels for their information and opinion on current events • Opinion cycle: partisan opinion desks to attract specific customer segments, whose expectations then drive the opinion desk in return • Social media platform allows sharing of all content – unchecked, and unverified • Increasing number of people rely on social media platforms for news, shared by their connection, creating highly biased information bubbles • Lack of recognised independent news authorities that relies on facts and forgoes opinion
Risks Current & future problems	• Splitting of societies in groups depending on the information source of choice • Social media platforms distribute unchecked and unverified rumours, half-truths, and outright lies, leading to increasing divisions and tensions • Private owned media are driven by revenue considerations and/or personal goals, incentivising exaggerated news reporting or headline generation • A growing number of people cannot differentiate between facts and fiction
Opportunities	• Better informed public • Less division, tribalism, conflict • Better decision making
Success elements	• Social media accounts only for verified human identity, eliminating all non-human traffic • Independent information of public relevance required to be displayed in all social media platforms • State-financed (e.g. through a specific tax), but independent provision of independent information, focusing on facts and reporting, absent of opinion shows • Independent news organisation established as national institution, or even better – national pride • Clear and simple regulations for content-sharing on media platforms, including publisher liability for defamation and hate speech • Social media includes public information on feeds • Better education regarding information dissemination starting in schools, at an early age
Barriers to realisation	• Independent news organisations are only possible in free, open & democratic societies. Authoritarian rulers have no interest in independent news provision

Free and fact-based information is key for an open, efficient society. Alternative realities lead to bad decisions. Unfortunately, we are living in a time where too many people are living in different realities, created by the source of news they are tending too, and the echo-chambers amplified by social media platforms.

The information crisis needs to addressed in 2 ways:

1. **Impartial information:** Establishment of public funded, but politically independent news agencies, providing impartial science-based information (like for example the BBC)
2. **Reigning in social media:** Increasing the barriers to spreading & amplifying news with apolitical/commercial aim, particular on social media platforms

Impartial information provision: A potential alternative to private-owned, partisan news provision are state-financed, but independent national news providers, with the following characteristics:

- Adequate allocation of financial resources to produce high-quality content, and to reach all groups of a society, including minority groups, especially in countries with different languages, through different channels – radio, TV, on-line, social media clips
- Complete independence and freedom from political interference
- Focussing on science and facts, excluding opinion shows

However, such independent news organisations are only possible in open and democratic societies.

Reigning in Social Media:

- Each account needs to be verified against human identity; one person can only have one account on each platform (immediately eliminating all non-human bot traffic on social media platforms)
- Equally, posting on any given website, including comments, is only possible after verification of the person and with the real name (immediately reducing defamation and hate speech)
- Forcing social media platform to integrated public information – for example emergency notifications, community information, science themes, independent information – in all the feed of all users at a specific rate
- If a social media platform does not agree with any of the above, their IP range can be blocked, and distribution in app stores banned

3.10 Efficient Justice system, accessible to all

Efficient justice systems	
Current affairs	• Large barriers to claiming rights for "normal" people: administrative, procedural, and financial barriers • Claiming rights in courts requires significant up-front financial resources – if only to pay for lawyers • Resource-rich individuals/organisations on the other hand can use the justice system to advance their interest • Armies of high-paid lawyers are hired by the wealthy to influence events in their favour
Risks Current & future problems	• The threat of using the justice system – can be used to intimidate others, in particular weaker (less wealthy) parties and individuals • Justice system can be mis-used to alter or delay decisions perceived as unfavourable by the large entities and wealthy individuals • Essentially, the judicial system leads to a two-class system in too many countries: available to have's but less available to the not-haves • Understaffed judicial systems and inefficient procedures lead to significant lags, delaying important decisions and increasing cost
Opportunities	• More efficient court systems lower cost • Reducing decision making insecurities • Resifting power balance towards higher equality • Increasing citizen trust in state systems
Success elements	• Provide (and/or expand) free legal services and consulting for the citizenship • Ensure courts are sufficiently staffed to be able to rapidly conclude cases • Reduce incentives of time-delaying and other suits aimed at intimidating assigning court costs and legal cost of the defendants for lost cases to the suing party • Reduce procedural requirements and barriers
Barriers to realisation	• Tradition (each countries system has grown on its own, resulting in very unique judicial cultures that are hard to break/amend/change) • The parties and groups profiting from the current imbalance is expected to resist changes

In many countries, demanding your rights depends on the ability to pay lawyers – immediately excluding a large segment of the population. On the other hand, individuals and entities with sufficient financial resources can influence, or delay, depending on the case – events in their favour.

3.11 Unitary taxing

Unitary taxing	
Current affairs	• Taxing systems and tariffs differ from country to country, and often from county to county • Regional offices and countries can make special tax deals to attract perceived high-tax payers • Lack of unilateral approach on taxing multi-national organisations • Transnational companies can move their profits from country to country in search for the lowest tax cost
Risks Current & future problems	• Tax competition to the bottom, • Decreasing income eventually deprives states of necessary income to provide adequate education, health care, infrastructure and security • Increasing wealth disparity due to loopholes, revenue/profit transfers, and tax race to the bottom: • Smaller companies and not-rich individuals have less resources, leading to lower-income entities & individuals paying a higher tax rate
Opportunities	• Increasing economic efficiency & reduced administrative overheads by applying the same tax rules everywhere • Increasing equality • Increasing social cohesion • Reducing violence and crime
Success elements	• Same rules and tax rates need to applied everywhere • Tax code needs to be as simple as only possible • Clear definition of taxing revenues/profits of multi-nationals by country of revenue • Tax rate needs to be appropriate in order not to stifle investments and innovation • Financial income needs to be taxed equal or higher than revenue income
Barriers to realisation	• The powers that be… • Anti-globalists perception • The need to apply the same rule globally: the difficulty to agree on rules across different governance and taxing systems in different countries

3.12 Equal rights and total equality

Equal rights for all	
Current affairs	• In many countries, women do still not enjoy basic personal freedoms, excluding half the population of its rights • Gender violence is still rampant in many societies • Gender gaps in pay are still common place • Too many groups in too many places are still denied certain rights and protection based on wealth, race, religion, political or sexual preferences
Risks Current & future problems	• Gender gaps in the economy lead to missed opportunities (not using the potential of women to its fullest advantage of the country) • Everybody should have the right to live free from fear. Rampant sexual violence curtails the freedom of 50% of the populations • Excluding women partially of fully from society and the economy not only infringes the rights of women, but also leads to half the national potential being idle/unused -> competitive disadvantage • Discrimination based on wealth, race or religion cements existing power structures and reduces the competition of talent -> competitive disadvantage
Opportunities	• Increasing equality -> higher quality of life for all • Fulfilling the full potential of nations by using the talents of all citizens
Success elements	• Univocal gender equality policies need to be designed - and, more importantly - enforced • Gender equality needs to be part of education from the earliest age • Sexual violence cannot be tolerated and needs to be erased with all means possible -> special units for gender-related crimes need to be established and provided with adequate resources and leverage to find and prosecute offenders and support victims • Education, from the earliest stage, has to be based on similarities, not differences • State spending and resource allocation to regions has benefit each citizen equally
Barriers to realisation	• Religions with an unequal view on the role of genders • Particular interest politics • Populism that feeds on underlying exitance fears and use racist slogans as baits

It is a shame that this is still an issue in the 21st century, but – we need equal rights and equal opportunity for all.

Equal rights equal opportunities, equals more opportunities.

Having equal rights and equality for everyone not only increases the choices and freedom available to individuals or groups, but to the wider society in general. For example, in countries where women are not allowed to work, half the potential of that country lies idle and is not used, i.e. the country uses only half of its talent. Equally, where education, for example, is based on the wealth of the parents, opportunities (viewed form a national development perspective) are lost.

3.13 Freedom for and from religion

Efficient justice systems	
Current affairs	• The most successful nations have all separated religion and politics • Religions are still used as pretext to discriminate specific groups, gender, and even starting violent conflicts • In countries all over the world, people are discriminated and/or suspected of malign intent based on their religion • Where religion is still entangles with government, religion is often used as a pretext to curtal individuals (women!) and/or whole groups
Risks Current & future problems	• Where women are not allowed to participate in society and/or the economy based on religious principles, half of the talent of the population remains unused -> competitive disadvantage • Decision making is influenced by possibly out-dated religious rules and perceptions • Religion is still used as power tool to exaggerate differences and incite dislike and violence • General discrimination towards people of different faith
Opportunities	• Better informed decision making based on science and facts • Unleashing the full potential of countries by using all talents available • Higher individual freedom and quality of life
Success elements	• Education, education, education: education need to be completely free of faith teaching. Religion as a scientific subject can and should be taught, but not faith.
Barriers to realisation	• Religious group are not just religious. Religion and power have historically always ben entwined. Powerful religious groups with influence (and their followers) will lose power, influence, and financial resources in a completely separated governance. Religious groups therefore will resist any move towards a separation of powers.

Faith is a choice. All people, everywhere, should be free to practice their faith – as long as practicing faith does not infringe the freedom of others. Equally, everybody should be free to not practice faith, and be free of religious rules that curtain individual freedoms,

Faith is a choice. Science is not. Where faith interferes in politics and/or education, competitiveness suffers. Religion and governance therefore have to be completely separated. Decision making needs to be based on science and facts, even if the facts contradict certain religious teachings

4 Additional requirements

In addition to the 12 key points as discussed above, we also ned to talk about –

- New forms of work organisation. The labour market is changing; AI, robotics, digitalisation potentially may drive a significant share of workers redundant, with insufficient new/alternative employment opportunities. We need to talk about alternative employment models for this reality – e.g. reduced working hours, or the provision of a basic income against a certain amount of community labour, or, …
- Economic development strategy. Each country needs to develop an economic development strategy that gears best with its specific characteristics, and plan and co-ordinate resource allocation accordingly. And economic development never ends. Regular reviews need to be built-in
- Eradicating corruption. Corruption is a poison that stifles development. We need a basis that makes corruption unattractive, both financially and legally. We need established access points and processes to report, investigate corrupt actions and rewards for whistle-blowers (while punishing abuse for smearing purposes).
- Efficient Public Services. Privatisation of infrastructure-based public services (railroad services, water provision, electricity, gas, health care provision) has been a disaster in most cases: lower quality, more frequent disruption, higher prices. The role of the state in provision of infrastructure-based service provision therefore has to be discussed, and ways to ensure efficient management and prevention of corruption in public services have to be improved.
- Infrastructure adjustment. Redesign infrastructure and transport, prioritising public over individual transport and infrastructure.
- Greening agriculture Industrial agriculture is based on the use of fertilisers, pesticides, and managing land in mono-cultures. All three of these have to be replaced with organic approaches. However, organic agriculture is inevitably more labour intensive. Solutions to keep the cost of food within reasonable scope for the wider public therefore have to be developed.
- Saving the biosphere. We need more protection for vital eco-systems, such as the Amazon and other rain-forests. However – it is not only the rainforests. We need more biodiversity across this World – in all countries, in all regions. More land needs more land to be protected as parks, and sustainable management of the resources has to be implemented in line with the communities living in these areas. Water is vital to the survival of humanity; waterways ned to be protected better.
- Population Control. Highly controversial, but… fact is that this place is getting a bit crowded. Having more than you can provide real opportunities for is irresponsible towards the World and towards the children themselves. We need a global 2-child policy.
- Dealing with Migration. As long as the inequalities between groups and countries remain as large as they currently are, coupled with overpopulation, migration will not stop. It is therefore highly important that all the above steps are also implemented in the lesser developed economies. People that have opportunities at home are unlikely to emigrate.
- Intelligent investment to facilitate all of the above. Investment decisions need to be based on a broader assessment of impacts – both negative and positive – and further into the future. In addition, they should be aligned with a clear development strategy, to allocate the limited resources at the highest possible return for society, the economy, the environment and the countries

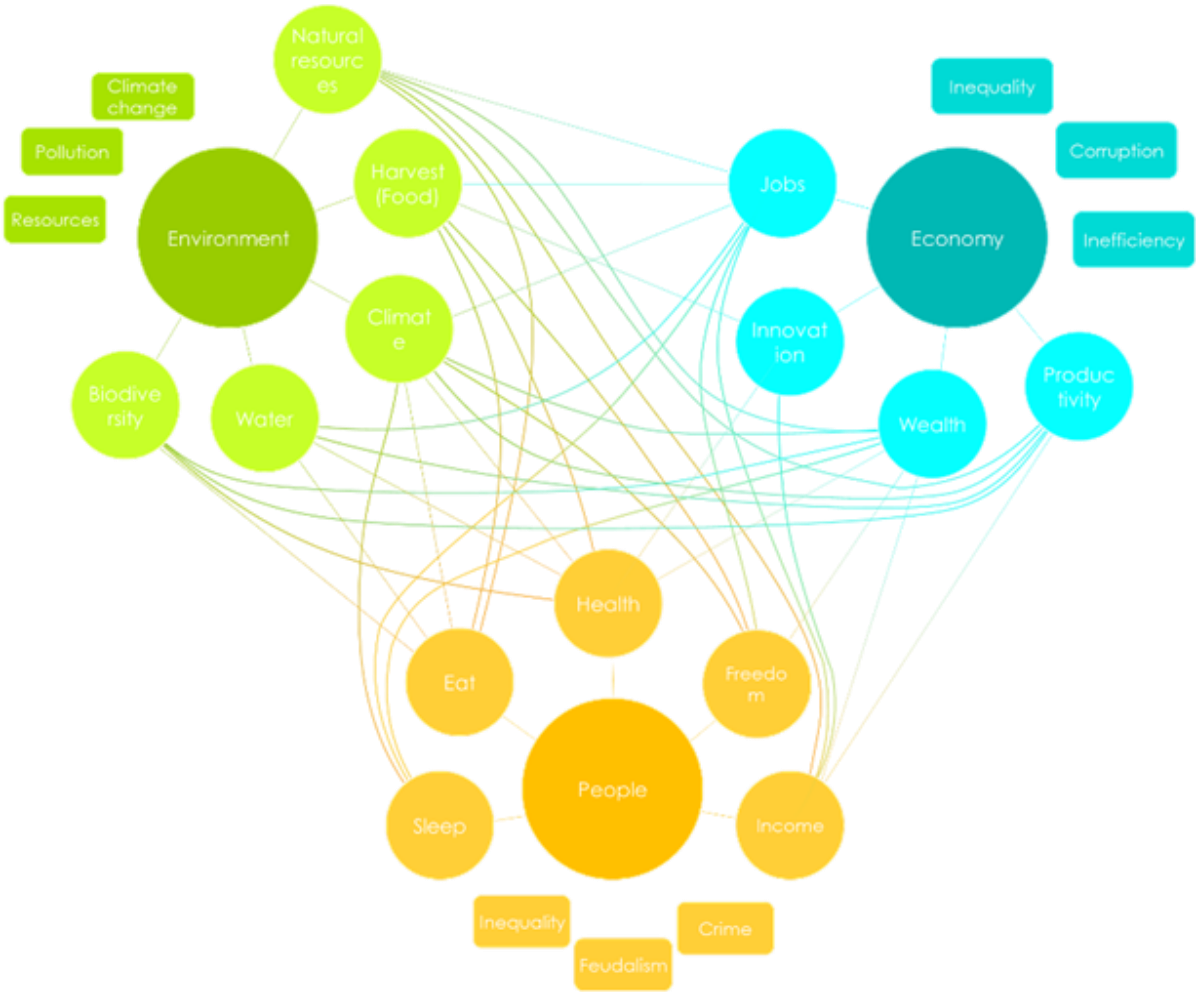
5 Measuring Success: The Global Sustainable Competitiveness Index

5.1 Basic concept

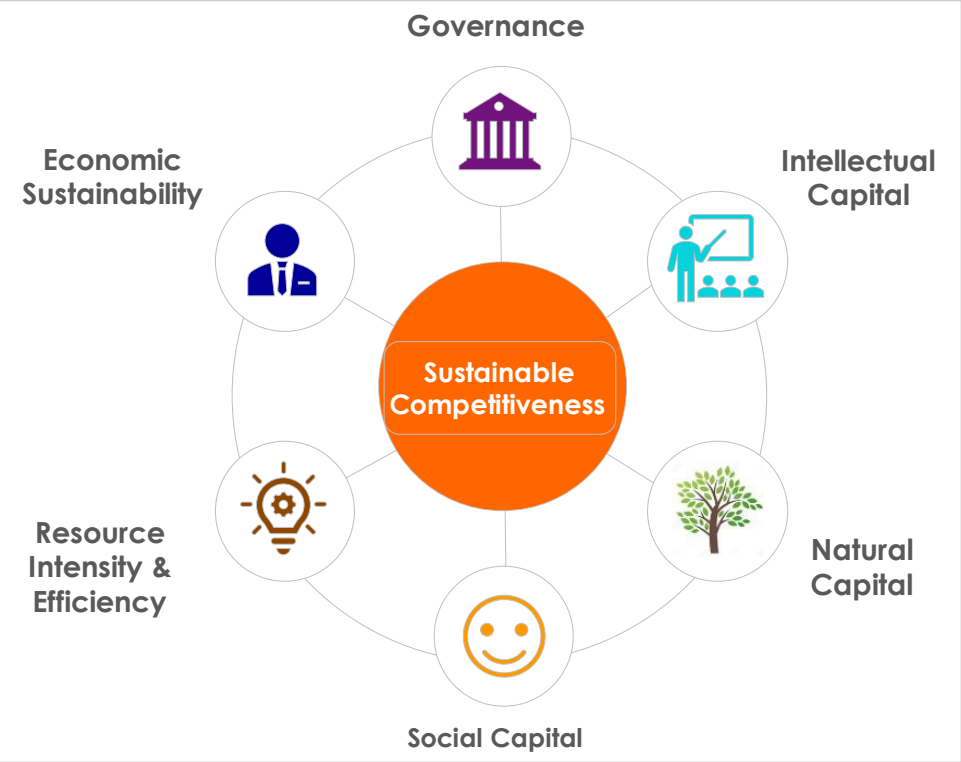
The Global Sustainable Competitiveness Index (GSCI) measured the development success of nations, taking into account the latest available data as well as recent development trends in this data. It is based on 124 quantitative – not qualitative! – indicators derived from international organisations (the World Bank, various UN agencies, IMF).

The GSCI is a much more inclusive – and therefore, conclusive – reflection of a nation's stand in development. It can be used as an alternative to the widely used GDP, to identify risk and policy priority areas, or could be integrated into country risk evaluations (e.g. in credit ratings and sovereign bond ratings.

The Global Sustainable Competitiveness Index is built on an extended ESG model (Environment, Social, Governance), taking into account that most of the issues we are facing are strongly interconnected:



The Sustainable Competitiveness Model is based on 6 pillars of equal importance:



Natural Capital: the given natural environment, including the availability of resources, and the level of the depletion of those resources.

Social Capital: health, security, freedom, equality and life satisfaction within a country.

Resource Efficiency: the efficiency of using available resources as a measurement of operational competitiveness in a resource-constraint World.

Intellectual Capital: the capability to generate wealth and jobs through innovation and value-added industries in the globalised markets.

Market Sustainability: economic capital that ensures competitiveness – including environmental and social competitiveness – into the future

Governance Performance: Measuring the outcome of core state policies and investments – infrastructure, market and employment structure, in other words: the provision of a framework for sustained and sustainable wealth generation.

Conventional country comparisons, rankings and ratings are based on economic and/or financial indicators. However, economic and financial indicators - *at best* - reflect current economic success; without looking at or explaining what makes this economic success possible. They also fail to account for current developments – financial and non-financial - that shape future potential or decline.

In addition, economic activities have adverse side-effects on the environment and societies: pollution and depletion of natural resources, climate change, health impacts, inequality and impacts on the socio-cultural fabric of a country. Neglect of these factors can diminish the very basis of current economic output and success measured in conventional ratings.

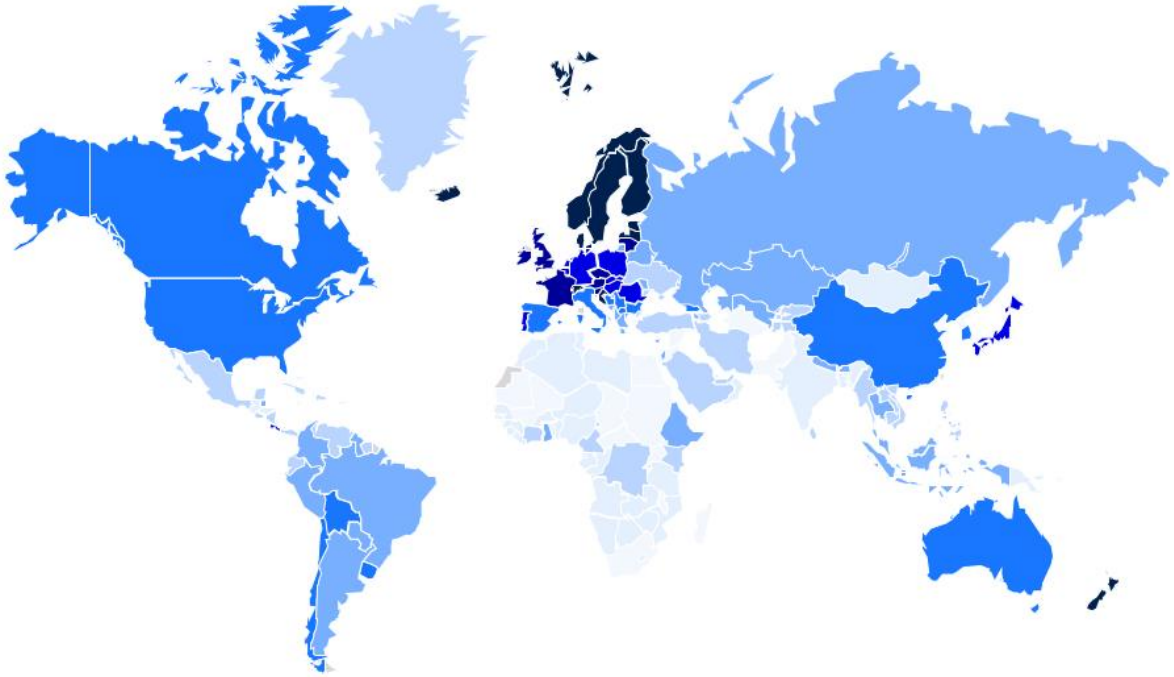
Economic and financial indicators are therefore insufficient measurements for risk and investment analysis – or credit ratings. In other words: **"competitiveness" in its current meaning and commonly used financial/industrial indicators are an insufficient basis for investment decisions and policy making.**

The Sustainable Competitiveness Index is based on a model that integrates economic and financial indicators with the pillars that make the business success possible in the first place. It is based purely on comparable and measurable performance data collected by recognised international agencies, therefore excluding all subjectivity. We believe that the Index presents the currently most accurate basis to compare countries amongst each other, and an inclusive tool to identify policy priorities.

5.2 The current Global Sustainable Competitiveness Index

Highlights from the Global Sustainable Competitiveness Index 2023

- Scandinavia is still leading the way: Sweden is leading the Sustainable Competitiveness Index – closely followed by Iceland, Denmark & Finland, while Norway is ranked 9
- The top 20 are dominated by Northern European countries, including the Baltic states
- Of the top twenty nations only one is not European – New Zealand on 11,
- Germany ranks 15, the UK 17,
- The World's largest economy, the US, is ranked 32. The US ranks particularly low in resource efficiency, but also social capital – potentially undermining the global status of the US in the future
- Of the large emerging economies (BRICs), China is ranked 37, Brazil 49, Russia 51, and India 130.
- Some of the least developed nations have a considerable higher GSCI ranking than their GDP would suggest (e.g. Nepal, Guyana, Laos, Belize, …)
- Asian nations (South Korea, Japan, Singapore, and China) lead the Intellectual Capital Index – the fundament of innovation. However, achieving sustained prosperity in these countries might be compromised by Natural Capital constraints and current low resource efficiency
- The Social Capital Index ranking is headed by Northern European (Scandinavian) countries, indicating that Social Cohesion is the result of economic growth combined with a country-wide social consensus

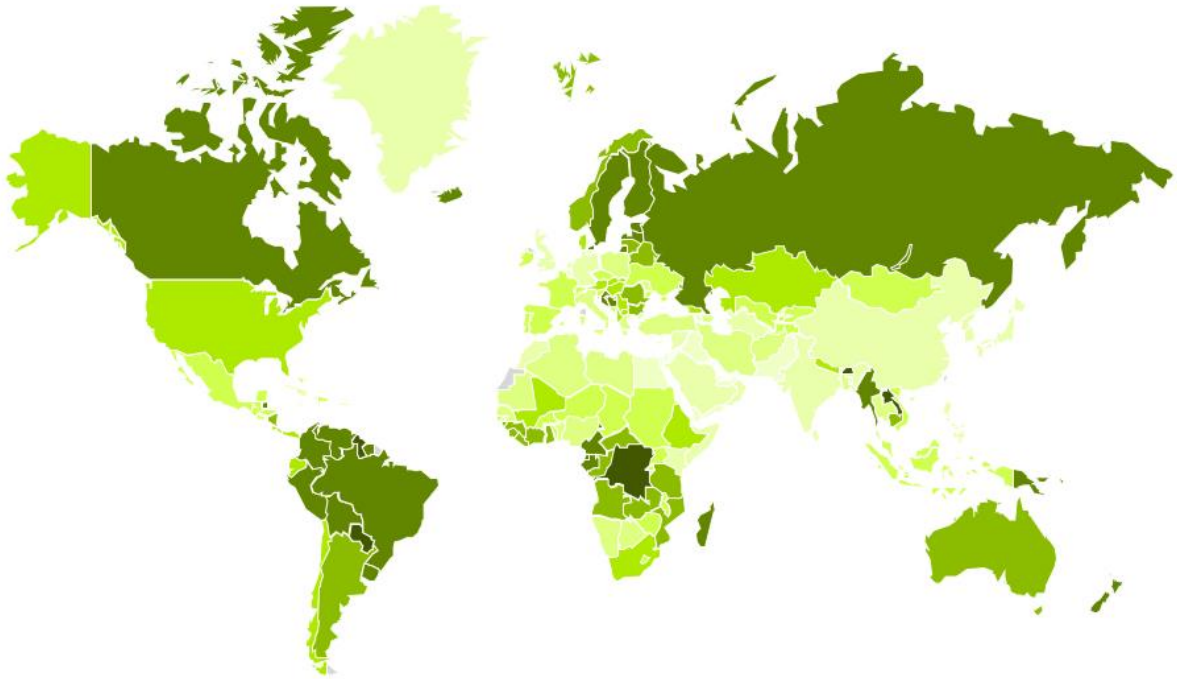


5.3 Natural Capital

Natural Capital is the basis. Of all life. The Natural Capital encompasses the natural physical environment with all its characteristics: soil (including resources), water, air, as well as the flora and fauna. The Natural Capital of a country is mainly defined by geography and climate, as well as the availability of water. Natural Capital is the basis. Of all life.

The Natural Capital of a country defines the ability to feed and support the population, and the potential to capitalise on natural capital in economic terms – be that through export of agricultural products, resources, or through tourism.

The Natural Capital Index World Map:



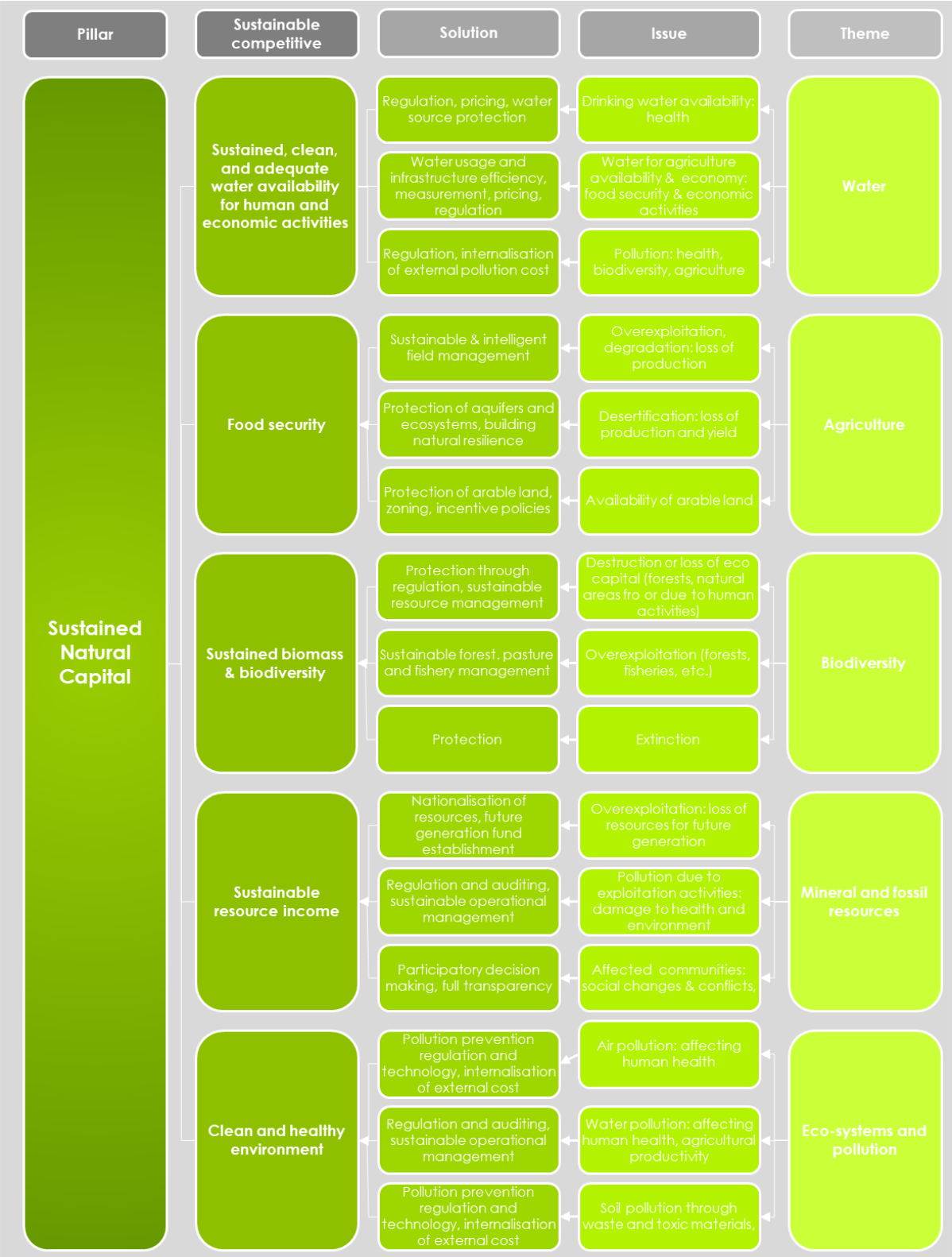
The Natural Capital can be broadly categorised into six major areas:

- Soil
- Water
- Air
- Biodiversity
- Fertility
- Mineral resources

Every country needs to protect and actively develop its natural capital in order to guarantee the well-being of its people and to facilitate sustained competitiveness.

Generally speaking, there are three ways to sustain & develop natural capital; regulations (e.g. protection of certain areas, prohibition of certain activities) where non-compliance is penalised, market tools (directing the economic behaviour through financial incentives), innovation (new forms of co-existence, substitution of materials and business models based on exploitation of natural resources), and, of course, efficiency gains:

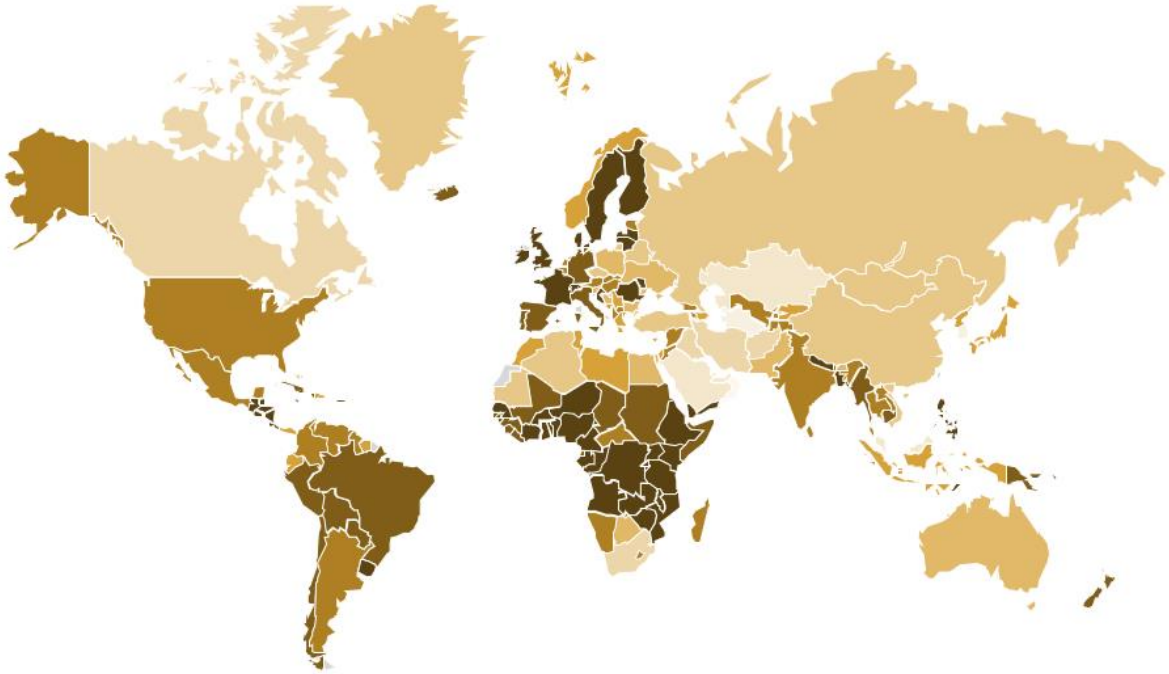
Natural Capital – key issues



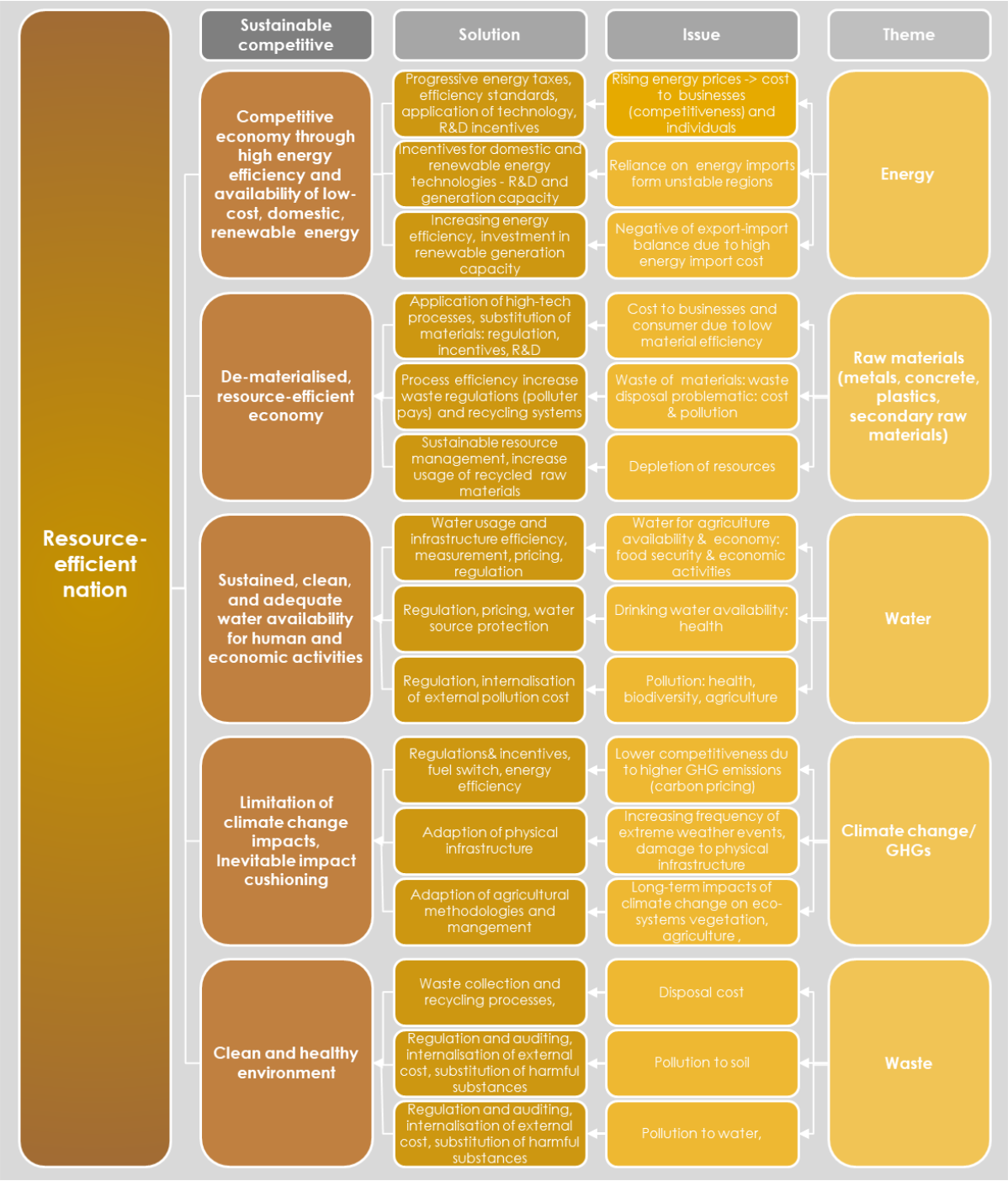
5.4 Resource Intensity

Resource efficiency determines the ability to manage available resource (natural capital, human capital, financial capital) efficiently – regardless of whether the capital is scarce or abundant. Whether a country does or does not possess resources within its boundaries (natural and other resources), efficiency in using resources – whether domestic or imported - is a cost factor, affecting the competitiveness and thus wealth of nations. Over-exploitation of existing natural resources also affects the natural capital of the country, i.e. the ability of a country to support its population and economy with the required resources into the future.

Resource Intensity Index World Map



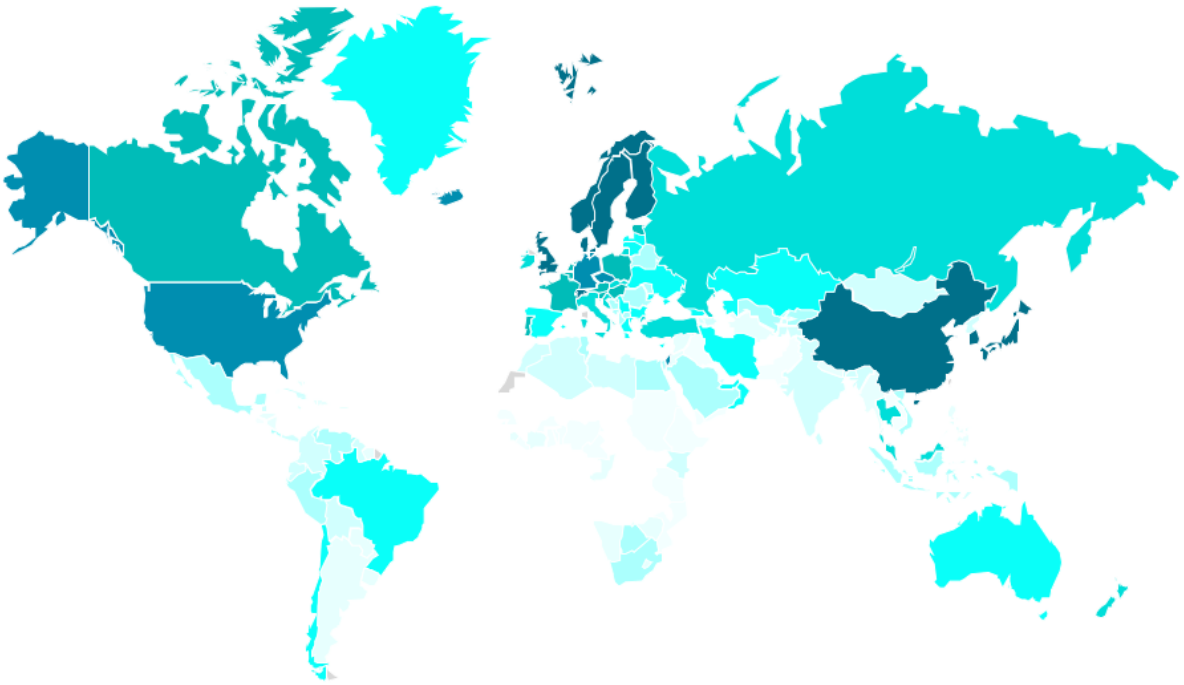
Resource Intensity – Key Issues

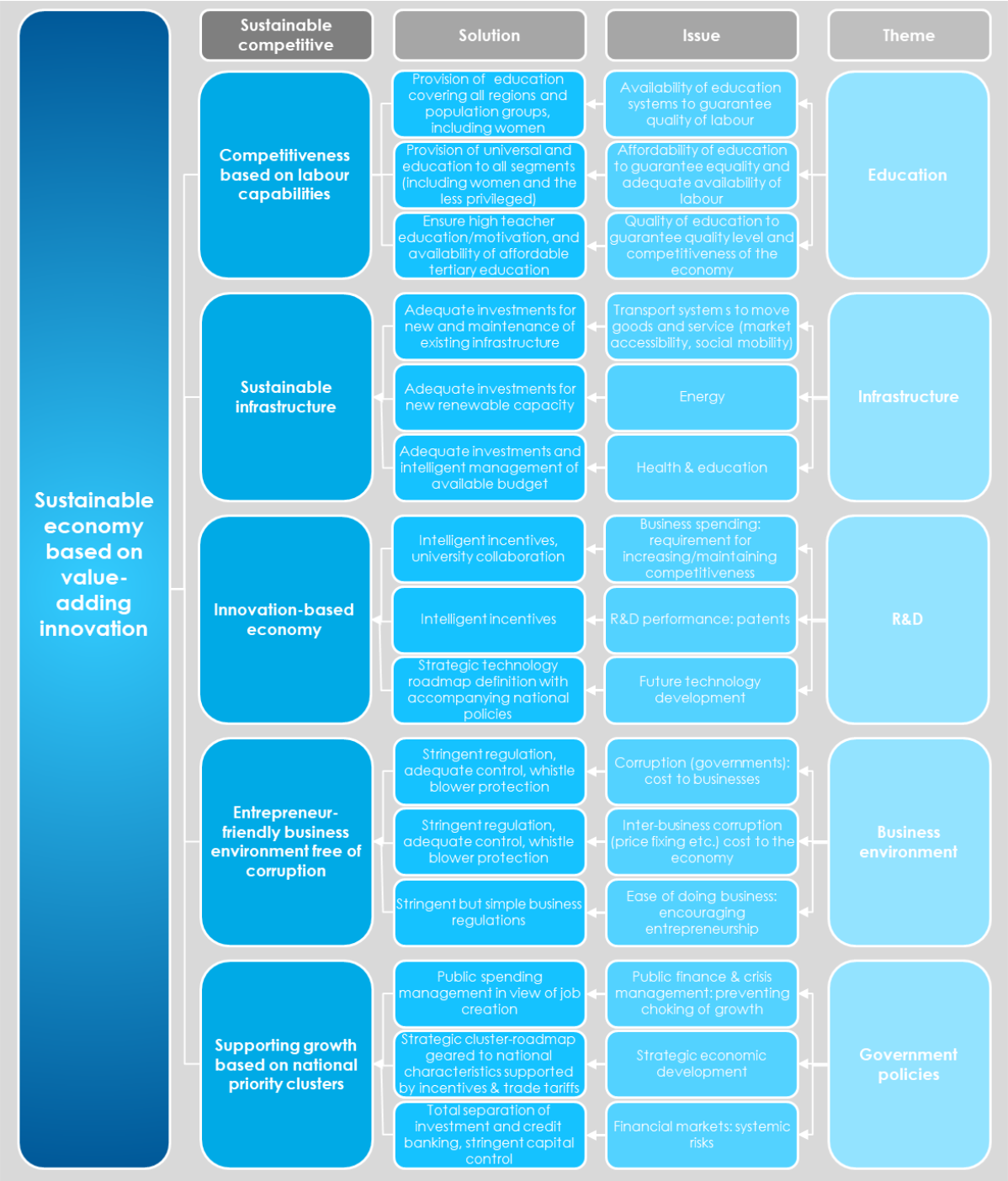


5.5 Intellectual Capital

Intellectual Capital is the basis for innovation capability and sustainable economic competitiveness. The indicators used for assessing these criteria are composed of data points relating to education, innovation capabilities, and entrepreneurship. Countries with a high score in this ranking are more likely than others to develop (or sustain) successful economies through research and know-ledge driven industries, i.e. high-value added industries, and therefore achieve higher growth rates. All indicators used to assess the innovation capability and sustainable competitiveness have been scored against size of the population or against GDP in order to gain a full picture of the competitiveness, independent of the size of a country. In addition, developments (trends) of performance indicators have also been taken into account.

The Intellectual Capital Index World Map:

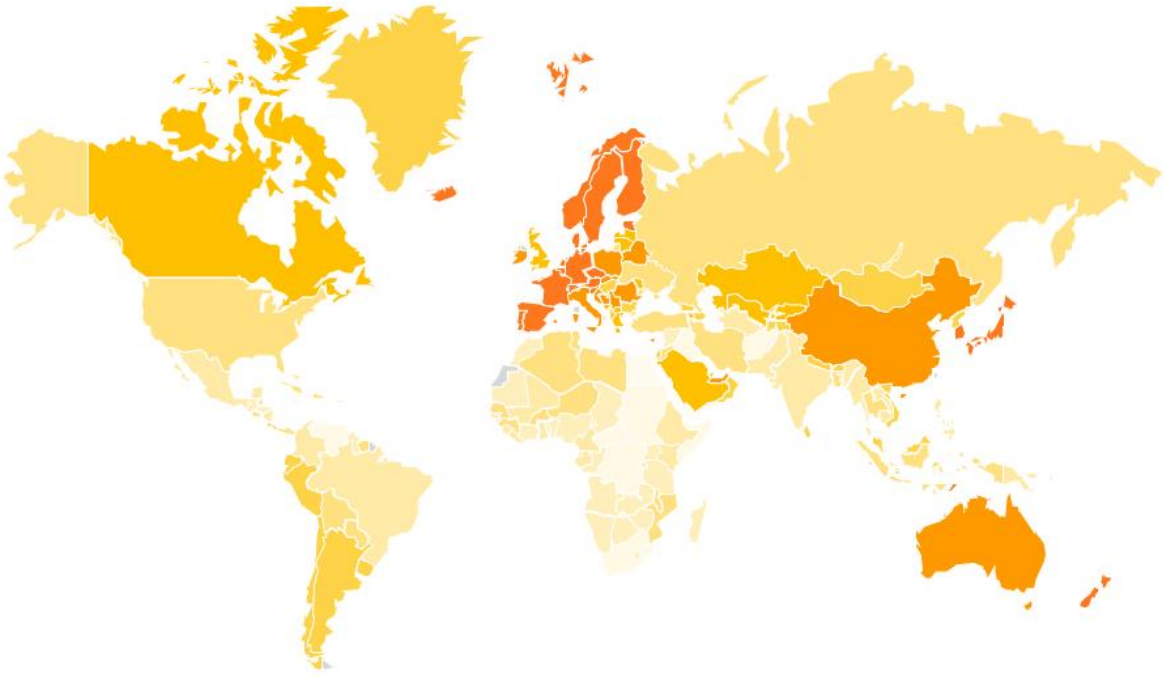



Sustainable economy based on value-adding innovation
Sustainable competitive
Solution
Issue
Theme
Competitiveness based on labour capabilities
Provision of education covering all regions and population groups, including women
Provision of universal and education to all segments (including women and the less privileged)
Ensure high teacher education/motivation, and availability of affordable tertiary education
Availability of education systems to guarantee quality of labour
Affordability of education to guarantee equality and adequate availability of labour
Quality of education to guarantee quality level and competitiveness of the economy
Education
Sustainable infrastructure
Adequate investments for new and maintenance of existing infrastructure
Adequate investments for new renewable capacity
Adequate investments and intelligent management of available budget
Transport system s to move goods and service (market accessibility, social mobility)
Energy
Health & education
Infrastructure
Innovation-based economy
Intelligent incentives, university collaboration
Intelligent incentives
Strategic technology roadmap definition with accompanying national policies
Business spending: requirement for increasing/maintaining competitiveness
R&D performance: patents
Future technology development
R&D
Entrepreneur-friendly business environment free of corruption
Stringent regulation, adequate control, whistle blower protection
Stringent regulation, adequate control, whistle blower protection
Stringent but simple business regulations
Corruption (governments): cost to businesses
Inter-business corruption (price fixing etc.) cost to the economy
Ease of doing business: encouraging entrepreneurship
Business environment
Supporting growth based on national priority clusters
Public spending management in view of job creation
Strategic cluster-roadmap geared to national characteristics supported by incentives & trade tariffs
Total separation of investment and credit banking, stringent capital control
Public finance & crisis management: preventing choking of growth
Strategic economic development
Financial markets: systemic risks
Government policies

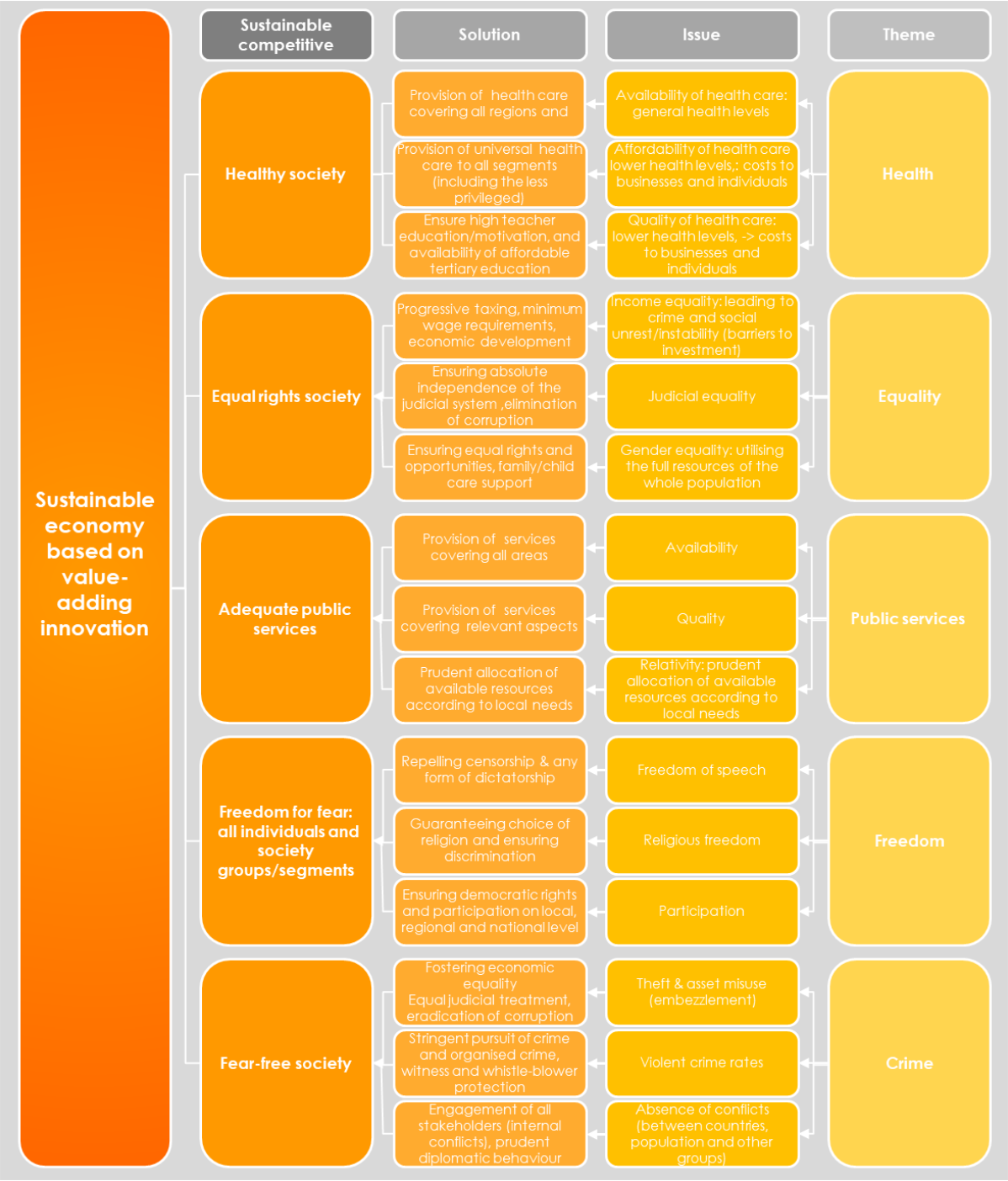
5.6 Social Capital

The Social Capital of a nation is the sum of social stability and the well-being (perceived or real) of the entire population. Social Capital generates social cohesion and a certain level of consensus, which in turn delivers a stable environment for the economy, and prevents natural resources from being over-exploited. Social Capital is not a tangible value and therefore hard to measure and evaluate in numeric values. In addition to local historical and cultural influences, the social consensus in a society is affected by several factors: health care systems and their universal availability/affordability (measuring physical health); income and asset equality, which are correlated to crime levels; demographic structure (to assess the future generational balance within a society); and freedom of expression, freedom from fear and the absence of violent conflicts that are required for businesses to be able to generate value.

Social Capital Index World Map



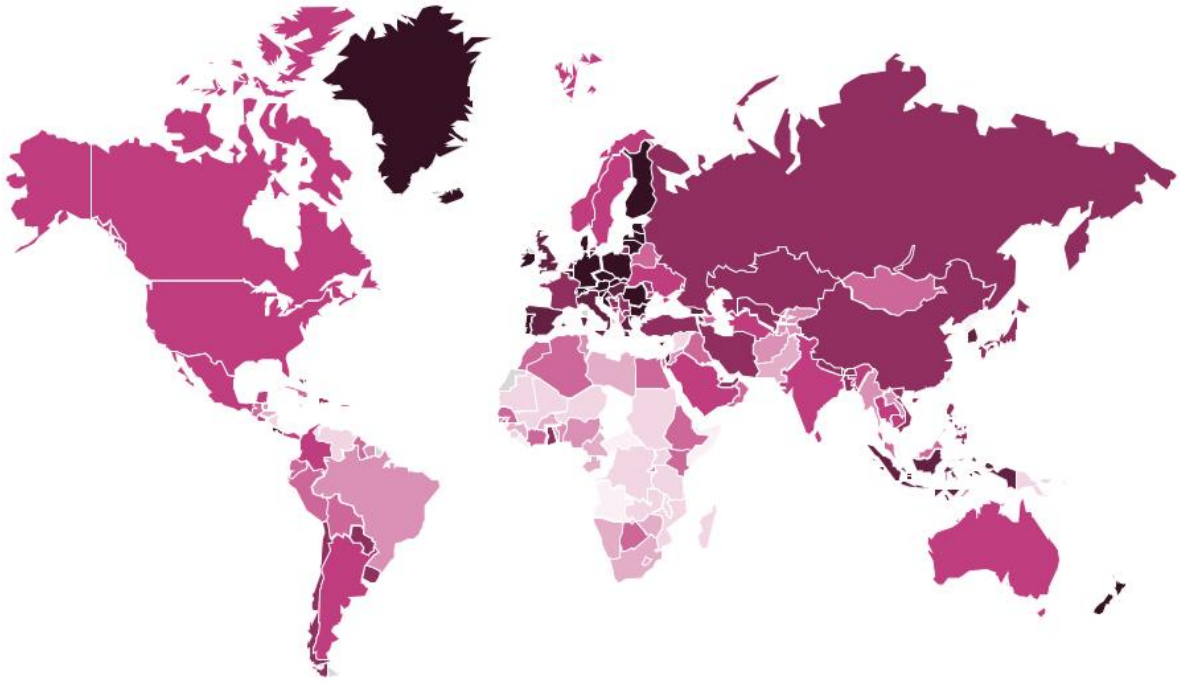
Social Capital – Key Issues

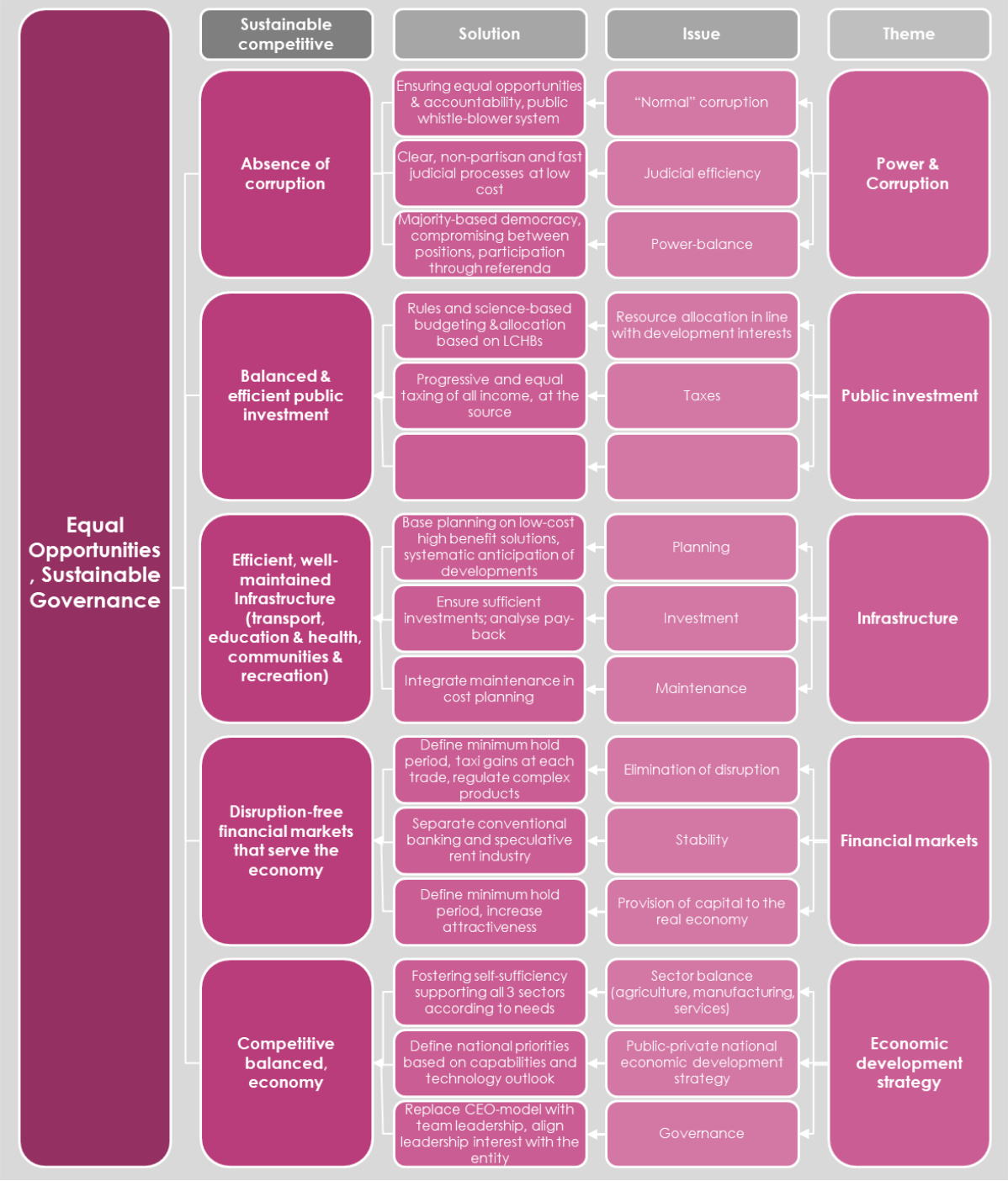


5.7 Governance Performance

The Governance Sub-Index of the Sustainable Competitiveness Index is based on quantitative data series – i.e. *not* based on qualitative evaluation of government systems. In addition, some aspects of government direction implications (such as human rights, freedom of press, etc.) are assigned to the Social Capital Index. The Governance Sub-Index aims at evaluating the performance of a country's regulatory framework and infrastructure environment to facilitate sustainable competitiveness. The regulatory and infrastructure framework should enable an environment in which the country's natural, social and intellectual capital can flourish to generate new and sustain existing wealth.

Governance Performance Index World Map




Equal Opportunities, Sustainable Governance
Sustainable competitive
Solution
Issue
Theme
Absence of corruption
Ensuring equal opportunities & accountability, public whistle-blower system
Clear, non-partisan and fast judicial processes at low cost
Majority-based democracy, compromising between positions, participation through referenda
"Normal" corruption
Judicial efficiency
Power-balance
Power & Corruption
Balanced & efficient public investment
Rules and science-based budgeting &allocation based on LCHBs
Progressive and equal taxing of all income, at the source
Resource allocation in line with development interests
Taxes
Public investment
Efficient, well-maintained Infrastructure (transport, education & health, communities & recreation)
Base planning on low-cost high benefit solutions, systematic anticipation of developments
Ensure sufficient investments; analyse pay-back
Integrate maintenance in cost planning
Planning
Investment
Maintenance
Infrastructure
Disruption-free financial markets that serve the economy
Define minimum hold period, taxi gains at each trade, regulate complex products
Separate conventional banking and speculative rent industry
Define minimum hold period, increase attractiveness
Elimination of disruption
Stability
Provision of capital to the real economy
Financial markets
Competitive balanced, economy
Fostering self-sufficiency supporting all 3 sectors according to needs
Define national priorities based on capabilities and technology outlook
Replace CEO-model with team leadership, align leadership interest with the entity
Sector balance (agriculture, manufacturing, services)
Public-private national economic development strategy
Governance
Economic development strategy

About this Report

Achieving Sustainable Competitiveness, v 4.0, June, 2024

Methodology, data gathering, calculation, & report compilation by SolAbility.

About SolAbility

SolAbility is an independent sustainability think-tank with a fairly successful history in sustainable management implementation in large corporations.

SolAbility is the proud publisher of the Global Sustainable Competitiveness Index and the maker of 3 DJSI Super-Sector Leaders.

SolAbility Sustainable Intelligence
Zürich, Seoul

www.solability.com
contact@solability.com

Sustainable Competitiveness

Climate Emergency