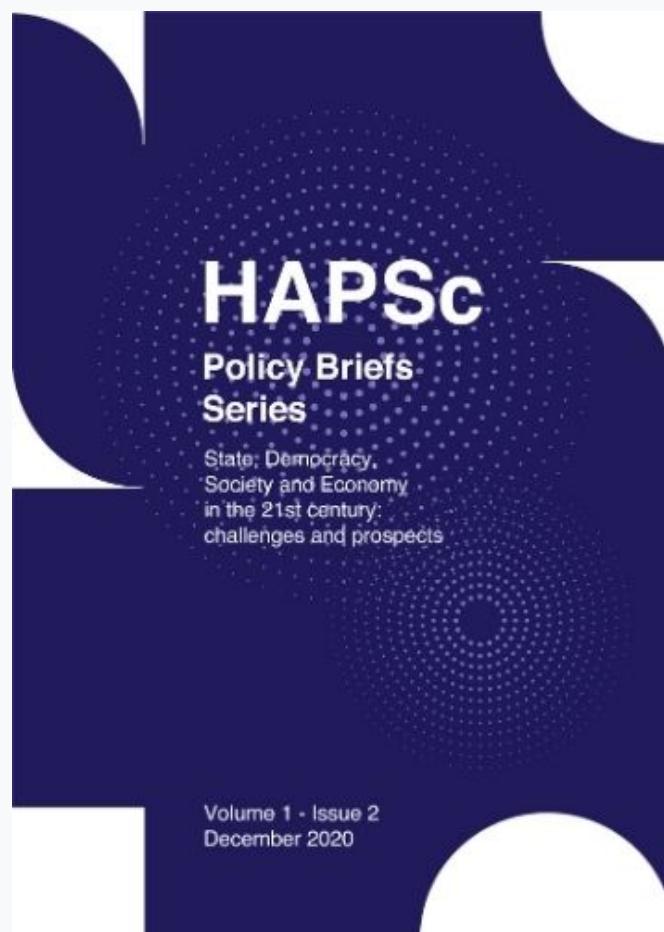


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**Democracy, Transformation and the Relational Economy: Prospects for a Successful Society**

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# Democracy, Transformation and the Relational Economy: Prospects for a Successful Society<sup>1</sup>

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## Abstract

Not least because of existential crises such as climate change, poverty or social inequality, the transformation currently taking place is changing the way people live together in a sustainable manner. However, such challenges can only be overcome by humanity as a whole. Therefore, it is necessary to develop new collective problem solving modes that take into account the relationship of the individual to his environment. As a starting point for this, we propose the introduction of a systemic-relational economy which, starting from companies, establishes a holistic world view oriented towards the growth of good relationships. This is the preferable way to meet the changing demands of modern life and to achieve ecologically, economically and socially sustainable success.

**Key words:** Transformation; Economy; Systemic; Relational; Technology; Society; Barriers; Corporation; Individual; Change.

The world is changing:  
I feel it in the water,  
I feel it in the earth,  
and I smell it in the air.  
(J.R.R. Tolkien, 1988)

## Introduction

The world is at a crossroad. Now, at the beginning of the 21st century, mankind is confronted with challenges that it can only solve on a global level. Climate change, poverty, hunger and social inequality are just some of the existential crises of our age. None of them can be solved by a small group of people or individual nations alone. Rather, an effort by humanity as a whole is needed. The problem here is that past and present problem-solving modes are not able to adequately deal with the

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challenges and crises we have to face. Therefore, new approaches are needed to understand and shape the world of today and tomorrow.

The world is growing closer together due to the progressing globalisation and the increasing spread of information technologies such as the internet and mobile devices. The global data stream enables its users to access almost all imaginable information. One can exchange thoughts, messages and cute animal photos in real time. Our lives are becoming increasingly "smart", but also diverse and complex, making problem solving difficult; we have not yet collectively learned to use the new technologies and to understand their impact on the way we live together.

In contrast to previous transformation processes, it is no longer technologies that are causing the actual change, but rather our handling of them is creating the change in the way we live and work together (Nefiodow, 2017). While the so-called "Industrial Revolution" was characterised by the introduction of technologies such as the steam engine or looms powered by it, the beginning of the information age was determined by the spread of computers. Today, it is all about connecting humans, machines, but also humans and machines. Thus, we are talking about a social component, the ability to communicate.

As the world grows closer together, mankind is beginning to realise that the problems of this world are not natural states, but the product of human development. Already today we produce more food than is needed for the world society (Hasell, 2013), there is more than enough wealth to enable every human being to live a dignified life, we know strategies to end the destructive way of doing business, etc. Nevertheless, these problems persist.

The world community agreed in 2015 on 17 Sustainable Development Goals (SDGs), as a result of a process started long before. They address, among other things, the above-mentioned problems and are intended to serve as a blueprint to enable "peace and prosperity for people and the planet, now and into the future" (UN, 2015) and to act as a "call to action" (*ibid.*). The sense, nonsense, usefulness, compatibility and practicability of the various SDGs have already been sufficiently discussed elsewhere, for example in Christian Berg (2020), and will not be discussed further below. It is a fact, however, that the challenges described by SDGs are of undiminished relevance and can be called timeless, so to speak.

At the same time, SDGs represent the increasingly widespread recognition that such challenges can be overcome if people actively work on them together. This is probably one of the reasons why we are at the beginning of a global transformation that could fundamentally change the way we live together. Change is a constitutive characteristic of human social systems and nothing special. But a

transformation is much more than that. It is a fundamental change in collective values, morals, views and lifestyles, which leads towards actively shaping the future and a new social reality.

Therefore, the question arises: How can world society manage to achieve such a transformation towards a sustainable way of life that enables all people to live in dignity? To answer this question, we will present an interdisciplinary perspective in the following, which can be described as a "systemic-relational economy" and serve as a starting point for a sustainable future.

## **Entry Points for a Relational Economy**

But what is a systemic-relational economy (SRE) anyway? SREs can be understood as the sum of the positive social, economic and ecological relationships of individuals and social groups among themselves and with their environment. This involves a holistic view of the social system and a high quality of relationships. They are achieved through positive win-win thinking among equal partners in order to recognise potentials and possibilities, thus achieving the best possible results. In this way, a dignified life and the realisation of SDGs can be accomplished.

This requires systemic-relational ways of thinking and procedures that replace classic linear-causal problem-solving modes. The world is becoming increasingly opaque due to the increase in dynamic, social and emergent complexity. Cause and effect are linked by longer and more complex chains of effects and are separated in space and time. Actors have different perspectives, assumptions and interests and there are discontinuous, erratic changes (Scharmer, 2016). The more complex causality chains become, the more impenetrable they are and the more impossible linear-causal approaches become. This makes it more difficult, or almost impossible, to derive behaviour and recommendations from experience. On the other hand, a systemic-relational approach makes it possible to look at the whole system, which allows to find potentials and connections for problem solving in the whole system.

Nevertheless, the realisation of a systemic-relational economy is subject to a multitude of challenges and resistance. These are inherent in the system, because the system already reacts to the planning of a change, which simultaneously generates implementation and resistance (Luhmann, 1995). Resistance is inseparably linked to change. It exists everywhere where change occurs (Hauschildt & Salomo, 2007). The systemic-relational economy uses this opposition as a strength, as it can provide indications of previously unnoticed opportunities and risks (Schirmer, 1999). A constructive approach to such natural defensive reactions, from within the system, in transformation processes is therefore absolutely essential if the probability of success of the change is to be increased (Doppler & Lauterburg, 2013).

There are various ways to successfully introduce a systemic-relational economy. One strategy lies in the use of laws. Such laws, passed by states, nations or even supranational institutions such as the EU, could formally bring about a systemic-relational economy. The responsible parliaments or other bodies with legislative power would thus be able to stipulate, for example, that companies must generate an ecological and social profit. This could be achieved, for example, by means of a positive ecological balance sheet or a gain in social justice (Berg, 2020).

However, the road to this goal is not only rocky in parliamentary democracies based on free elections. Other forms of government would also have a hard time here, as long as they are not ruled by an eco-dictator whose very existence already contradicts an SRE. Majorities are needed to pass laws, and these must be organised. Ideally, the introduction of SRE-laws would be the subject of an election campaign so that voters could vote for them. It is then necessary for an executive that is capable of acting to enforce the provisions that have been adopted. In addition, laws are rules and as such they provoke resistance, either in spite of, or because their content does not fit into one's own world view. There are countless other examples of this perception, such as the fundamental values of the EU, which are repeatedly called into question, not only at its external borders.

Just how difficult the successful initiation and implementation of laws can be is shown by the recent debate around the Fridays for Future movement, which, as is well known, calls for compliance with the Paris climate targets and the limitation of global warming to well below 2°C. While the Paris Agreement is a binding treaty under international law its implementation is at least questionable.

However, this is not meant to be an argument against corresponding laws. It is merely a matter of hurdles that must be taken into account in this process. A legal basis can also prove helpful for other approaches. The state is thus able to create the necessary framework for economic processes to take place at all. Only in this way is it possible for companies to implement SRE elements. This includes, for example, the possibility of co-determination at company level, which can develop into democratically managed companies, or the possibility of founding non-profit organisations.

As the previous examples show, relatively high hurdles can be assumed if the challenges are only tackled at the meta-level presented so far. In order to increase the probability of successfully overcoming transformation barriers, other levels in the social system must be considered.

Accordingly, we see companies as the optimal starting point for a transformation towards SRE. This is due to the fact that at this social level people interact with others and a lot of people-to-people interactions take place here. The effectiveness of the individual in institutions is higher than at superordinate social level. The latter is largely determined by the corporate level, which alongside

political institutions is an important part of the social order and social interaction. At the same time, companies guarantee the visibility of individuals and their relationships, which together form a society.

We therefore propose to take precisely those measures that make companies the starting point for the transformation towards SRE. People spend a lot of time at work. On average, 8 hours on about 200 days per year. In addition, work plays an important role in the personal development of each individual. Work shapes us, both in terms of the work we do and in connection with the social contexts and relationships that exist there. It gives us identity and meaning to life because it allows us access to a particular social group and guarantees our livelihood (Sennett, 1998).

Moreover, views and skills acquired at work can be easily transferred to other areas of human coexistence. For example, Norbert Elias describes what he calls the economy, which includes the world of work as a sphere that forms society together with the state sphere (Elias, 2012). The economic sphere is often seen as the more innovative and the starting point for social change processes (Frerichs, 2014). Systems theory also suggests that because of the interdependence relationship of social systems, patterns of order can be transferred from one social system (e.g. economy) to another (e.g. society as a whole) (Jetzkowitz, 2002).

Skills once learned in the company that serve as key factors for SRE, such as the ability to engage in dialogue, a holistic view, willingness to cooperate, empathy, compassion, respect and appreciation for one's counterpart and the environment as a whole, are not simply discarded when one goes home, but remain and have a lasting effect on behaviour. SREs are basically constant negotiation processes that make it possible to deal with the complexity of the immediate environment and thus to confront the complexity of reality as a whole. In this way, important skills for life in a democracy are trained, which is why SRE can be seen as an exercise in democratic principles.

All in all, synergy effects between political and economic levels are thus evident, which were already taken up by Acemoglu and Robinson (2012). This underscores the importance of good interplay between the institutions in order to strengthen the development towards sustainability and extended problem-solving modes.

## Conclusions

In recent years, a variety of relational approaches have been developed to drive forward the transformation of the economy and society. Many of them originate from the field of pluralist economics, an increasingly important current within the economic sciences that recognises different

research paradigms and opposes the dominance of the often highly simplistic neoclassical school of thought. In this way, economics can take into account the increasing complexity and heterogeneity of the dawning new world and thus contribute to many innovative solutions to overcome the existential crises of the 21st century.

The "Theory U" developed by Otto Scharmer (2016) has established itself as one of the most prominent examples on the individual level. This approach, derived from systems theory, focuses on a change in consciousness of the place from which people act and thus opens the way for a systemic-relational view of the world. This enables each individual to create a positive future within his or her own sphere of influence.

At the level of larger social units, it is approaches such as the Donut Economy developed by Kate Raworth (2017) that are driving forward a transformation from an economic indicator-based approach to a social, ecological and economic approach within the boundaries of the "ecosystem earth". Here too, a systemic-relational approach is applied, which ultimately aims at overcoming the challenges that lie ahead of us as humanity.

It is important to stress that despite all the adversities, challenges and crises that the future may hold, we humans are not helpless in the face of them. Precisely because we ourselves have caused many problems such as climate change and social inequality, it is in our power, indeed it is actually our duty, to find solutions and implement them together. To this end, it is important that we remember that we are always strongest when we overcome the gaps between us, reach out to our neighbours and actively shape the future together.

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