



AMERICAN  
SUSTAINABLE  
BUSINESS  
COUNCIL

# “CREATING AN ECONOMIC SYSTEM THAT WORKS FOR ALL”

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Executive Summary



## **“Creating an Economic System that Works for All” Executive Summary**

From the COVID-19 pandemic that has highlighted how shattered our nation’s economy is, to enduring racial injustice, to the continued degradation of our environment and atmosphere, it is clear today’s models of governance are no longer effective at serving the majority of Americans. The challenges we face have been designed into our system of governance, by and large, over the past 30 to 40 years.

Many across the country view our current capitalist system as rigged, and not working for them. According to a May 2020 Capital/Harris poll, 75% of Americans believe our current form of capitalism doesn’t ensure the greater good of society, and only 29% believe it produces the kind of society they want for the next generation or believes it works for the average American.

It is clear that, while capitalism remains a dynamic force, challenges such as income inequality, crumbling infrastructure, market consolidation, climate change, underinvestment, and the financialization of America’s economy pose serious threats to our social, economic, and environmental well-being.

The limited progress that has been made in response to these challenges over the past three to four decades has been insufficient given the scale of the global crises we face. While economist Milton Friedman argued that the sole purpose of business was to maximize shareholder returns, it is now clear this model is far too narrow and does not consider the full range of economic externalities, including the ultimate impact on all who might be affected, never mind the values of society. We must initiate a successful transition to a different, better form of business governance which redirects ‘business purpose’ from a narrow focus on shareholders to a fuller and more complete approach that considers all stakeholders.

This broader business model must benefit of ALL stakeholders -- customers, employees, suppliers, communities, the environment and shareholders. This requires the type of comprehensive public policy changes proposed in the [“Creating an Economic System that Works for All”](#) report, as well as clear measurable goals. This critical transition will also require many changes in the culture, compensation, ownership, and the careful measurement of business performance, as well as the passage of public policies that are based on serving the needs of all stakeholders.

In order to create a just, equitable, and sustainable economy, the public policy initiatives advanced in the [“Creating an Economic System that Works for All”](#) document, also reinforce the growing importance of systems thinking. This framework follows the belief that the individual parts of a system can only be understood in the context of the relationships they have with other parts of the system, the system as a whole, and the other systems with which they interact.

Over a year in the making, the proposal supplies strategies to permanently end the major crises the nation now faces, and focuses on seven sections to accomplish the goal of creating an equitable economy that “works for all”:

- 1) Corporate Governance
- 2) Access to Capital
- 3) Equity, Investment, Taxes & Disclosure
- 4) Worker Wellbeing
- 5) Government, Money & Politics
- 6) Environment
- 7) Trade

The publication’s goals are to educate, inspire dialogue, influence, and upgrade our current system of capitalism, as well as build a broad coalition of individuals to work together towards the implementation of these recommendations. The development of the policy proposals is driven by a set of overarching principles. Not only must each policy be essential to the business community, but business must be a key stakeholder in the implementation of the policies. The policies must also address the social, economic, environmental dimensions of sustainability as well as ensuring that each proposal close an inequality gap. Finally, the policies must represent an “acupuncture” point in making our economic system work for all.

“America is in the middle of a major moment, and almost everything lies broken,” says [Jeffrey Hollender, ASBC CEO](#). “But hiding inside this rubble is the opportunity for history’s freshest start. The only question is what ideas are capable of rising to meet it. Our proposal is intended to inform and stimulate discussion, while ensuring that business leaders, managers of NGO’s, educators, and legislators understand and work towards the public policy system changes that are required at the national and local level.”

#### Among the proposal’s fundamental goals:

- 1) Establishing better balanced corporate governance and fiduciary responsibility that represents *all* stakeholders—not just shareholders—through full-cost accounting, supply chain reporting, dedicated sustainability investments, and other new habits.
- 2) Assuring equal access to capital for people of color, women, and other populations who presently lack a seat at the table.
- 3) Addressing tax system inequities, accounting rules, and investment regulations that hide and concentrate wealth.
- 4) Ensuring workforce well-being through education, employee ownership, labor union support, disability assistance, universal income, and paid leave and other benefits.
- 5) Taking private money out of politics so governments work for the common good.
- 6) Ending environmental racism and protecting Earth’s biosphere by greening our infrastructure, building a circular economy, and engineering zero-carbon energy and regenerative agricultural systems.

- 7) Promoting sustainable and equitable trade through increased international cooperation to ensure that U.S. domestic politics complement international trade policy.

The document is divided into two sections. The first, and shorter part, is a narrative that describes the public policy changes proposed and in many cases the business case for making those changes. The second, and longer part, contains the actual public policies being proposed. The table of contents will act as a guide toward specific issues.

Elected leaders working with business and other stakeholders must craft and implement policies that address the challenges we face. The American Sustainable Business Council is committed to influencing policymakers and regulators on economic, environmental, workplace, and social issues that foster broad-based prosperity. Such issues include promoting income equality to strengthen the middle class, addressing climate change, upgrading public infrastructure, promoting an equitable tax system, supporting a diverse and inclusive society, fostering innovation in safer chemicals and sustainable products and packaging, supporting clean water and regenerative agriculture and encouraging new models of employee ownership.

What is required is a bold and integrated approach to complex, comprehensive, systemic change, along with a new mindset and practical working relationships where organizations collaborate in a highly integrative and interdependent way to invent and address this transformation. It is the hope that these policies can inspire a shift to an economic system that truly works for all stakeholders.

To read a full copy of the report, click [below](#). For comments/questions please contact [mfanocaroti@asbcouncil.org](mailto:mfanocaroti@asbcouncil.org)



The [American Sustainable Business Council \(ASBC\)](#) is the leading business organization serving the public policy interests of responsible companies, their customers and other stakeholders. Founded in 2009, ASBC's membership represents over 250,000 businesses in a wide range of industries. ASBC advocates for policy change and informs business owners, policymakers and

the public about the need and opportunities for building a vibrant, broadly prosperous, sustainable economy.