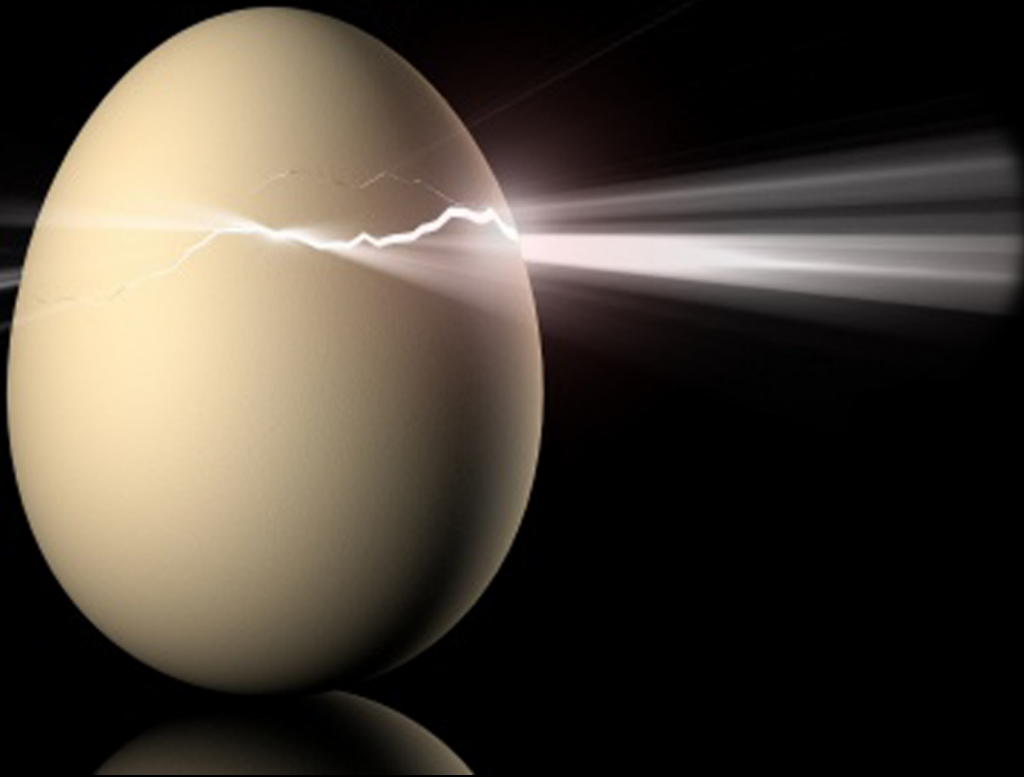


The Social Enterprise State

Fostering Direct Democracy in a
Culture of Innovation



Coming Disruptive Change

“ I hold it that a little rebellion now and then is a good thing, and as necessary in the political world as storms in the physical.” (Thomas Jefferson, 1787)

Goals for Presentation

- Broad Sweep of History—Great Awakenings
 - Long Waves of Change
 - Evolution of Democracy
- Implications for A Shift in ‘How’ We
 - Know
 - Think
 - Do
- Implications for State and Social Contract
 - State—Role and Institutions
 - Social Contract—Individuals and Citizenship
 - Direct Democracy
- Implications for Social Work and Human Services
 - Social Work
 - Health and Human Services
 - Theory of Change—Innovation and Evidence
 - New Sciences of Emergence and Classical Sciences—Evidence

Storm Rising

- Cusp of a Revolution—A Great Awakening
- Similar to What Happened in the 1930s
- Why?
 - Failed Administrative State
 - Failed Corporate Capitalism
 - Failed Politic Culture
 - Growing Gap Between Elites and Everyone Else
 - Failed Response to Climate Change
 - A Shifting Science and Epistemology of Change

Decline of Nation States (Arnold Toynbee)

- Declines Begin on the Inside
- When Elites Fail to Adapt Beliefs to Changing World
- It is the Product of a Loss of Moral Compass
- A Current Absence of Moral Courage
 - Race—I Can't Breathe
 - Lack of Accountability—Top to Bottom
 - Failing Middle Class
 - 'Permanent' State of War

We Are Not Victims

- What We See in Others—Resides in Us
- It is the Product of a Failed Mindset and Culture
- A New Mindset Requires New Science of Change
- It Resolves a Timeless Tension (De Tocqueville)
 - Whether to Be Led or to Be Free
 - We are Now More Led than Free
 - We Aspire to be Both Free and Accountable

Stories that Illustrate our Challenge

- Joel and Amanda Smith, dual income earners make \$300K a year, receive tens of thousands to support their health and welfare
 - Subsidies reduce their marginal tax rate from 35% to 17%
- Henry and Lili Lopez moved from New York City where he was a bus driver to the Triangle for a better life!
 - He now he works 80/90 hours a week; Combines his/ wife's income maintain same standard of living
- Gerald Washington, resident in a Psychiatric Residential Treatment Facility (Trauma survivor treated as psychotic)
 - Inappropriate and unaccountable care
 - Nearly \$400 million over three years (2100 individuals)

What Gives Rise to a New Awakening?

- A Divided and Failed State
 - Failed Visible Liberal Welfare State for the Poor
 - Service Intentions Trump Jobs and Individual Choice
 - More Clients than Democratic Citizens
 - Failing Middle Class
 - Declining Wages and Upward Mobility
 - Declining Opportunities—Unaffordable Higher Educational
 - Failed Invisible , Inequitable ‘Liberal’ Welfare State for Elites
 - Income, Assets, Choice and Future
 - More Self-Interested Consumers than Democratic Citizens

We are in the Winter of an Earlier Era A Time of Uncertainty and Opportunity

- Emergence of the Social Enterprise State
 - Adaptive Self-Organization—Align Change Principles of Democracy, Social and Economic Markets and Nature
- From Old Enlightenment Classical Sciences
 - Analytic, Analytic Lens on a Mechanistic World
 - Simultaneously Freed And Disempowered
- New Enlightenment—New Sciences
 - Relational, Integrated Lens on a Connected World
 - Accountable and Free—Holistic Knowledge—Purpose and Values, Intuition and Experience, and Evidence

The Future Is Already Here It is Just Unevenly Distributed

- Align Enlightenment Promise and Declaration of Independence Principles
 - Experience and Promise of Individual Freedom
 - Experience and Promise of Individual Well-Being
 - Experience and Promise of Order and Security
- Millennial Train—Leaving the Station
 - May 2013—Harvard Growing the Impact Economy
 - May 2014—Raleigh HQ—Purpose Based Economy
 - Oakland California—Generation Waking Up
 - January 2015—Mapping the Ecology of an Emergent For Benefit Sector

Social Work's Progressive Heritage

Mary Parker Follett—New State (1918)

- New State—Group Organization and the Solution to Popular Democracy
 - Voting is an important but weak power
 - Limits of representative government
 - Limits to the expertise of recognized experts
 - Power of thinking in terms of ‘wholes’—businesses responsibility to community
 - Power of ‘integrative thinking’ for creativity and innovation
 - Power of Group Organization Impact on Democracy

America Long Wave Great Awakenings

- Great Awakenings Occur Every 100 Years
- Robert Fogel (2000) The Fourth Great Awakening
- John Micklethwait and Adrian Wooldrige (2014)
Fourth Revolution: The Global Race to Reinvent the State
- Mark Grief (2015) The Age of Crisis of Man
- David Houle (2012) Entering the Shift Age

From a Propertied Democracy to a Direct Democracy and Culture of Innovation

Great Awakenings and Social Movements	Source of Order	The Middle Space Moral Compass and Innovation	Source of Freedom	Stages of Democracy and Economic Development
1st Awakening (1730-1830) Property Rights Movement	Early Administrative State Panopticon	Classical Science/Moral Sentiments, Religion	1 st Generation Negative Rights— Liberty	Propertied Democracy 1 st Industrial Revolution 1 st Machine Age
2nd Awakening (1830-1930) Labor Rights Movement	Mid-Administrative State Scientific Management	Classical Science/Moral Sentiments, Religion	2 nd Generation Positive Rights— Equality	Representative Democracy 2 nd Industrial Revolution 1 st Machine Age
3rd Awakening (1930-2030) Social Rights Movement	Late-Administrative State Those with the biggest computers Rule	Classical and New Science/Moral Sentiments, Religion	2 nd Generation Positive Rights— Equality	Entitlement Democracy 3 rd Industrial Revolution 2 nd Machine Age
4th Awakening (2030-) Information Rights Movement	Individual/Collective Impact Society/ Process of Self-organization	New Sciences, Classical Sciences/Moral Sentiments, Religion	3 rd Generation of Negative/Positive Rights & Responsibility Fraternity	Direct Democracy 3 rd Industrial Revolution 2 nd Machine Age

History's Context Shapes Thought, Science and Institutions

- Long Arc—Greek Democracy and Lucretius's On the Nature of Things (Happiness and Well-Being)
- First Enlightenment (18—20th Century—Out of Chaos Classical Science, Modern State and Democracy)
- Second Enlightenment—Re-Enlightenment—21st Century—Out of Chaos New Sciences, Social Enterprise State and Direct Democracy
- Emergence of the Social Enterprise State

First Age Enlightenment Themes

- First Enlightenment
 - Science and the Pursuit of Order/Control
 - Religion and Moral Sentiments
 - Liberty and Freedom
- Second Enlightenment—Re-Enlightenment
 - Holistic Knowledge—Thought and Action
 - The True—The Good—The Beautiful

Classical Science as Faith

How Things Get Done

- Thomas Paine—Facts, Laws and Clear Boundaries
- Jeremy Bentham—Good Intentions and the Panopticon
- Frederick Taylor—Scientific Management
- Michael Foucault—Power and Knowledge—Individual's More Function Than Person

Adam Smith—Forgotten First Book of Capitalism

- The Familiar—The Wealth of Nations (1776)
- The Forgotten—Theory of Moral Sentiments (1759)
- Classical Sciences, Modern State and First Machine Age
 - First Three Great Awakenings
- New Sciences, Social Enterprise State, and the Second Machine Age
 - Fourth Great Awakening

Coming Swerve

- Paradigm Shift In How We Know and Think
 - Shift in Science
 - Shift In How Things Are Done
 - Shift in Culture
- Social Enterprise State
 - Shift in Role of State
 - Shift in Social Contract

First Great Awakening (1730-1830) Property Rights—Property Democracy

- Revolution—Home Rule—1776—Thomas Paine
- Second Storm—Who Rules—1789—Alexander Hamilton
- Third Storm—Thomas Jefferson—1800—States Rights and Expansion of Suffrage
- Social Welfare—Local Self-Reliance (Alexis de Tocqueville)
- 1st Industrial Revolution (1760-1830) Bentham—Science of the Modern State and Social Contract

Second Awakening (1830-1930) Labor Rights and Representative Democracy

- First Storm—Depression of 1830s—Election of Andrew Jackson (1829-1837)—The Common Man
- Second Storm—Civil War (1860-64)—Labor and Property Rights—Suffrage
- Third Storm—Progressive Movement (1890-1920) Guilded Age of Politics
- Social Welfare—State, Corporate and Philanthropic Welfare
- Second Industrial Revolution (1830-1940s)

Third Great Awakening (1930-2030)

Social Rights—Entitlement Democracy

- First Storm—Depression of 1930s—FDR (1933-1945)
New Deal—Liberal Welfare State
- Second Storm—1960s—Civil Movement/War on Poverty—Expansion of Welfare State
- Third Storm—1970s—Rise of Divided Welfare State
- Fourth Storm—2008—The Great Recession and the Partisan State
- Social Welfare—Divided Welfare State
- Third “Digital Revolution” (1969—Continuing—Rise of Internet and Information Age)

Run Up to Fourth Great Awakening (A Decade or More of Falling Apart Is Still in Store)

- Political Polarization
- Income and Wealth Inequality
- Climate Change
- Monopolization and Ownership of Information
- Decline in Innovation

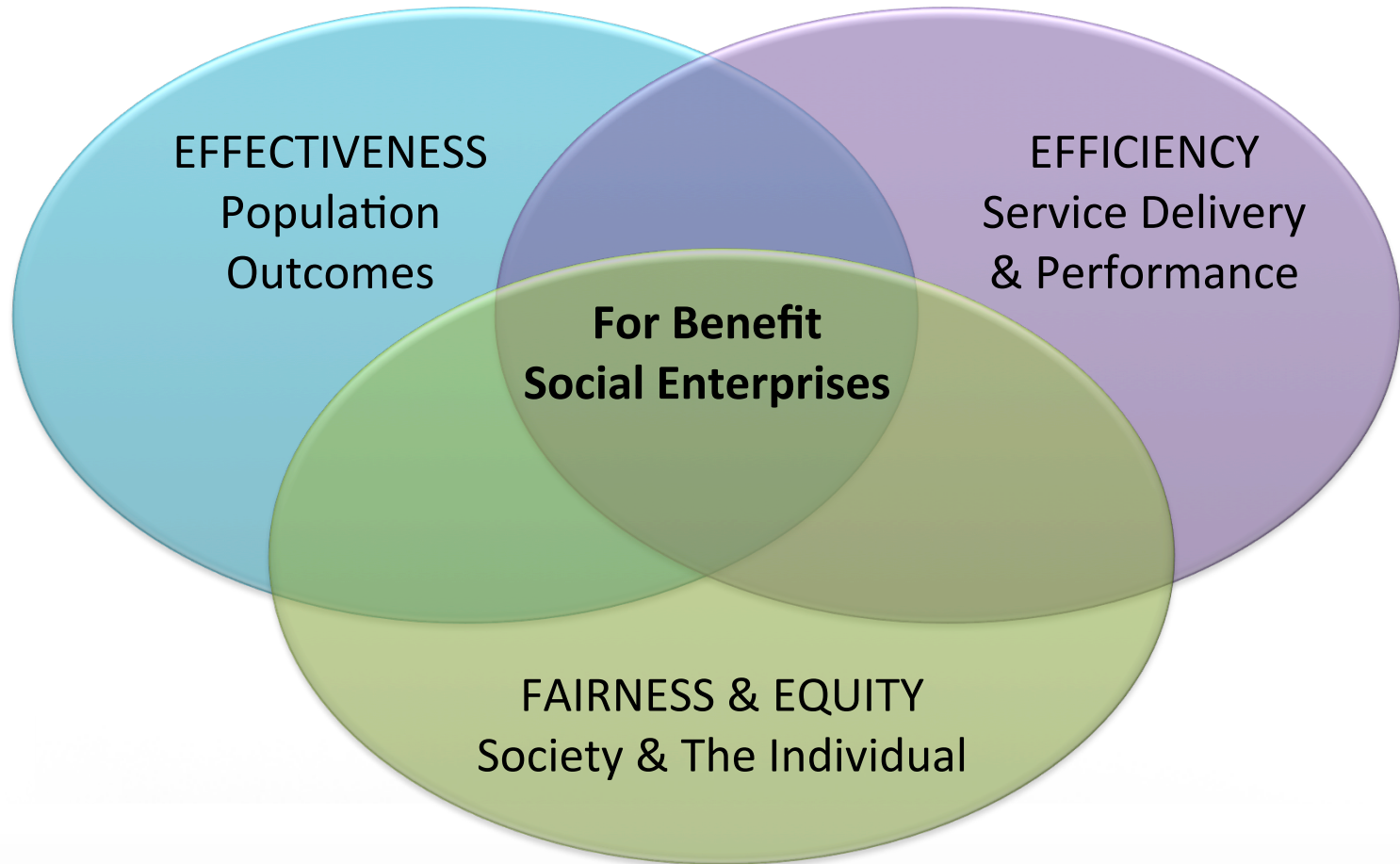
Fourth Great Awakening Information Rights—Direct Democracy

- Future Is Already Here—It Is Just Unevenly Distributed (Fragmented Consciousness)
- Coming Shift to Fourth Great Awakening
 - From Thinking In Part to Thinking in Wholes
 - From Hierarchies to Networks
 - From Regulation to Self-Regulation
 - From the Few to the Many
 - From Command and Control to Agency and Collaboration
 - From Service Economy to a Sharing and Collective Impact Economy

Social Enterprise State Shift in the Science of How

- Shift to a Relational Lens—Complexity Science
 - Tailoring Science to Problems—Simple, Complicated, Complex, and Chaotic
- Shift to Lead with Openness, Freedom and Collaboration to Secure Order
 - Living in a connected world
 - Linking freedom, rights, with accountability
- Emergence of Social Enterprise State
 - Entrepreneurs creating institutions and technologies

For Benefit Social Enterprise Business Model



Defining Social Entrepreneurship and Social Enterprise (Greg Dees)

- Individuals Adopt and Lead with Mission to Create Value: Social, Economic, Environmental
- Recognize and Relentlessly Pursue New Opportunities to Serve that Mission
- Engage in a Process of Continuous Innovation, Adaptation and Learning
- Act Boldly, Not Limited by Resource at Hand
- Exhibit Heightened Accountability to Self and Constituencies for Outcomes Created
- Practice to Science (Emergence)—Science to Practice

Changing Role of the State

- Shift in the Role of the State
 - From command and control (power over)
 - Hierarchic administrative state
 - Expert, top down systems
 - To Engagement (Power With)
 - Stewardship for Benefit/Impact
 - Decentralized—from few to the many
 - Collective Impact
 - Direct Democracy and a Culture of Innovation
 - Individual agency (lead with accountability for purpose)
 - Culture of innovation (dynamic and self-organized)
 - Self-governance mirrors principles of the market place and democracy

Millennials—The Crucible Generation

- The Next Greatest Generation—Warren Bennis (2009)—Millennials Born in the Crucible
- Decentralization and Disintermediation of Everything
 - Moises Naim—The End of Power
 - Asymmetrical Power and Change
- Without Their Permission—How the Future Will Be Made Not Managed (Alexis Ohania 2013)

Social Contract—Implications for Individuals

- Joel and Amanda Smith—Tax credit caps on tax subsidies for pensions, health, care and housing and reworking of capital gains tax parallel earned income
- Henry and Lili Lopez—Tax credits for housing, education, retirement and incentives for children's education (Progressive Earned Income Credits)
- Gerald Washington—Monetizing and incentives for change—successfully moving out of PRTF earns IDA
 - Living wage boosts for low wage earners

Social Enterprises in Hybrid Connected World: Policy, Leadership and Management Skills

- Create Freedom: Free Whole Self-Governing Individuals Building Social Capital and Community for Impact
- Leadership and Management Skills
 - Social Entrepreneurship
 - Engagement and Facilitation
 - Ideation and Design Thinking
 - Change Management and Collective Impact
 - Business and Financial Skills
 - Mobile Devices, Social Media and Technology
 - System Dynamics, Data Analytics, and Evaluation

Role of the State

- Enlightenment Made Whole—Adam Smith
 - Science—Faith—Liberty
 - Intangibles (Social Capital—Trust)
 - Tangibles (Financial Capital—Materialism)
- Stewards of Performance (Responsibilities of Man)
 - Direct Democracy—Self-Governance
 - Self-Interest Rightly Understood
- Stewards of Rights (Rights of Man)
 - Earned through Accountability for Self
- Balancing Freedom with Order
 - Earned through Accountability for Self

Social Contract

The Individual Is The State

From Hierarchical Systems to Networked Wholes

Second Enlightenment Themes

A Changing Science and Epistemology

- Science of Order
 - Science and Evidence Based Practice
- Science of Emotions and Values
 - Purpose and Accountability to Impact
- Science of Innovation—Experience to Evidence