



Rebalancing Business and Democracy

AGENDA SETTING POSITION PAPER



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Executive Summary

The European Union stands at a critical juncture. While firms have long been viewed as engines of prosperity and institutional development, evidence from the *Rebalance Project* shows that corporate power—when insufficiently regulated—can undermine democratic resilience. At the same time, many companies act as constructive forces, supporting human rights, sustainability, and inclusive governance. This Position Paper synthesizes these dual dynamics and outlines policy recommendations to *rebalance the relationship between business and democracy*.

How Companies Undermine Democracy

Findings from the Rebalance Observatory identify several channels through which corporate power can erode democratic systems:

- **Influence over policymaking and the Rule of Law**
 - Strategic lobbying across interconnected regulatory files (e.g., CSDDD, CBAM, Euro 7), giving large firms disproportionate influence over EU legislation.
 - Use of SLAPPs, regulatory capture, and tax avoidance, all of which distort democratic checks and balances.
 - Corporate actions that narrow civic participation and weaken the state's capacity to regulate and tax effectively.
- **Human rights abuses and environmental harm**
 - A new Rebalance dataset documents 5,400+ *alleged human rights abuses* linked to major European multinationals (2000–2020).
 - Firms involved in abuses are significantly more likely to engage in aggressive tax avoidance—what the project terms “*double social offloading*”, shifting both social and fiscal burdens onto society.
- **Contribution to democratic erosion**
 - Evidence shows that prolonged corporate misconduct can reduce voter turnout and increase support for populist parties, suggesting a direct link between corporate practices and democratic backsliding.

How Companies Strengthen Democracy

Rebalance research also highlights that firms can act as **allies of democratic resilience**:

- **Respecting human rights and environmental standards**

Some multinationals actively support stronger due diligence frameworks and the Green Deal, proving that companies can be leaders of responsible business and be role models for a different capitalistic model.

- **Upholding democratic values under populist pressure**

Companies can publicly defend inclusion, gender equality, and free speech—particularly when governments retreat from these commitments.

- **Practicing democratic organizing**

Democratic governance within firms (e.g., cooperatives, worker participation) generates positive spillovers: stronger community engagement, transparent inter-organizational collaboration, and influence on conventional firms.

- **Empowering marginalized communities**

Multi-stakeholder partnerships—especially those mediated through cooperatives—improve participation and agency among small producers, though persistent gender gaps remain.

Rebalancing Business and Democracy: Policy Priorities

The Position Paper outlines three major policy directions:

- **Guard against strategic corporate lobbying**

- Integrate policymaking across interdependent files to reduce structural advantages of large firms.
- Use unified impact assessments, cross-DG coordination, and transparent consultations.

- **Uphold “do-no-harm” rules**

- Preserve and strengthen the CSDDD and CBAM in implementation and enforcement.
- Include corporate accountability indicators (lobbying, SLAPPs, tax behaviour, human rights performance) in EU Rule of Law monitoring.
- Prevent “democracy-washing” by requiring transparency on political spending, union rights, and information integrity.

- **Incentivize responsible business models**

- Use subsidies, public procurement, export credits, and trade agreements to reward firms with strong environmental, social, and democratic performance.
- Support democratic workplaces and social-economy models.
- Fund and strengthen multi-stakeholder partnerships that empower marginalized communities and promote inclusive supply-chain governance.

Overall, the Rebalance Project shows that *democracy and business are deeply interconnected*. Effective governance can curb harmful corporate behaviour while amplifying firms that contribute to democratic renewal. The report offers a roadmap for EU institutions to align economic activity with democratic values, social justice, and sustainability.

Businesses and the Future of Democracy:
Evidence and Policy Lessons from the Rebalance Project

Introduction

The European Union stands at a pivotal moment. For decades, corporations were celebrated as engines of economic growth and as vehicles for modernization and institutional development. The conventional wisdom—deeply rooted in mainstream economics—was that growth generated by private enterprise would translate into prosperity, stronger institutions, and ultimately, more resilient democracies. This belief animated policy agendas across Europe and continues to echo today in competitiveness-oriented frameworks, such as those advanced by Mario Draghi in 2024.¹

Yet this reliance on “competitiveness” as the cornerstone of policy betrays the persistence of a narrow neoliberal vision—one that assumes markets, if left relatively free, will deliver both efficiency and democratic dividends. Research shows otherwise. As Stiglitz has argued, large corporations—particularly when unconstrained by effective regulation—do not simply serve the public good through growth. Instead, in their relentless pursuit of profit maximization, they distort markets, capture regulators, and wield disproportionate influence over political processes.² Far from reinforcing democracy, such dynamics weaken trust in institutions, hollow out the public sphere, and entrench inequalities that undermine democratic legitimacy.

This paradox is salient in the current EU context: while firms remain central to growth and innovation, the unchecked power of corporations can compromise democratic accountability and social cohesion. The challenge, then, is to reframe economic governance away from a narrow focus on competitiveness and toward a model that embeds corporate activity within a democratic framework—one that places social justice, inclusiveness, and sustainability at its core.

The **Rebalance Observatory** has contributed to generate concrete evidence of how powerful corporations undermine democratic norms and institutions—through mechanisms like corporate lobbying and influence over regulatory systems, erosion of the rule of law through e.g. strategic litigation, but also through systematic human rights misbehaviour combined with tax avoidance. Most critically, we provide first evidence that prolonged infringements of rights by corporations can directly contribute to democratic erosion, as they foster greater abstention from voting and strengthen support for populist movements.

On the bright side, Rebalance research demonstrates that firms need not be passive actors or regressive forces. Companies can become allies in defending democracy when they push for stronger due diligence and climate ambition, respond to populism by giving voice to progressive stances at moments when governments fail to do so, and when they adopt new business models and practices—such as social enterprises, democratic organizing within firms, and multi-stakeholder partnerships—that embed accountability, rebuild democratic legitimacy, and empower citizens.

1 Draghi, M. (2024). The future of European competitiveness: Report to the European Commission. Brussels: European Commission.

2 Stiglitz, J. E. (2019). People, power, and profits: Progressive capitalism for an age of discontent. New York, NY: W. W. Norton & Company.

This **Position Paper** is organized in three parts. The first two sections illustrate the key results of the Rebalance project, highlighting both the risks posed by corporate practices that undermine democracy and the opportunities offered by alternative, more democratic business models. The third and final section delineates the implications for policy, setting out recommendations for how European institutions can constrain harmful corporate behaviour while fostering business practices that strengthen democratic resilience.

How do companies undermine democracy?

Findings from the Rebalance Observatory show that corporate power can undermine democracy through multiple and mutually reinforcing channels ([Infographic 1](#)). First, lobbying activities can be directed at influencing policymaking in ways that reduce the extent and scope of regulation, privileging corporate interests over the public good. Second, corporate misbehaviour—such as breaches of human rights or environmentally harmful practices—directly erodes citizens’ trust in institutions and weakens democratic accountability. Crucially, the Rebalance project highlights how such Misbehaviour is frequently combined with aggressive tax avoidance strategies, a pattern we call the “double social offloading” of multinational enterprises. This combination not only shifts the social and environmental costs of business activity onto communities but also deprives governments of the fiscal capacity needed to fix such harms. Together, these dynamics show how unchecked corporate activity corrodes not just markets, but the institutional fabric on which democratic societies depend.

Influencing the Rule of Law Ecosystems and Lobbying

Corporate lobbying activities can play a role in undermining democracy when they prioritize profits over citizens’ interests. Corporations use their power in many ways to influence policymakers.

In general terms, corporations are not merely market actors; they are actors within the Rule of Law ecosystem. Rebalance research by legal experts suggests that *companies influence the Rule of Law at the national level* and call for an agenda that goes beyond a state-centric view to account for corporate power. This research suggests that EU institutions and Member States should acknowledge that corporations – especially large multinationals- are powerful actors that actively shape their legal environment. When companies deploy strategic lawsuits against public participation to intimidate journalists and activists, when they route profits through complex structures to avoid a fair tax contribution, or when they turn a blind eye to forced labor and unsafe conditions hidden among lower-tier suppliers, *the damage is not only economic or reputational. It hits the core of our democracies*. These practices skew the distribution of voice and resources, chill civic oversight, and deprive states of the revenue needed to manage issues such as climate change and social protection. Closing these accountability gaps requires embedding corporate accountability indicators in the EU’s Annual Rule of Law reporting, strengthening cross-border enforcement cooperation so misconduct does not hide behind jurisdictional arbitrage, and investing in independent monitoring capacity that can corroborate or challenge corporate self-reporting.

Lobbying activity has also an impact on the policy framework and its implementation. Instruments such as the Corporate Sustainability Due Diligence Directive (CSDDD) and the Carbon Border Adjustment Mechanism (CBAM) represent genuine steps toward binding standards and transparent markets. They codify the expectation that European prosperity cannot be built on forced labor, toxic dumping, or negative emissions. Yet because of corporate lobbying, the momentum behind these standards is neither guaranteed nor irreversible.

In relation to corporate lobbying responses to binding standards, the Rebalance research examining CSDDD and CBAM implementations finds a non-unified business voice and important divides across sectors, and across EU member states. *Companies react differently to progressive policies (CBAM, CSDDD).*

This is especially true on the EU's proposed CSDDD, where nearly 18% of business feedback supported the proposal without any serious reservations, but nearly 12% opposed it unequivocally, and many others were somewhere in between. In contrast, *leaders of responsible management supporting the EU's proposed CBAM were a bit more unified, with 43% of businesses supporting the proposal.* This heterogeneity suggests that the voluntary corporate sustainability leaders who supported the CSDDD and CBAM have an important role to play in ensuring that this policy retains its integrity, even as parts of the policy get rolled back.

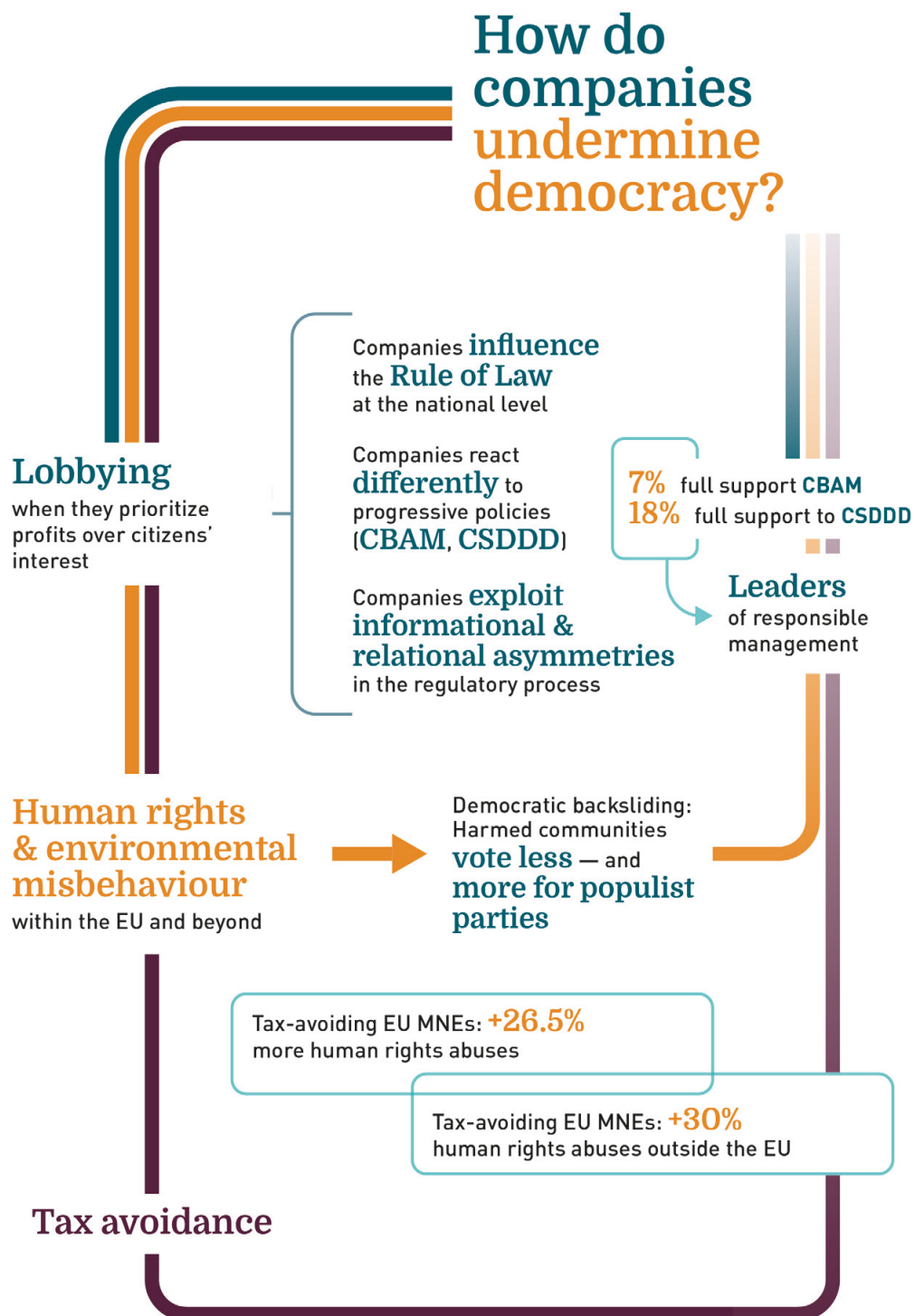
Finally, Rebalance research on lobbying suggests that the political economy of influence is far from neutral, and issues are rarely approached in an integrated way. *Companies exploit informational and relational asymmetries in the regulatory process.* Complex and multilevel problems, like climate change or poor air quality in European cities, are handled by the EU with multiple, sometimes interdependent regulations covering their environmental, industrial, social, and health dimensions. This interdependence allows space for trade-offs across regulations in terms of how different interests are represented and political plans are implemented in each of those. Importantly, despite their many interconnections, environmental and health policies are often treated as distinct from industrial policy, while trade is typically considered separately from labor rights. *Large corporations, by contrast, operate holistically.* They coordinate lobbying across policy files of their interest, and use the overview and influence they have on them as a whole to tilt negotiations on each one singularly. This was particularly evident from the Rebalance research on firms' influence on the development of the Euro 7 regulation. Euro 7 aimed at reducing pollutants emissions from road transport to improve air quality in Europe. During its development, the Euro 7 proposal was influenced by the car industry, which promoted a rhetoric aimed at weakening the standards, linking their position to the parallel debate on the concurrent CO₂ regulation for cars. In contrast, policymakers were siloed following single files showing how fragmented tracks yield fragmented outcomes, each one susceptible to incremental erosion. What seems like technical calibration in two separate dockets can, in combination, dilute ambition and lock in status quo technologies. *The imbalance here is procedural: policymaking architecture built for compartmentalization is matched against corporate strategies designed for integration.*

Infringing human rights and avoiding taxes

The Rebalance Observatory has produced the first business and human rights *open-access dataset* systematically documenting business-related human rights violations among a large sample of European multinationals over a 20-year period (2000–2020). Covering 83 major publicly listed firms drawn from UNCTAD’s top 100 non-financial multinationals by foreign assets, the database links over 5,400 alleged abuses across 146 countries to these companies. The scale of these violations raises some red flags and calls for the urgent need for stronger governance and accountability mechanisms to ensure that business activity does not come at the expense of human rights. A key outcome of the project is that future research using this dataset has the potential to provide precise policy guidance on curbing human rights violations.

Rebalance research has also examined whether companies that are involved in human rights abuses are also more likely to engage in *tax avoidance*. Individually, these practices shape democracy through different mechanisms. Human rights abuses, by affecting labor conditions, community health, and civil liberties, erode the protections and rights on which democracy rests. Tax avoidance shifts profits across jurisdictions, weakening states’ fiscal capacity and, among other things, constraining their ability to fix business-related negative externalities. We develop the notion of “double social offloading” to capture instances where firms simultaneously engage in both practices, shifting both fiscal and social burdens of their economic activities onto society. Rebalance research shows that European multinationals engaging in tax avoidance are significantly more involved in human rights abuses: *tax-avoiding multinationals are 29% more likely to engage in human rights abuses overall, while being +35% more likely to abuse human rights outside the EU.*

Finally, research from the Rebalance project shows that prolonged corporate violations of human rights can contribute to democratic backsliding in affected communities. Our case study of a steel plant (formerly known as “ILVA”) in Taranto, Italy, is among the first attempts to track citizens’ voting behavior—including turnout and support for populist parties—in response to corporate misconduct. Using ILVA-related toxic pollution as a proxy for corporate wrongdoing, Rebalance finds that, *ceteris paribus*, residents of the most polluted neighborhoods exhibit *lower voter turnout* and are more likely to *support populist candidates*. These findings underscore the urgent need for robust corporate accountability measures, as sustained human rights violations not only harm communities *but also weaken the very foundations of democratic participation.*



Infographic 1

How do companies strengthen democracy?

Findings from the Rebalance Observatory show that corporations can also strengthen democratic norms ([Infographic 2](#)). Some firms act as responsible business leaders by respecting human rights and environmental standards, investing in transparent governance, and supporting initiatives like the Green Deal, demonstrating that profitability can coexist with accountability. Companies can also respond to populist pressures by defending democratic values when governments fall short. Democratic organizing within firms further enhances civic engagement, collaboration, and community social capital, while cross-sector partnerships, through dedicated intermediaries, can empower marginalized groups and embed democratic practices across supply chains. Together, these findings highlight that, under given conditions, *businesses can be strategic allies in promoting democracy*, and policymakers should treat responsible firms as partners whose commitments can be scaled through regulation, incentives, and capacity-building initiatives.

Respecting Human Rights and the Environment

While Rebalance research finds that *99% of the firms in our sample of European top multinationals are linked to at least one human rights alleged abuse between 2000 and 2020*, it also identifies *firms supporting progressive reforms such as the CSDDD and the CBAM*. These companies advocate for stringent human rights and environmental due diligence and back the Green Deal's core directions. While it is positive that firms see an incentive to support policies addressing environmental and human rights harm, the more fundamental requirement is that they *commit to the do-no-harm principle in their day-to-day business conduct*. Without such a commitment, pledges risk remaining symbolic rather than translating into tangible protection for people, communities, and the environment.

Supporting Democratic Values against Populist Regimes

Companies can play a role in *supporting democratic values against populist regimes that disregard democracy*. Indeed, Rebalance research recognizes that context matters for corporate behavior, especially when it comes to their involvement with political and democratic engagement. This is particularly true when democratic values are eroded by emerging populist rhetoric and political risk rises. Corporations can act to protect democratic values on issues like inclusion, free speech, and gender equality by supporting these values within their organization and public voice. The degree of their capacity to do so changes depending on corporate culture and experienced political risk. We find *that companies' responses to populism vary by political regime; indeed, corporations can exert a selective embrace of democratic values*.

We find that in open democracies, firms face public scrutiny but can also hide behind ambiguity, speaking the language of values without committing resources or accepting constraints that go against populist rhetoric. In hybrid regimes, the cost of dissent rises, and quiet complicities proliferate. In authoritarian settings, refusal to cooperate with state demands can threaten a company's survival, while covert resistance may still be possible and meaningful. This variability is precisely why accountability frameworks must evolve to include democracy itself—not only environmental and social metrics. In a nutshell, Rebalance research finds that companies' responses to populism vary by political regime, specific issue, and company type, meaning that support for democratic values is contingent and not uniform. Some firms may contest some issues (such as gender) while avoiding others (such as immigration), showing selective engagement with populist pressures. Corporate strategy under populism requires careful navigation, with options ranging from engagement to sustainability initiatives that either align with or counter populist narratives. Understanding competitors' likely responses also helps companies anticipate industry trends and position themselves more effectively in populist environments.

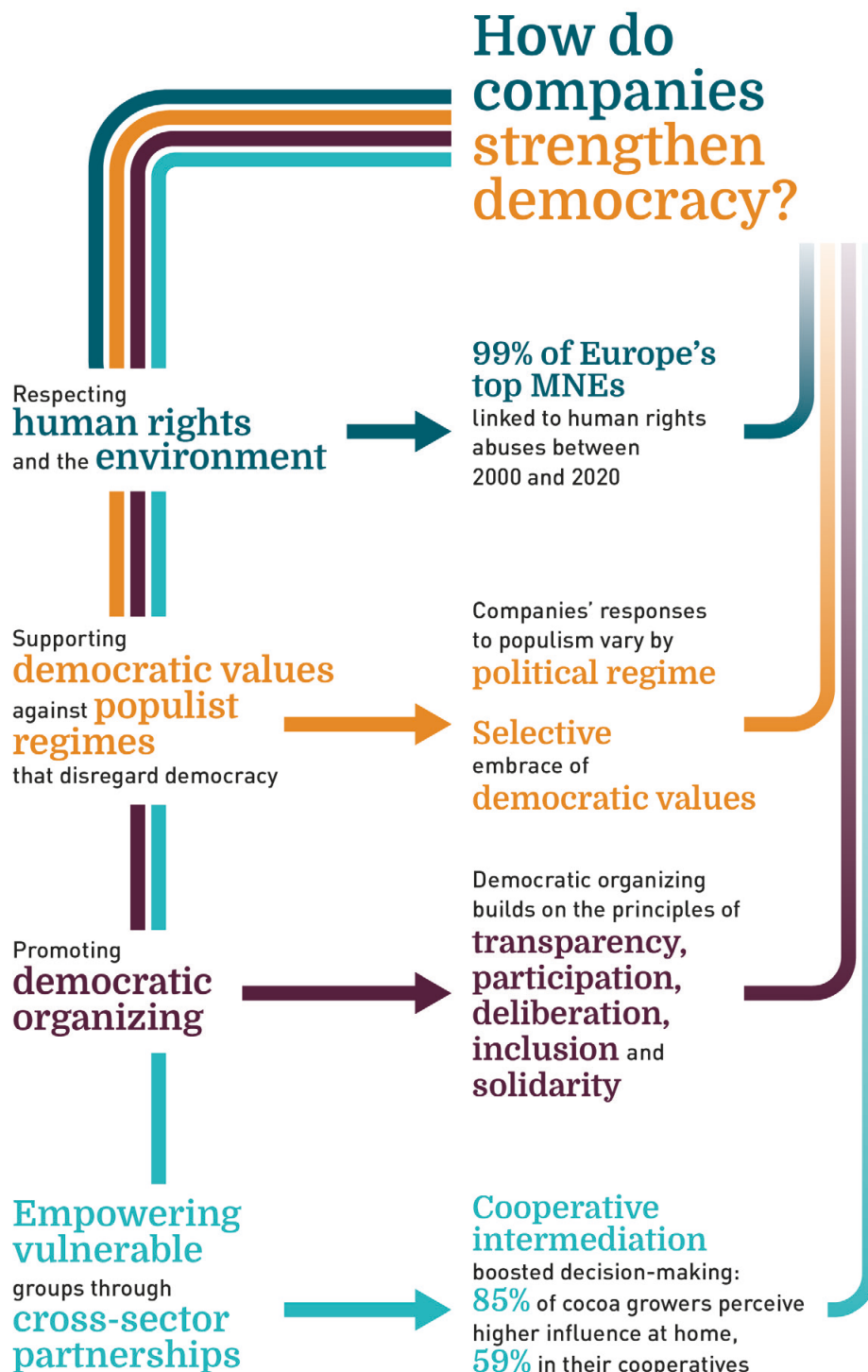
Promoting Democratic Organizing

Expanding further the role of *democratic organizing* within businesses in Europe, Rebalance finds that their operations are *built on the essential democratic principles of transparency, participation, deliberation, inclusion, and solidarity* that are being upheld through a variety of organizational practices across business organizations. Moreover, results suggest that democratic organizing spills over beyond organizational boundaries and positively affects communities, inter-organizational relations, and collaborating organizations. Rebalance identified three main areas where such democratic spillovers occur. First, democratic organizing fosters civic engagement among members, strengthens internal social ties, and builds local social capital within surrounding communities. Second, internal democratic practices shape inter-organizational processes, making collaboration more transparent and participatory—particularly when both organizations are democratically governed. Third, democratically organized enterprises influence conventional firms, including mainstream retailers, by demonstrating that *democratic norms can serve as viable and competitive alternatives to dominant economic models*. Given the potential positive externalities enhanced by these kinds of firms, the policy task is not to romanticize alternative models but *to level the field on which they compete*. Recognition in economic strategies, tailored financing that values long-term social returns, and governance criteria in sectoral policies can normalize democratic organizing as a mainstream option rather than a niche experiment.

Fostering Democracy through Empowerment of Marginalized Communities

Rebalance work on democracy through empowerment focused on multi-stakeholder partnerships as arrangements that can empower marginalized individuals improving their role as decision makers at family and cooperative levels. Evidence from the analyzed fair-trade partnership shows that intermediation by farmers' cooperatives boosts participation in decision-making: *85% of cocoa growers perceive they have more influence at home, and 59% in their cooperatives*. In particular, Rebalance finds that intermediation by cooperatives matters more than direct individual participation, and that cooperatives can empower more when given prominent roles in the partnership. However, besides positive outcomes, gender norms remain persistent besides the program, hindering participation: Rebalance finds a persistent women's empowerment gap where only 26.1% of women surveyed feel to have a voice in family decisions.

Overall, Rebalance research on multi-stakeholder partnerships in the fair-trade framework shows that including more levels of intermediation, each one linking one upstream partner to another downstream partner in a "chain-like" structure works, even without full consensus among all partners. This dyadic interaction was crucial to ensure effectiveness: each actor reframes information to resonate with the next actor (directly upstream or downstream along the chain), making collaboration possible even with persistent and irreconcilable worldviews.



Infographic 2

How do we rebalance business and democracy?

This section distills policy recommendations based on the findings of the Rebalance Observatory ([Infographic 3](#)). EU instruments such as the CSDDD and CBAM represent important steps toward binding standards and transparent markets, but their effectiveness is threatened by strategic corporate lobbying. At the same time, some firms actively support progressive reforms, demonstrate responsible business practices, and uphold democratic values, showing that profitability can co-exist with accountability and ecological limits.

Drawing on these insights, this section outlines how policymakers can both safeguard regulations against corporate influence that undermines democracy and create incentives that scale the impact of responsible firms—strengthening democratic norms, empowering marginalized groups, and embedding accountability across value chains.

Guard against Strategic Lobbying

Instruments such as CSDDD, and the CBAM represent genuine steps toward binding standards and transparent markets that might reduce corporate harm that undermines democracy. This set of rules codifies the expectation that European prosperity cannot be built on human rights abuses outside of the EU and on environmental degradation. Yet the momentum behind these standards is neither guaranteed nor irreversible. Among other forces, they are threatened by *corporate strategic lobbying*.

Rebalance research has shown that strategic lobbying arises when corporations engage across interrelated legislative files. By participating simultaneously in multiple interconnected dossiers, powerful firms gain a disproportionate overview and bargaining power compared with policymakers who work on each file separately. This asymmetry allows them to shape outcomes in ways that policymakers may not fully anticipate. To counter this, *integrating the legislative processes of interdependent dossiers* can neutralize such structural advantages, reduce the dominance of large corporate groups, and ensure that citizens' voices are represented throughout the policy cycle. Achieving this requires several institutional adjustments, including *co-designing interrelated proposals through cross-Directorate-General (DG) teams* within the European Commission and co-amending them in the subsequent legislative phases, *unifying impact assessments that model interdependencies and provide scenario analyses* conditioned on changes in other regulations, and *conducting stakeholder consultations with full transparency across the Commission, Parliament, and Council*. Institutionalizing cross-file analysis from the outset, grounded in scientific evidence, helps filter out narratives that exploit regulatory interconnections to advance unscientific claims or narrow interests, thereby keeping legislation aligned with what is scientifically necessary, feasible, and cost-effective while reflecting a pluralistic range of interests. This approach does not exclude business; rather, it dilutes the dominance of the largest players, improves process design, and ensures that evidence, rather than the loudest or best-funded voice, guides outcomes. When integrated governance maintains truth-seeking and stakeholder checks across interdependent files, EU policy gains both substantive quality and public legitimacy.

Uphold Do-no-harm Policies

Rebalance research underscores that corporate misconduct can erode democratic trust, making principled regulation a democratic imperative. The CSDDD represents a major step toward binding corporate accountability, but its effectiveness is now challenged by proposals that risk diluting its scope. Member States face a critical choice: passive transposition of weakened legislation, or active, principled implementation that preserves the Directive's integrity and advances human rights and environmental protection. Even within EU constraints, governments retain substantial discretion to interpret, transpose, and enforce the CSDDD ambitiously. Rebalance research recommends *ensuring robust enforcement at the EU Member States and mandating independent oversight authorities to monitor and elaborate independent and transparent indicators of compliance*, keeping as reference points the international standards such as the UN Guiding Principles on Business and Human Rights.

Similarly, to maximize its impact, the *CBAM must resist backsliding* and avoid a return to free allowances, which would undermine its credibility as a decarbonization tool. While often portrayed as a protectionist tariff, its core purpose is to incentivize emissions reductions, which requires active measures against circumvention in global value chains. The effectiveness of CBAM also depends on *supporting decarbonization and monitoring capacities in low-income countries*, particularly those reliant on exports to the EU, to ensure accurate reporting and meaningful emissions reductions. Finally, *gradually expanding CBAM to cover finished products*—including autos, appliances, construction materials, and agricultural goods—could close loopholes, strengthen enforcement, and align the mechanism more closely with broader EU initiatives such as the CSDDD, enhancing its overall decarbonization potential.

Rebalance legal research suggests that the future of corporate accountability depends on sovereign leadership and democratic resolve. Member States must move beyond minimal compliance and actively defend the rule of law, ensuring that corporate sustainability becomes a meaningful driver of justice, inclusion, and systemic change. Equally important is guarding against corporate “democracy-washing.” Regulatory bodies should take steps to avoid companies that adopt civic language at the same time fund disinformation, suppressing worker organization, or amplifying polarizing content. Public and private standard-setters should measure and verify whether firms protect whistleblowers, refrain from Strategic Lawsuits Against Public Participation (SLAPPs), disclose political spending, respect independent unions, and invest in media and information integrity across their value chains. Responsible business for democracy requires creating collective action platforms, where firms share the risks of principled stands and governments and civil society provide backstops—insurance, legal defense, and public recognition—so that the cost of doing the right thing does not fall on a few outliers. To avoid firms’ democratic washing it is important to *track & regulate corporate power, adding corporate-specific indicators to EU Rule-of-Law frameworks (lobbying, SLAPPs, grievance mechanisms, human rights misbehaviour)*.

Incentivize Responsible Business

A democratic economy is not built only by restraining the worst actors; it is also built for multiplying the best ones. *Incentivizing responsible businesses* promoting alternative, responsible business models is what comes as a recommendation from work at the Rebalance Observatory.

To this end, we first suggest that policymakers *reward responsible businesses that do no-harm*. Regulation alone is insufficient; positive incentives—such as preferential access to public contracts, tax benefits, and trade policy clauses—can reward companies that lead on human rights, environmental compliance, and democratic engagement. Likewise policies should be fit to *reward voluntary leaders* that is companies that act as stewards for the promotion of responsible business models, as they can create demonstration effects to other industry participants.

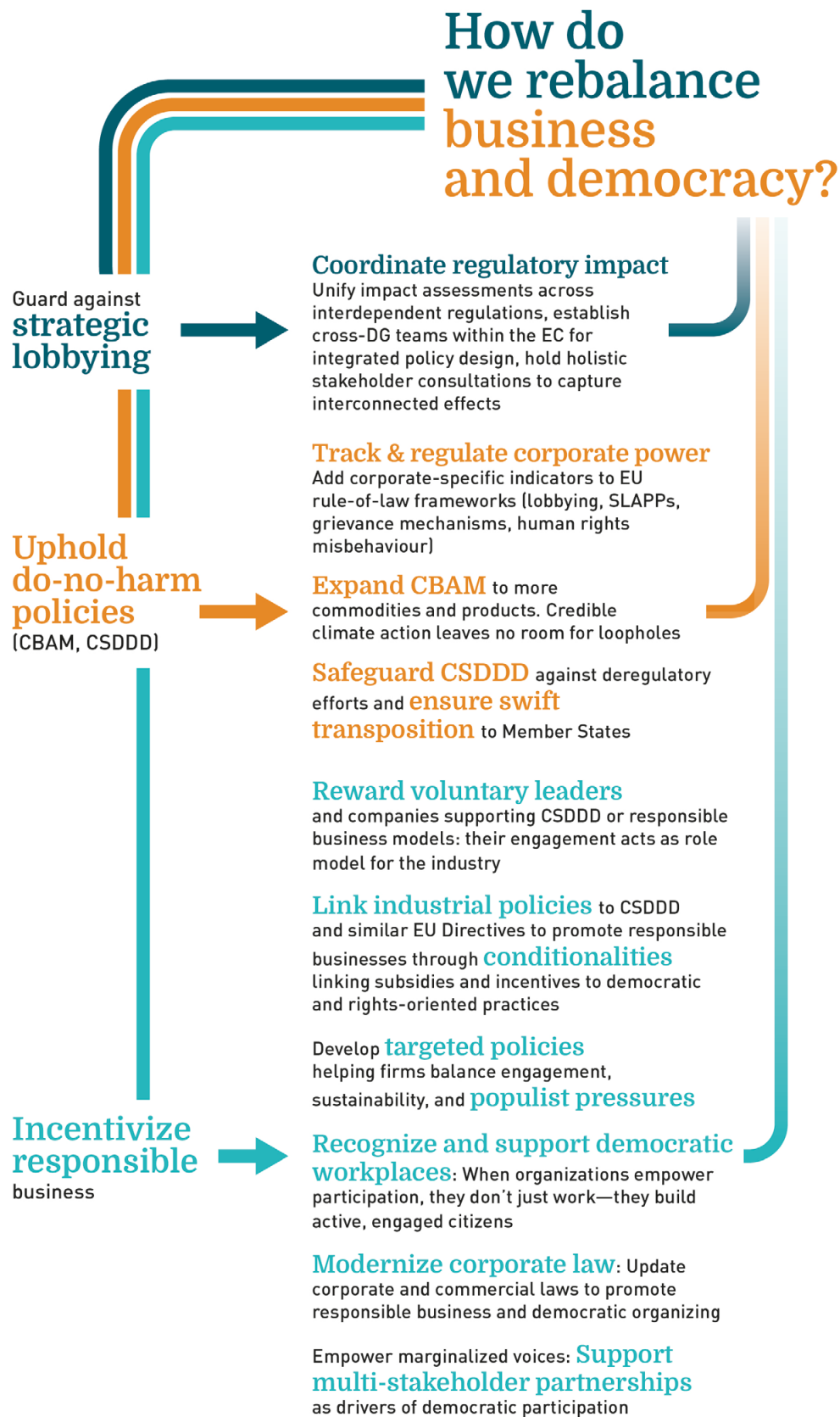
The architecture of incentives is central to that scaling. Europe's industrial policy, cohesion instruments, aid programs, and public development banking can be synchronized with democratic accountability standards. Subsidies for strategic sectors should be contingent on credible due diligence, fair tax behavior, and decarbonization trajectories. Export credit and risk insurance can include democracy-safeguard clauses for operations in hybrid or authoritarian contexts, where the risks of complicity are highest. Trade agreements can embed enforceable human rights and civic-space provisions to ensure that market access is not decoupled from democratic conditions. Public procurement—one of Europe's strongest levers—can prioritize suppliers that demonstrate transparent governance, worker voice, and verified environmental performance. When public money consistently rewards accountability, business models recalibrate. Therefore, our suggestion *to link industrial policies to CSDDD and similar EU Directives to reward responsible businesses via conditionalities to the award of subsidies and incentives to responsible and democracy-oriented businesses* can create the right incentives to increase the number of businesses strengthening democracy.

Another way to incentivize responsible businesses is to *develop targeted policies helping firms balance engagement, sustainability, and populist pressures*. This will help corporations navigate risks while protecting democratic and progressive values, especially when operating in non-democratic regimes that can undermine these firms' activities. In this area, policymakers should foster inclusive, multi-stakeholder forums where businesses, civil society, governments, and international actors collaborate on strategies to defend democracy, addressing challenges such as *disinformation, exclusion, and institutional decay*. *Collective business action*, through industry alliances or cross-sector platforms that go beyond existing business associations, *reduces the risks individual firms face when taking principled stands*, amplifies their voice, and normalizes engagement in democracy-supporting practices. To make such action viable, governments should provide safeguards and incentives, including risk insurance, public guarantees, or financial support, so that firms can uphold human rights and democratic values without bearing disproportionate costs.

Perhaps more importantly, the Rebalance project shows that alternative forms of businesses are possible, and are allies to the democratic project. It is thus important to *recognize and support democratic workplaces because when organizations foster participation, they don't just work—they build active, engaged citizens*. Public funding and guidance should scale works councils, co-determina-

tion, and employee-ownership options; support collective bargaining and independent unions; and mainstream participatory practices—budgeting teams, elected safety committees, and transparent grievance systems—across value chains. Businesses and cooperatives already demonstrate spillovers from internal democracy to community civic engagement; policy can multiply these effects through training vouchers for deliberation skills, partnerships, and procurement scoring that rewards worker voice and gender inclusion. *To achieve this is crucial to modernize corporate law by updating corporate and commercial laws to promote responsible business and democratic organizing.* Further, to encourage responsible business and democracy, alternative business arrangements can ensure all voices, including those of producers, are heard.

Empowering marginalized communities is another essential step towards just and inclusive business activities for strengthening democracy across the value chain. *This can be achieved with an active support of multi-stakeholder partnerships* by funding trainings, workshops, and mechanisms that amplify marginalized voices. Since direct consensus in diverse partnerships is often unrealistic, *progressive intermediation*—where intermediaries reframe and translate information along supply chains—offers a more effective approach to collaboration. Policymakers are encouraged to incentivize such supply-chain-like structures, *create platforms for intermediaries*, and promote the sharing of best practices to build inclusive coalitions. In addition, integrating social economy actors such as cooperatives, Fair-Trade organizations, and local firms into sustainability and supply chain governance ensures compliance with regulations while delivering community benefits like training, diversification, and infrastructure. To advance these goals, policymakers should provide funding, grants, or tax incentives that embed social economy solutions in supply chains, making governance both cost-effective and socially impactful.



Infographic 3



CONTACT US:

Elisa Giuliani
Dipartimento Economia & Management
Università di Pisa
Via Ridolfi 10 - 56124 Pisa; Italy

elisa.giuliani@unipi.it

<https://rebalanceproject.org>



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