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## **ABSTRACT**

### **NEW ECONOMY: ASSESSMENT OF THE INSTITUTIONALIZATION OF AN EMERGING PARADIGM AND ACADEMIC FIELD THROUGH INQUIRY INTO ITS PROMINENT BOUNDARY ORGANIZATIONS**

**by**  
**Jeanine Cava Rodgers**

It is increasingly acknowledged that in order to reach global and regional sustainability goals, economic growth and consumption levels in wealthy developed nations will need to stabilize or reverse. Organizations and projects of a wide variety have emerged and expanded to take on this challenge, and shape the so-called, “new economy”. The purpose of this research is to gain a clearer picture of the impacts of efforts to develop a shared new-economy knowledge framework on the broader sustainability conversation, and to assess the intellectual institutionalization of same. This thesis focuses in on the influence of four U.S.-based organizations with missions centered on developing and promoting a new economy as a solution to intertwined systems-level crises. Data was collected through interviews of nine individuals affiliated with “new economy organizations” via telephone using a semi-standard questionnaire. Analysis showed a paradigm, rooted in decades-old economic ideas, emerging but underdeveloped. To date, it has not had any noticeable influence on mainstream sustainability discourse or dominant economic thinking, and remains politically irrelevant. Recent events present the thrust for a scaling-up of efforts to fully-develop the theoretical framework, a viable model, and proceed with steps to further institutionalize the field. Strategic action, including a concerted branding and messaging effort, and improved coordination with outside groups is recommended so that the paradigm can progress with institutionalization, and garner increased funding and popular relevancy.

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EMERGING PARADIGM AND ACADEMIC FIELD THROUGH INQUIRY  
INTO PROMINENT BOUNDARY ORGANIZATIONS**

**by  
Jeanine Cava Rodgers**

**A Thesis  
Submitted to the Faculty of  
New Jersey Institute of Technology  
in Partial Fulfillment of the Requirements for the Degree of  
Master of Science in Environmental Policy Studies  
Department of Chemistry and Environmental Science**

**January 2013**

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**APPROVAL PAGE**

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EMERGING PARADIGM AND ACADEMIC FIELD THROUGH INQUIRY  
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## **ACKNOWLEDGMENT**

It is with immense gratitude that I acknowledge the support and assistance of my professor and thesis advisor, Dr. Maurie Cohen. His classroom teachings and work in the area of sustainable consumption inspired this thesis, and his unwavering understanding of my needs as a part-time student, full-time parent made this work possible. I also want to express my gratitude to review committee members, Dr. Michael Brownstein and Dr. David Rothenberg.

I am also extremely grateful to Dr. Arther Vasen, the orthopedic surgeon who successfully repaired my broken wrist and elbow during the writing of this thesis, as well as my very determined physical therapist, Dr. Daniel Staats, without whom I would not have regained the ability to type normally. Lastly, I want to acknowledge the tremendous support of my husband, David Rodgers, and my parents, and mother and father-law, whose countless hours of babysitting allowed this thesis to be completed. My sincerest thanks to all.



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# CHAPTER 1

## INTRODUCTION

Calls for reducing consumption levels and material standards of living in the Global North to create environmental space for the Global South are not new in sustainability discourse, nor are the warnings about the perils of continuous economic growth on a planet with finite resources. However, the financial collapse of 2007-2008 and subsequent global economic crisis appears to have created an increased focus on the triple-crisis of ecology, economics, and society (Bina and La Camera, 20011; Speth, 2010; Jackson, 2009). This is evidenced in part by the number and significance of such watershed publications as *Prosperity without Growth* (Jackson, 2009), *The Bridge at the Edge of the World* (James Gustave Speth, 2009), and *Agenda for a New Economy* (David C. Korten, 2010) – all published during, or just after the financial and banking collapse, and each calling, to some degree, for the imperative need to reorganize society, political economy, macro-economic paradigms, and associated institutions toward a “new economics” framework.

Simultaneously, there has been an increase in the number of organizations pursuing the work of developing and promoting the new economics paradigm, and the new economy itself, through research, policy, projects, movement-building, and education in seemingly more rigorous and prevalent ways. This thesis seeks to provide an analysis of the work and progress of four of those new-economics boundary organizations in an attempt to assess the intellectual institutionalization of the “New Economics movement” (Alperovitz, 2011) and its political relevance, with a particularly

careful look at how the “Occupy” movement has to date interacted with this New Economics work.

The developing new economics model -- also referred to as the local living economy, the solidarity economy, or “economics as if people and planet mattered” -- is viewed by a growing number of academics in a range of organizational fields as imperative for tackling the three intertwined problems of development (in the global South), equity, and ecology – the “three pillars” of sustainability (Korten, 2010; Marglin, 2011).

The core principles of the new economics represent a markedly different paradigm from that of the current framing of sustainable development and its associated policies embraced by international governance organizations, corporations, political leaders, and other global institutions (Boyle and Simms, 2009; Korten, 2010). Mainstream, growth-based economics is, and has been, the dominant model and belief system that underpins the responses to the ecological and equity crisis (Bina and La Camera, 2011; Jackson, 2009). Distinguishing itself intellectually from both Keynesian and neo-classical growth-based economic thinking, as well as, the pessimism of eco-Marxist-type thinking on the other side, the new economics seeks a more radical systems-level change toward a political economy that is increasingly “green, socially responsible, and one that is based on rethinking the nature of ownership and the growth paradigm” which guides current, business-as-usual economic policies (Alperovitz, 2011; Schor, 2011).

Interest in the topic of this thesis began with a general preoccupation with whether the circumstances described above have begun to change the narrative of

sustainability. Is the conversation about achieving global sustainability goals, and more broadly-shared prosperity in the global North, shifting toward one that includes larger macro-economic issues, couched in calls for the need for a new economics – one that reconciles equity issues between North and South, but also within developed countries, as well as addressing both the growth versus prosperity/well-being and over consumption issues more directly? In order to attempt to answer that question, it seemed necessary to assess the status of existing efforts to create systems-change and solidify a new paradigm.

In their assessment of international responses to the “financial and climate change double crisis”, Bina and La Camera (2011) found that these responses have fallen well short of the opportunity offered: mainstream economic solutions remain the go-to response for both crises. With regard to addressing climate change (the main focus of most contemporary ecological issues) the accepted, mainstream policy responses are to redirect markets and economies toward green production and consumption to reduce carbon emissions (Bina and La Camera, 2011). The concept of growth as a key underlying problem is not addressed.

Looking for evidence of a paradigm shift in responses to these interlinked crises, these authors concluded that as long as the framing of problems continues to remain narrowly focused in the realm of market economics: “capital accumulation, innovation, and technology and growth remain unquestioned”, there is a missed opportunity for the necessary paradigm shift to occur. Their study concluded that for sustainability problems to be successfully addressed, “something more fundamental will be needed” (Bina and La Camera, 2011).

## 1.1 Purpose

A primary objective of this research project was to see if a closer look at the work of organizations and change agents working to promote and foster the new economics model would reveal a different picture than that traced out by Bina and La Camera. Does more intimate insight into the development of the new economics model reveal evidence of the fundamental and transformative element that Bina and La Camera concluded is needed? This was a driving question for the work that follows here.

The Occupy movement which began in the United States in Fall 2011 in New York City's financial district, appears to have embraced several of the key principles of new economics thinking such as economic justice, recapturing democracy from corporate control, and ecological sustainability (Korten, 2011; Schor, 2011; Klein, 2011). The two movements overlap also in that Occupy organizers and participants are involved with and/or follow the activities of prominent new economics movement organizations; and New Economics organizations, to a degree are seizing upon the opportunity presented by the movement's activities to create linkages and disperse materials to Occupy activists.

The efforts and activities of these two movements, although quite different in their structure and expressions, seek to challenge some of the same institutional stability (i.e., the predominant political-economic paradigm, and inequitable concentration of property by a small percentage of society).

Due in part to the approach of the Rio + 20 events during the summer of 2012, as well as to the growing attention being paid to the Occupy movements around the globe, an assessment of efforts by key boundary organizations working to create a paradigm shift toward the new economics seemed necessary.

Has the work of these organizations, and a handful of key authors/change agents who are associated with them, begun to promote the new economics as the major strategy for achieving larger sustainability goals? To what degree is the new economics paradigm becoming institutionalized and what is its influence on the sustainability conversation? What role have the major boundary organizations played in this process and how can their work be assessed? Does the Occupy movement provide evidence of the success of these efforts? To what degree can it be seen as evidence of a shifting paradigm?



## CHAPTER 2

### LITERATURE REVIEW

The term “the new economy” can seem nebulous and overly theoretical to the small group of people who are familiar with the term, and almost meaningless to those who are not. In part, this is because in common use, the term, and its counterpart – “the new economics” – are characterized in a variety of ways: as a field, a paradigm, or a movement. But is it a true social movement? Can it be called a field of study? A paradigm? A separate school of economics? Or is it none of the above? To what degree has a shared knowledge framework for the new economy developed?

In his article entitled, “The New-Economy Movement” new economy advocate Gar Alperovitz (2011), wrote that the term “the new economy” has “begun to explode into public use in diverse areas”, indicating, in his view, that the “movement has reached a critical stage of development – and a sign that the domination of traditional thinking may be starting to weaken”. This thesis seeks to provide some insight into such a claim, and the associated questions of exactly how developed the “field” of the new economics is, and what that may say about the political relevance of its ideas in the face of conventional economic thinking.

It should be noted that in both the academic and more popular literature both of these terms are used and are more or less equivalent in that they are essentially describing the same thing (i.e., the New Economy requires, and is defined by, the New Economics). For the remainder of this thesis, the two terms will be used interchangeably.

Complicating matters further though is that the new economy is also referred to

by other names, such as the true-wealth economy, the real-wealth economy, the living economy, the solidarity economy, and the sustainable economy (see, e.g., Schor, 2010; Korten, 2010, Jackson, 2009; Speth 2012) and this contributes to the hazy nature of the term. It is argued in a later section how use of the names New Economics and the New Economy, are potentially confusing and problematic for further development of the field.

To understand whether the concepts assembled under the new economy umbrella are developing into a unique transdisciplinary framework with an associated research field, it is first necessary to outline the intellectual heritage of new-economy ideas. Its development is comprised of a dozen or more major strands or elements that are being woven together to produce what has begun to be referred to as the New Economy, at least by those within its knowledge circles.

The synthesis of these strands into the nascent stages of a purported separate field is evinced by publication of a number of significant new-economics books, reports, and articles that have emerged in the past several years. The authors of these publications, each in their own way, are asserting the necessity for a transformation to a fundamentally different economy from the current one – a “New Economy” – and provide their outlines of the new economics.

These new-economy advocates are, in a sense, the “master weavers” of the intellectual strands that, upon being woven together, are developing into a new-economy knowledge framework with associated research, advocacy, and implementation efforts (i.e., on-the-ground new-economy initiatives, already at work in the real-world). The degree to which these efforts are being institutionalized and the effectiveness of the framework’s prominent organizations, is the focus of this thesis.

## 2.1 Intellectual Heritage of the New Economics

What follows in this chapter is a brief synopsis of each of the major intellectual ideas and academic fields that have spawned the new-economy knowledge framework over roughly the past three decades (Simms and Boyle, 2009). After careful consideration, these eight strands were selected as the most significant contributing elements shaping contemporary new-economy thinking. These threads were chosen, with the recognition that there are indeed other strands that have also contributed meaningfully and significantly to the development of this nascent or emergent paradigm.<sup>1</sup> Efforts to assemble a more complete list are discussed in the “Methods” section of this thesis.

Focusing specifically on these academic strands, rather than on the wider range of related ideas and initiatives, was done primarily because the following eight elements are the most consistently represented in the new-economy synthesis publications mentioned above. Also, I decided to focus on the elements most closely linked to contemporary economic debates, rather than the cultural or lifestyle dimensions that contribute to the new-economy.

The eight strands are referred to here as: 1) Small is Beautiful –Economics for People and Planet; 2) Limits to Growth –Systems-Modeling; 3) Ecological Economics – Human Economy as Embedded in Nature; 4) Ecological Re-localization –Post-Carbon Economy/Community Resilience; 5) Ecological Macroeconomics –Strategies for a Post-Growth Society; 6) Sustainable Consumption –Societal Transformation/Sufficiency; 7)

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<sup>1</sup> Other elements that have contributed to new-economy thinking are subjective well-being research including the work of Siegelman (discussed in the “Beyond GDP” section); *The Spirit Level* by Wilkinson and Pickett; the degrowth movement (discussed in the “Ecological Macroeconomics and sustainable consumption sections); Jared Diamond’s (and other authors’) work on societal collapse; voluntary simplicity and downshifting (noted in the sustainable consumption section); and work by Annie Leonard (*Story of Stuff*), Dara O’Rourke (the *Good Guide*), and other efforts to make industrial ecology issues more mainstream.

Beyond GDP –Alternative Indicators; and 8) Living Democracy –New Politics (Speth, 2011; Korten, 2010; Schumacher, 1972; Schor, 2010; Meadows, 2008; Jackson, 2009; Boyle and Simms, 2009). These elements are considered here to be the significant building blocks of new-economy core beliefs and its emerging framework.

### **2.2.1 Small is Beautiful: Economics-for-People-and-Planet**

The publication of *Small is Beautiful: A Study of Economics as if People Mattered* in 1973 by the British economist E. F. Schumacher represents a significant contribution to the intellectual tradition of the new economics (Boyle and Simms, 2009; McKibben, 2010). Schumacher's watershed book drew attention to the importance of human dignity and value, the human-side of economics, and the concept that natural resources should be regarded as limited capital, rather than expendable income, at a time when neo-classical economic policies and globalization were largely unchallenged.

At its heart, *Small is Beautiful* is both a serious and radical critique of neo-classical economics. Schumacher's essays were published at a time when multinational corporations were expanding their economic role and presence around the globe, and an agenda for free-market deregulation was rapidly gaining support. His treatment outlined the flawed assumptions and missing considerations of conventional economics, as well as its damaging effects on people and planet.

A key point of Schumacher's essays was that large-scale economies are fundamentally damaging to environments and to societies, particularly in developing countries, where much of the large-scale corporate industrialization was (and still is) occurring. Hyper-sized economies, *Small is Beautiful* argues, are dehumanizing and

inaccurately and problematically treat natural resources as infinite rather than as finite natural capital.

One of the main points of Schumacher's criticism of the contemporary, neo-classical economic model is that it ignores completely the human-side of the economy: the impact of economic policies on sources of true human well-being and prosperity; human values; and human morals. It was, and is, an economic framework that reduces humanity to statistical objects.

Schumacher asserted that in place of the large-scale economy – one dominated by heavy industrialization, mass production, high material and energy throughput, and trade over long distances, a small-scale economy -- one where people trade, work, produce, and consume locally, should be encouraged by economists and policy makers. Small-scale economies, he argued, are healthier for the environment and individual and societal well-being. More specifically, he advocated for appropriate use of scale and size of organizations, not bigger as always better.

Why? In a small-scale economy, decisions are made closer to, and with more input from, those that are affected by them. In a “bigger is better” economy, decisions are made by a wealthy, powerful elite and imposed upon large numbers of people. Schumacher argued that there is an appropriate scale for specific economic activities and that adhering on a global scale to notions such as “bigger is better” and “growth is good” is not only ineffective and unwise, but damaging ecologically and socially.

Another of Schumacher's major criticisms of neo-classical economics was the centralization of corporate power. At a time of emerging globalization and world financial markets, this critique garnered many supporters -- mostly outside of the

mainstream political-economic power system. The call for dismantling modern global-capitalist economies in favor of more local and regional economies is a characteristic of several prominent new-economy texts (Rosen and Schweickart, 2006; Korten, 2010; Jackson, 2009; Boyle and Simms, 2009).

Schumacher also questioned the logic of the modern economy's sole purpose: material consumption. He viewed this as a completely irrational and wrong-headed purpose, and countered that the true purpose of the economy is achieving human well-being. There is a point of "enoughness" with regards to consumption in the *Small is Beautiful* view. Strategies that seek to achieve the maximum human well-being with the minimum amount of consumption should be the goal of any economy, in Schumacher's view. Of the ultimate end of the modern economy he wrote:

"Call a thing immoral or ugly, soul-destroying or a degradation to man, a peril to the peace of the world or to the well-being of future generations: as long as you have not shown it to be "uneconomic" you have not really questioned its right to exist, grow, and prosper" (Schumacher, 1973).

Further, he called out the use of Gross National Product (GNP), as an inaccurate, illogical, and ineffective means of measuring what the economy should be achieving. GNP tells us nothing about the "substance of man"<sup>2</sup>. This point is one of the most significant contributions of *Small is Beautiful* on the development of the new-economy paradigm, and is discussed below as another of its central components.

A succinct description of the new economy used by some of the prominent new-economy organizations is an approach to the economy that values real, rather than

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<sup>2</sup> <http://www.neweconomics.org>, accessed 1/12/2012.

illusory wealth, and puts people and planet first.<sup>3</sup> Another version of this is highlighted on the website of the New Economy Institute (previously the E. F. Schumacher Society) where it is asserted that “an economy that gives priority to supporting human well-being and Earth’s natural systems.” These descriptions strongly and quite specifically reflect the intellectual legacy of *Small is Beautiful* on the development of the new-economy knowledge framework.

As a leading economist during the 1960s and 1970s who was an associate of John Maynard Keynes and served as Chief Economic Advisor to the National Coal Board in the United Kingdom, Schumacher’s essays managed to persuade others that a fundamentally different kind of economics was needed, and was in fact emerging, for shortly after *Small is Beautiful* came onto the scene, a number of other books were published that picked up on its key principles. Some of these efforts, such as Herman Daly and John Cobb’s *For the Common Good*, begin to develop into separate elements of the new-economy paradigm.

### **2.2.2 Limits to Growth: Systems-Modeling**

At almost precisely the same time as E. F. Schumacher’s *Small is Beautiful*, appeared another best-selling book that contributed significantly to early development of new-economy thinking came onto the scene. *The Limits to Growth*, published just two years before *Small is Beautiful*, was commissioned by a small group of notable European industrialists and scientists who called themselves the Club of Rome. This group enlisted the help of a group of systems analysts from the Massachusetts Institute of Technology (MIT) to pursue research that would examine what they saw as interrelated global trends in environment, population, and economics (Meadows, 2008).

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<sup>3</sup>[http:// www.neweconomics.org](http://www.neweconomics.org), accessed 1/12/2012.

The work of the MIT group, led by American scientist Donella Meadows, used a computer modeling system – the so-called “World3” model – to simulate and make predictions about the interactions of trends in consumption rates of certain natural resources, population, food production, and industrial growth. In doing so, the MIT team calculated the depletion of a variety of critical resources, particularly fossil fuels. Using their computer extrapolations, they produced a series of models that drew attention to the idea of planetary “overshoot,” which would be followed by collapse, according to their interpretations of standard trends (McKibben, 2010).

The book also introduced the idea, one that is now widely accepted, that systems thinking, is an indispensably critical tool for addressing the complex, multi-dimensional and interconnected problems of the world today (Meadows, 2008).

The findings of *The Limits to Growth* suggested a very important conclusion; that it was highly conceivable, under continuation of current patterns, that we would reach peak economic growth. That there is a point at which the ecosystems of the Earth would cease to be able to support the only economic model that seemed conceivable to anyone (at least anyone in power) for the past two hundred years.

Unfortunately, the world largely failed to listen to the warnings issued by *The Limits to Growth* and, shortly after its publication, actually rapidly increased its consumption of energy and raw materials, as well as the quantity of emissions released into the atmosphere. Nonetheless, *The Limits to Growth* inspired a long trajectory of further analyses of resource depletion and limits. One noteworthy example, related to new-economy thinking is the work of Richard Heinberg on “peak everything”.



Heinberg's recent book, *Peak Everything: Waking Up to a World of Declines* (2007) discusses the near inevitability of ecological collapse, and what a post-carbon world might look like. He uses forecasts of twenty-first century declines in key resources such as global oil and natural gas, as well as other parameters such as yearly grain harvests, climate stability, population, fresh water availability, and economic growth to make the case that we now urgently need to begin to adapt to the harsh future ahead. Radical and rapid changes are required of us, individually and socially "to make the transition from the Age of Excess to the Era of Modesty with grace and satisfaction, while preserving the best of our collective achievements."<sup>4</sup> This is the lexicon that has developed in the post-*Limits to Growth* world, one that did not seize the opportunity to act on its warnings and observations at the time.

*The Limits to Growth* has also been a source of intellectual inspiration for environmental author and climate activist, Bill McKibben, who's book *Eaarth: Making a Life on a Tough New Planet* (2010), identified the election of 1980 as our "last real chance to avoid the ecological catastrophe" predicted by the Club of Rome's computer models. He describes the weight of *The Limits to Growth* and *Small is Beautiful* this way: "Basically, it turns out they were right. The Club of Rome, E. F. Schumacher, the MIT crew with the whiz-bang program on their 1970 mainframe, Jimmy Carter. They were right. You grow too large, and then you run out of oil and the Arctic melts" (McKibben, 2010).

Significant to note, is that despite the intense criticism and scrutiny of *The Limits to Growth* report both at the time of its release and to this day, there has been more recent review of the report's findings to see if, in hindsight, its models were accurate. As it

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<sup>4</sup> <http://richardheinberg.com>, accessed 2/7/2012

turns out, they were very accurate in predicting actual trends of resource peaks and declines. Graham Turner (2008), an Australian academic, reexamined each system that the original *The Limits to Growth* report had modeled and found that for the first thirty years of the models; the world has followed the trajectory of the book's business-as-usual scenario (McKibben, 2010). His paper on the analysis of their original work showed that the curves matched the model that ended in economic collapse sometime before mid-century. In particular, he notes, peak oil, climate change, and food and water security “resonate strongly with the overshoot and collapse displayed (in *The Limits to Growth* model)” (Turner, 2008; McKibben, 2010).

Publication of *The Limits to Growth* is regarded as one of the most significant events in environmental history (McKibben, 2010; Ropke, 2004), and is undoubtedly a major early contributing element to the development of core beliefs of the new economics. Systems dynamics, now its own academic field, has been influential to many other new-economy thinkers. Certainly new-economy advocate David Korten, who is a student of systems dynamics, uses systems thinking as a basis for his new-economy ideas and strategies, to cite just one prominent example (Korten, 2010). One key characteristic of the new economics is that unlike conventional economics, it is fundamentally transdisciplinary; a systems-thinking view underlies its perspective about the interconnectedness of economies, societal well-being, individual well-being, and ecological health.

As a final thought on the influence of the “Limits to Growth/Systems Modeling Strand” on the development of the new economics is that it is important to note that the actual *The Limits to Growth* report concluded that it would be possible to establish more

stable and sustainable ecological and economic conditions. If systems could be redesigned so that basic material needs of individuals were being met, without planetary overshoot, crisis could be averted. But it would need to begin to happen as soon as possible. New-economy advocates appear to have varying degrees of optimism about the truth in this conclusion; but at the heart of its perspective seems to be a hopeful belief that we still may be able to avert the worst manifestations of crisis if we can realize new-economy goals.

### **2.2.3 Ecological Economics: Human Economy-as-Embedded-in-Nature**

Unlike the previous two strands discussed, the field of ecological economics represents in chronological terms a more recent contribution to new-economy thinking. It was officially institutionalized in the late 1980s with the establishment of its society (the International Society of Ecological Economics) and its journal (*Ecological Economics*) (Ropke, 2004), although, its early history begins in the same time and place, and under some of the same circumstances as *Limits to Growth* and *Small is Beautiful*.

According to Inge Ropke's (2004, 2005) history of the establishment of the field, the history of modern ecological economics is traceable to the 1960s when social conditions and popular discourses, namely the momentum and popularity of concerns about pollution and resource depletion, prepared the ground for its ideas to take root. A combination of the popularity of Rachel Carson's *Silent Spring* (1962) and the protest movements against various environmental threats created increasing public interest and political support for anti-pollution measures.

Additionally, concern about implications of population increases on resources, such as the global food supply, entered popular discourse in the 1960s and early 1970s.

Significant contributions here are Paul Ehrlich's book *The Population Bomb* (1968) and, as discussed above, *The Limits to Growth* (Meadows, et al, 1972). The oil price shock in 1973 and the following years of energy crisis completed the list of powerful popular events that prepared the ground from which ecological economics sprang. Also, key to its development was a more general acceptance and financial support of transdisciplinary research which emerged during this time (Ropke, 2004, 2005).

The field's initiators included researchers from several different areas, particularly systems ecology; different schools of economics (biophysical economics, environmental and resource economics, agricultural economics, socio-economics); energy studies; and general systems theory (Ropke, 2004). From the systems-ecology side, Eugene and Howard Odum contributed substantially to the early development of the field. They recognized the importance of economic considerations in environmental decision-making early on, promoted the scientific perspective of ecology into the environmental movement (Ropke, 2004), and published significant textbooks such *Fundamentals of Ecology* (Odum, 1953) and *Environment, Power, and Society* (Odum, 1971).

From the economics (and physics) side, a variety of schools of economics made contributions. *The Entropy Law and the Economic Process* (1971), the highly influential work of Nicholas Georgescu-Roegen, elaborated extensively on the implications of the entropy law for economic processes and how economic theory could be grounded in biophysical processes (Ropke, 2004). Georgescu-Roegen's work in this area, as well as the work of Kenneth Boulding, was built on by Herman Daly, who, in the 1970s and 1980s diffused ecological economic ideas much further by introducing his concept of a steady-state economics (Ropke, 2004).

Contributions by Boulding, Georgescu-Roegen, and Daly, as well as Robert Ayres and Alan Kneese, shared common ideas brought forward by those in systems ecology; studies related to entropy, materials balance, and metabolism of systems reframed the relationship between society and nature. The establishment of ecological economics as a field some fifteen years after its intellectual foundations were laid, was the result of relationships between Herman Daly, AnnMarri Jansson, Robert Constanza, and Joan Martinez-Alier, and their work to initiate critical meetings, publications, and the field's journal (Ropke, 2004; 2005).

The basic conclusion of the combined research efforts from the ecological and economics sides was this: social processes are integrated with metabolic processes and the enormous increase in human population and economic activities imply that nature's basic support of human life can be threatened (Ropke, 2004; 2005). The essential organizing observation of ecological economics is that the human economy is embedded in nature, and economic processes are always natural processes because they operate by the laws of nature – physical, biological, and chemical processes and transformations. Ecological economics conceptualizes economic processes in terms of the laws of thermodynamics – energy and matter flows.

The core beliefs of ecological economics are: there are limits to material growth of the economy and the economy has already reached or exceeded maximum sustainable scale; addressing environmental problems requires a transdisciplinary approach, pluralism, and application of systems-theory; nature has value in itself; the economy co-evolved with nature and so the economy is embedded in a broader social and cultural system; and finally, because of ecological limits, the poor cannot be taken care of by

continuing economic growth, so an increased focus on redistribution is necessary (Ropke, 2005). Critically, many of the core beliefs of ecological economics were echoed in the language of sustainable development (see, e.g., WCED 1987), which was emerging from the international community around the same time that ecological economics was becoming institutionalized.

Unsurprisingly, the core beliefs of ecological economics were (and continue to be) at odds with mainstream economic thinking. In particular, Herman Daly's work on steady-state economy: "An economy with constant stocks of people and artifacts, maintained at some desired, sufficient levels by low rates of maintenance 'throughput', that is, by the lowest feasible flows of matter and energy from the first stage of production to the last stage of consumption"<sup>5</sup>. Although, the idea of a steady-state economy was not new; it has its roots in the work of Adam Smith, John Stewart Mill, and John Maynard Keynes (Korten, 2010; Boyle and Simms, 2009), it was summarily rejected by conventional economists.

Daly would have preferred to change the economic discipline from the inside, but ecological economics has thus far failed to do this and operates largely on the margins of the field as a its own school with separate institutions (Ropke, 2004). The field was thus "born out of frustration with the lack of ability of the established disciplines to take in this perspective" (Ropke, 2005).

In relation to the new-economy framework, it should be noted that ecological economists have focused on the bio physical constraints of unlimited growth; they do not question larger political-macro-economic structures. They are not focused on deep transformative systems change. For example, Herman Daly's steady-state economy is

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<sup>5</sup> <http://steadystate.org/discover/definition>, accessed on 2/9/2012

still an economy under capitalism (although, as is discussed in Section 2.6, it establishes the groundwork for development of an ecological macroeconomics) (Jackson, 2009; Harris, 2012). And ecological economists prefer to avoid what they consider political issues, such as distribution inside the present generation (Ropke, 2005). Some mainstream neoclassical economists are associated with ecological economic thinking, and there are tensions within the ecological economics field about the role of economic growth and the degree to which technology can create substitutes for certain resources so that conventional economic growth can continue (i.e., weak sustainability and strong sustainability) (Boyle and Simms, 2009; Ropke, 2005).

However, there is significant overlap between the core beliefs of ecological economics and the emerging tenets of the new economics. Quite consistently, new-economy publications cite ecological economic theories, such as the need to envision an economic system that moves beyond continuous -growth (Victor 2008; Jackson, 2009; Alperovtiz, 2006; Speth, 2008). More recently, a paper published by Tellus Institute's Great Transition Initiative states plainly: "A new economics will build on a basic insight of ecological economics, namely, the fundamental interdependence of humans and the rest of nature" (Great Transition Initiative, 2012).

#### **2.2.4 Economic Re-localization: Post-Carbon-Economy/Community Resilience**

Relocalization of production and consumption is a robust element of the new-economy framework, and perhaps one of the more recognizable facts to those outside of its academic circles. The intellectual roots of the relocalization strand can also be traced back to E. F. Schumacher's work regarding the social and environmental benefits of appropriate-scale production and consumption, "subsidiarity" (Rosen and Schweickart,

2006), and more localized decision making. More recent contributions to the relocalization movement's development are Richard Heinberg's *Peak Everything* (2007) and *The Post-Growth Economy* (2011).

These texts point out the current economic system's dependence on cheap energy. If, or rather when, energy becomes expensive, the current economic system ceases to work anymore – relocalization becomes inevitable, making it imperative that we begin to prepare for it (Boyle and Simms, 2009; McKibben, 2010).

Thus, the chief motives for promoting a transition to a locally-based economy stem from concerns about peak oil and the “environmental, social, political and economic impacts of global over-reliance on cheap energy.”<sup>6</sup> Additional motives include a desire to support local, small-and-medium scale businesses and community banks, and fight against the “Wal-Mart economy” (McKibben, 2010), and to increase community resilience to resource-related disruptions in the fossil fuel-based economy, and fluctuations in financial markets.<sup>7</sup> Additionally, among proponents of relocalization, there is the shared concern about the need to create more self-reliant local and regional communities as a way to hedge against crises brought on by climate change – food security is of primary concern here (Boyle and Simms, 2009; McKibben, 2010).

According to the Post-Carbon Institute's webpage on relocalization, it is a “strategy to build societies based on the local production of food, energy and goods, and the local development of currency, governance and culture. The main goals of

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<sup>6</sup> <http://www.postcarbon.org>, accessed on 2/22/2012

<sup>7</sup> <http://www.postcarboninstitute.org>, accessed on 2/22/2012



relocalization are to increase community energy security, to strengthen local economies, and to improve environmental conditions and social equity”.<sup>8</sup>

Another prominent organization fostering relocalization goals and initiatives is the Business Alliance for Local Living Economies (BALLE). BALLE describes its vision for the future this way: “a global system of human-scale, interconnected local living economies that function in harmony with local ecosystems, meet the basic needs of all people, support just and democratic societies, and foster joyful community life”.<sup>9</sup> Examples of other initiatives and organizations that share common motivations for promoting economic relocalization are the Transition Towns network, the Slow Food movement, the Slow Money movement, and various local currency projects.

It’s important to emphasize that economic relocalization does not promote a complete disconnection with the larger, centralized aspects of the economy. Michael Shuman, relocalization advocate and author of *Going Local* (2000) and *Local Dollars, Local Sense* (2012), asserts that a self-reliant community should seek to increase control over its own economy “as far as practicable” (Shuman, 2000). Such strategies include moving individual, business, and municipal banking from large, Wall-Street banks to community-owned banks and local credit unions (Shuman, 2012; Korten, 2010).

Also important to note are the criticisms of the economic relocalization movement, most notably, what in the literature is termed “the local trap” (Born and Prucell, 2006; Sonnino, 2010). The local trap mainly focuses its criticism on relocalization of food production. It asks the questions, “Is relocalization the most effective strategy to create food systems that promote the economic, environmental and

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<sup>8</sup> <http://www.postcarboninstitute.org>, accessed on 2/22/2012

<sup>9</sup> <http://www.livingeconomies.org>

social objectives of sustainable development?” (Sonnino, 2010). “The local trap” is the assumption that local is inherently good. Critics of relocalization argue that there is nothing inherent, good or bad, about any scale; local-scale food systems, for example, are equally likely to be just or unjust, sustainable or unsustainable, secure or insecure. One should not equate a scale with a particular set of outcomes (Born and Purcell, 2006). This argument seems at odds with an increasingly popular current in American culture which supports economic re-localization efforts as a means of independence from an economic system that is failing them in critical ways (Korten, 2010; Schor, 2009). The motivations of the relocalization organizations mentioned above, and others like them, share a good deal of commonality with the developing new-economy knowledge framework (Boyle and Simms, 2009; Korten, 2010; McKibben, 2010; Alperovitz, 2011). It is no coincidence then that new-economy advocates identify these same organizations, networks, and initiatives as evidence of the new-economy in action.

### **2.2.5 Ecological Macroeconomics: Strategies for a Post-Growth Society**

At its core, the ecological macroeconomics strand is a severe indictment of the contemporary political and economic system in which we operate – one that depends on ever-increasing growth in consumption for stability (Speth, 2008; Jackson, 2009). Its main question, and the challenge that it confronts us with, is how to fundamentally reorient the operating system of the modern world economy toward alternative economic institutions that function within Earth’s carrying capacity (Rosen and Schweichart, 2006; Jackson, 2009). There is an emergent consensus among its prominent thought-leaders that “today’s capitalism – not the capitalism of the textbook but the capitalism at work in

the real-world” (Speth, 2011) – is the driving force behind the ecological, social, and economic crises we face (Schewickart, 2009; Klein, 2011; Jackson, 2009).

According to the literature on ecological macroeconomics, some of the key features of modern capitalism that make it so destructive are: a society-wide commitment to growth at any costs; powerful corporate interests with the single interest in growth and profit; profit-driven investment in technologies that damage ecosystems; markets that fail to recognize environmental and social costs, unless required to do so by governments; and governments that have been captured by wealthy corporate elites (Speth, 2011; Boyle and Simms, 2009; Jackson, 2009; Korten 2010).

In their paper which outlines three possible alternative economic systems that would be consistent with the values of the “Great Transition,” Richard Rosen and David Schwieckart (2006) state plainly that “measured against the goals of sustainability, equity, peace, and quality of life, neoliberal capitalism has failed...(thus) major structural changes are required.” How to bring about those changes is the work that has been taken-up with increased vigor since the financial crisis of 2008/2009 “seriously undermined the basis for mainstream macroeconomics” (Harris, 2012). To be certain, though, the efforts to find macroeconomic solutions to the “triple crisis” began well before the start of the Great Recession.

The general premise that the current system of political economy is destroying the natural systems we need to survive and creating a social crisis characterized by dangerous inequalities has its roots with the later developments of ecological economics, in particular with the theories of Herman Daly on steady-state economics. Daly’s work laid

an important foundation for development of an ecological macroeconomics (Jackson, 2009).

However, the prediction that our economic system would evolve to a slower rate of growth, or even a state of “degrowth” goes back to analysis by Georgescu-Roegen in the early 1970s (known as “la décroissance” in French) (Berg and Hukkinen, 2011), with deeper origins in the nineteenth century from John Stewart Mill (Harris, 2012; Ropke, 2004). Mill recognized the “necessity and desirability of moving eventually toward a stationary state of capital and wealth” (Jackson, 2009). Robert Solow, the originator of modern growth theory, has said that there is nothing inherent (in the capitalist) system that says it cannot exist happily in a stationary state (Harris, 2012). Even, growth advocate John Maynard Keynes foresaw a time when the problems that required growth to solve (unemployment, for example) would be addressed and we would devote our energies to “non-economic purposes” (Jackson, 2009; Harris, 2012).

Much more recently, Canadian ecological economist Peter Victor introduced an interactive macroeconomic model that shows viable low or no-growth scenarios for the Canadian economy (Victor, 2010; see also Jackson, 2009; Harris, 2012). By manipulating the drivers of growth, Victor’s models achieve a gradual reduction in income growth that stabilizes per capita GDP, while unemployment and poverty are both halved as a result of social and working-time policies (Jackson, 2009; Victor, 2010). Other economists in this area have advocated for an “ecologically-oriented revival of Keynesian theory” (Harris, 2012; Harris and Goodwin, 2003) which would allow for a gradual transition into a steady-state economy, characterized by stabilized population, low carbon and low throughput.

What each of these approaches has in common is the idea of shifting consumption toward more sustainable economic activities that create well-being without increasing growth in material and energy throughput. They also stress the importance of ecological and social investing to transition us from the current macroeconomics to an ecological macroeconomics that is sustainable for the future and provides real prosperity for the global North, while leaving room for the global South to grow and develop sustainably. Another area of consensus among advocates of an ecological macroeconomics is the need to maintain full employment with non-increasing output. Reducing the working week specifically, and rethinking working-time policies in general, are the most often cited solutions (Schor, 2010; Jackson, 2009; Victor, 2010; Boyle and Simms, 2009). And fundamentally, they all assert that the conventional “growth or die” macroeconomic logic is failing us now and simply cannot be sustained into the future.

To date, efforts to address the three interconnected crises of economics, equity, and environment have occurred within the contemporary economic operating system (Bina and La Camera, 2011; Speth, 2008). But these efforts have failed precisely because the problem lies with the system itself (Korten, 2010; Alperovitz, 2011). The idea of moving away from a macroeconomics that is characterized by a “growth fetish” toward a more stationary state, or even a state of degrowth in developed nations, is gaining some traction (see, e.g., Jackson, 2009; Victor, 2010). Serious discussion of policies that would move us away from the growth-oriented model has been supported by the state of turmoil in macroeconomic theory brought on by the Great Recession (Harris, 2012) and by the realities of climate change (Klein, 2011; Victor, 2010).

Advocates for addressing these ecological macroeconomic issues have called for specific policy changes. These include, for example, ending perverse subsidies that create ecological harm in order to properly price goods; restructuring of corporate charters to encourage firms that transparently serve the public good; and shifting the motivational governance structures of corporations (Speth, 2008; Speth, 2011; Klein, 2011). Many other specific ecological macroeconomic policy changes have been outlined by new-economy organizations such as the New Economics Foundation (NEF), particularly in the book *The New Economics* (Boyle and Simms, 2009).

Within ecological macroeconomics there is agreement that changes to political-economic structures are necessary to achieve such goals as democracy, environmental sustainability, and social justice (Rosen and Schwieckart, 2006; Jackson, 2009; Victor, 2010). This fundamental understanding of the significant role that macroeconomics plays in addressing the “triple crisis” is at the core of the new-economy paradigm.

Among new-economy organizations, the Tellus Institute and its work through the Great Transition Initiative (GTI) has provided a theoretical basis for envisioning different macroeconomic structures. The GTI paper, “Visions of Regional Economies in a Great Transition World” (2006) describes the characteristics of three possible alternative economic institutions that would be consistent with Great Transition values. They conclude that a form of both social democracy and market socialism “suitably designed for twenty-first century complexities and requirements, remain very live options” (Rosen and Schwieckart, 2006).

Tim Jackson, another prominent synthesizer of new-economy ideas, discusses the foundations for an ecological macroeconomics in his book, *Prosperity without Growth* (2009) this way:

“A new ecological macro-economics is not only essential, but possible. The starting point must be to relax the presumption of perpetual consumption growth as the only possible basis for stability and to identify clearly the conditions that define a sustainable economy. These conditions will still include a strong requirement for economic stability.”

There is not, at least at present, full consensus among ecological macroeconomic proponents and new-economy advocates on precisely what the role, if any, of corporations and modern capitalism should be in a transformed macroeconomic system (Victor, 2010; Smith, 2010). This issue is discussed in more detail in Chapter 4: Data Analysis.

### **2.2.6 Sustainable Consumption – the Societal Transformation/Sufficiency Strand**

Research and policy work on sustainable consumption and production (referred to from this point as simply “sustainable consumption”) has its roots in international sustainable development discussions. It has been recognized formally that “unsustainable consumption” patterns and levels, in particular in the global North, are a primary cause, if not *the* major cause of environmental degradation in the world today (UNDP, 1998; Cohen and Murphy, 2001; Fuchs and Lorek, 2005; Jackson, 2009). It is also put forth that sustainable development goals cannot be achieved without sustainable consumption strategies.

Therefore, sustainable consumption has become an important issue on the global governance agenda (Fuchs and Lorek, 2005; Lorek and Fuchs, 2011). Specifically, this occurred during the United Nations Conference on Environment and Development, also known as the Earth Summit, in Rio de Janeiro in 1992. A resulting document of the Earth Summit, “Agenda 21”, includes a chapter that calls for the adoption of sustainable consumption patterns. The resultant debate provided an important jumping off point for boundary specification and framing of sustainable consumption issues.

The first major international event on the issue of sustainable consumption took place in 1994, the Oslo Symposium on Sustainable Consumption. At that gathering, the term was defined as: “the use of services and related products which respond to basic needs and bring a better quality of life while minimizing the use of natural resources and toxic materials as well as the emissions of waste and pollutants over the life-cycle so as not to jeopardize the needs of future generations” (Fuchs and Lorek, 2011). The term and its definition subsequently formed the basis for the Sustainable Consumption Work Programme of the United Nations Commission on Sustainable Development the following year.

Since that time, there has been advancement in research on sustainable consumption issues, however far less tangible progress was made on the policy side. As a result, at the World Summit on Sustainable Development in Johannesburg in 2002, a 10-Year framework of programs on sustainable consumption and production was called for. This process of supporting the framework is referred to as The Marrakech Process. The three stated goals of The Marrakech Process are to assist countries in their efforts to green their economies; to help corporations to develop greener business models; and



encourage consumers to adopt more sustainable lifestyles.<sup>10</sup> Lead agencies of The Marrakech Process are the United Nations Environment Program and the United Nations Department of Economic and Social Affairs.

Sustainable consumption research has explored the range of mechanisms that have been undertaken by governments, nongovernmental organizations (NGOs) and firms for enabling the sustainability of production-consumption systems (a system that links environmental goods and services, individuals, households, organizations, and states through linkages in which energy and materials are transformed, utility derived, and relationships take place) (Lebel and Lorek, 2008). Lebel and Lorek classified these mechanisms into eleven approaches and discussed the major concerns and challenges of each. Very briefly, they are: produce with less; green supply chains; codesign; produce responsibly; service rather than sell; certify and label; trade fairly; market ethically; buy responsibly; use less (including voluntary simplicity, downshifting, and localizing); and increase wisely.

A key conclusion of the Lebel and Lorek article is that the eleven enabling mechanisms they identified display a wide diversity. Approaches include market initiatives, government regulations, sociotechnical innovations, and actor partnerships (2008). The assembling of this information about the forms that sustainable consumption experiments have taken is useful for understanding the two different “paths” (Fuchs and Lorek, 2005) of sustainable consumption – so called “weak” and “strong” sustainable consumption – and their usefulness in helping to achieve sustainable development goals.

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<sup>10</sup> <http://esa.un.org/marrakechprocess/>, accessed on 2/25/2012

To summarize briefly, weak sustainable consumption refers to the focus on an increase in efficiency of consumption – a technological-solutions view that seeks to achieve “greener” consumption via technological advances in production processes (Fuchs and Lorek, 2005; Lorek and Fuchs, 2011). The “strong sustainable consumption” path is focused on changes in consumption patterns and reductions in overall consumption levels in industrialized countries (Fuchs and Lorek, 2005). Both are necessary components for achieving sustainable consumption, but there is a growing body of literature (including research on “Jevon’s paradox”) which asserts that improvements in the eco-efficiency of consumption alone is simply not enough to bring down aggregate consumption to meet sustainability goals (Herring and Sorrell, 2009; Lorek and Fuchs, 2011; Cohen, 2010; Owen, 2012). It is viewed as a means of merely postponing disaster (Lorek and Fuchs, 2011).

So-called weak sustainable consumption is dominated by a focus on encouraging production of “green” commodities, products, and services and encouraging consumers to guide markets toward more sustainable production via their purchasing behaviors. The goals of the Marrakech Process mentioned above show a leaning toward this side of the broader sustainable consumption discourse. Limitations of this approach are its lack of attention to issues of social and economic justice, its inability to deal with the rebound effect, and its neglect of overall limits of consumption (Lorek and Fuchs, 2011).

The second path of sustainable consumption, the one that has received far less attention by the NGO and policy practice communities (Lebel and Lorek, 2008) is the “strong sustainable consumption” path. Strong sustainable consumption takes the view that the greening of production systems, resulting in gains in energy and material

efficiency, is subject to the rebound effect (Owen, 2010), and therefore cannot achieve overall reductions in consumption and associated environmental degradation (Cohen, 2010, Fuchs and Lorek, 2005). Also, strong sustainable consumption does not view people foremost as consumers, but as citizens, and recognizes that consumption decisions are embedded in society and culture. Further, it stresses the non-material contributions to quality of life.

More than a dozen major reports on sustainable consumption were issued by international governance organizations during the mid 1990s to early 2000s. These have increasingly focused on the eco-efficiency of consumption side of sustainable consumption. The sufficiency path has received considerably less attention and has arguably been almost entirely absent from political debates about sustainability (Fuchs and Lorek, 2005). This situation can be attributed to the alignment of the NGO community and consumer and business interests which have resisted strong sustainable consumption measures. Further, there is the larger challenge of getting governments to support strong sustainable consumption policies when they are “locked into a paradigm where their perceived survival depends on perpetual economic growth centered on consumer spending” (Assadourian, 2010).

Interestingly, the strong sustainable consumption path, the sufficiency path, has increasingly begun to be couched in the context of new-economy thinking. As an example, the Sustainable Consumption Research and Action Initiative, a North-American-based knowledge network of scholars and practitioners working on sustainable consumption issues, includes the following statement on their website: “To initiate transformation (away from the ‘prevailing neoliberal model of economic growth’) it will

be necessary to formulate a new economic paradigm that is both sustainable and equitable and that is able to fulfill individual and societal aspirations for a ‘good and ethical life’<sup>11</sup>. Similarly, a case has been made for the necessity of strong sustainable consumption as strategy of the degrowth movement (Lorek and Fuchs, 2011). Moving the agenda of strong sustainable consumption into the policy realm, and beyond a household or individual level, up to the societal level, remains the major challenges for its proponents.

### **2.2.7 Beyond GDP: the Alternative Indicators Strand**

Another foundational element of the new-economy model is the body of literature that casts a critical eye at Gross Domestic Product (GDP) as our most important measurement tool, and the underlying consideration of public policy decisions, in the name of more accurate and appropriate alternative measures. This strand is closely intertwined with the ecological macroeconomics strand discussed earlier, because it also gets to the heart of the conventional economy’s exclusive focus on economic growth with regards to public policy and social progress. However, it warrants recognition in its own right as a major contributor to new-economy thinking, because in deeply questioning the usefulness of conventional economic measures, a handful of alternative measurement tools have emerged that are helping to shift the emphasis from economic production to overall social progress (Daly and Posner, 2012) or – to combine terms from John Ruskin and new-economy advocates – from “illth” to “true wealth” (Cobb, et al, 1995; Schor, 2010).

Although it was developed during the 1930s as a uniform national accounting measure, GDP became a policy priority in its own right (Cobb, et al; 1995; Victor, 2010) in the 1950s when John Maynard Keynes’ theories of how to master the ups and downs

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<sup>11</sup> <http://www.scorai.org>, accessed on 2/23/2012

of the economy and ensure “prosperity indefinitely” prominently featured the necessity of a detailed understanding of the Gross National Product (GNP) (GDP’s precursor). A key development that solidified the GNP and the theory it embodied into official US policy was the creation of the Council of Economic Advisors (established by the Employment Act of 1946). Economists were elevated into the position of ultimate authority on American public policy (Cobb, et al, 1995). And, the emphasis for economic well-being was now firmly on production and GDP growth.

It has been said that “you get what you measure,” and “what gets counted, counts.” These sayings begin to get to the heart of the major criticisms of GDP and its associated measurements (rates of growth, expansion, recovery). Generally speaking, the problem with GDP is that it is being used for much more than it was intended for. Despite acknowledgement by a wide range of economists of its limitations, it is regarded as synonymous with economic progress and prosperity; it is treated as a proxy for human well-being (Korten, 2010; Boyle and Simms, 2009). Our economic discussions and policies are almost exclusively focused around the goal of maximizing the growth rate of GDP. It is the unchallenged standard and the guiding idea in policy making on a wide range of social and economic welfare issues. But GDP is simply a gross measure of market activity, of money changing hands (Cobb, et al, 1995). Relying on increases in GDP as the dominant benchmark of progress is problematic because it omits key aspects of welfare and sustainability in our economy and society and in so doing has led to great distortions in social and economic priorities (Daly and Posner, 2012; Cobb et al, 1995; Korten, 2010).

Since GDP is simply a measure of total output, it assumes everything produced is of positive value, like a calculator that can only add, not subtract (Cobb, et al, 1995). It treats everything that happens in the market as a gain for humanity and everything that happens outside the market as non-existent, regardless of how much it contributes to social or individual well-being. It treats depletion of natural capital as current income, and pollution as an economic gain (Cobb, et al, 1995; Daly and Posner, 2012; Jackson, 2009). Key dimensions of social progress that are left out of the GDP measurement, according to Daly and Posner (2012) are: household economic welfare, production within the household, exchange and value-creation outside the market economy, environmental assets and services, social well-being (including objective and subjective well-being indicators), and aggregate sustainable economic welfare.

Questioning the use of GDP as the nation's standard began as early as the 1960s with the very person who helped design the national accounting system from which GDP was derived. Simon Kuznets wrote in *The New Republic* that the national accounting system needed to be rethought: "Goals for 'more' growth should specify more growth of what and for what" (quoted in Cobb, et al, 1995). Schumacher's *Small is Beautiful* also questioned our obsession with GDP (Schumacher, 1973), and in 1968 Robert F. Kennedy eloquently challenged GDP's authority in American politics. But it wasn't until the late 1980's when Herman Daly and John Cobb wrote *For the Common Good* (1989) that a viable alternative to GDP was outlined. Building on earlier work from William Nordhaus and James Tobin, the Index of Sustainable Economic Welfare (ISEW) developed by Daly and Cobb incorporated environmental degradation, resource depletion, and other factors into accounting of national well-being (Daly and Posner, 2012; Victor, 2010).

From the ISEW, the Genuine Progress Indicator (GPI) was developed as a more encompassing alternative indicator of national progress, one that can actually tell us something more accurate about human well-being. The GPI includes more than twenty aspects of our economic lives which GDP ignores (Cobb, et al 1995). It subtracts for things like pollution costs and crime, and adjusts for factors like income distribution. The results of comparisons of GDP with GPI trends since the 1950s reveal that U.S. GPI has remained relatively flat while GDP rose steadily. In terms of GPI's policy applications, it can be used to gauge whether economic growth, and policies focused on promoting growth, translate effectively into improvements in well-being (Daly and Posner, 2012). Although GPI, like many of other alternative indicators, has gained more attention and use outside the U.S., (Daly and Posner, 2012; Simms and Boyle, 2009), in 2010 it was adopted by the Maryland state government as an official index of sustainable prosperity (Daly and Posner, 2012).

The financial collapse of the late 2000s caused increased interest in moving “beyond GDP” toward broader indicators of progress and well-being. Particularly helpful in generating increased interest amongst politicians and national governments was a report by Joseph Stiglitz, Amartya Sen, and Jean-Paul Fittoussi (2009) completed for the French government in the wake of the financial collapse that advocated for indicators that would complement or replace GDP (Stiglitz and Sen, 2009; Daly and Posner, 2012; Victor, 2010). The report's authors likened politicians and economists guiding society with GDP as their metric to “pilots trying to steer a course without a reliable compass” (Stiglitz and Sen, 2009). The report stresses the necessity of shifting the emphasis from measuring economic production to measuring people's well-being (Stiglitz and Sen,

2009; Daly and Posner, 2012). The ability for alternative indicators, such as the GPI, to measure real wealth, rather than simply money wealth fits entirely into the new-economy model.

### **2.2.8 Living Democracy –the New Politics Strand**

The “Living Democracy/New Politics” strand of the new economy is closely intertwined with several others described above (i.e., the Beyond GDP and Ecological Macroeconomics stands). Underlying this area of the new economy’s intellectual foundation are two main beliefs or concerns. First, that the conventional neoliberal economic model has created widening economic and social inequality in the United States and that inequality has greatly distorted our democracy (Alperovitz, 2009; Jacobs and Skocpol, 2005; Korten, 2010; Speth, 2010). Second, corporate interests have “captured” the political system and made it much more difficult for the voices of the average citizen to be effectively heard (Alperovitz, 2011; Klein, 2011).

Within this element of the new economy’s intellectual foundation is the recognition that the conventional economy, characterized by free-market fundamentalism, deregulation and anti-government involvement, has birthed the so-called triple crisis (economic, social, and environmental) (Speth, 2010; Jackson, 2009; Boyle and Simms, 2009). Underlying, and in addition to, the three-fold crisis is also a political crisis, a crisis of democracy. This is of particular concern because system-wide changes needed to turn the ship around toward a sustainable future, inevitably require effective action from government (Speth, 2010). However, it is the government and the political system which is so deeply committed to the growth model, and so thoroughly captured by wealthy corporate interest (Alperovitz, 2009; Speth, 2010; Speth, 2012).



Many argue that the U.S.'s capitalist democracy increasingly resembles a plutocracy characterized by capital and wealth concentrated in the top percentages of society (Speth, 2012). This situation has resulted in a high level of political inequality where the wealthy have considerably more access and influence on policy decisions, than the rest of society (Speth, 2010; Korten, 2010).

As of 2011, the top wealth quintile in the U.S. owned 84% of the country's total wealth (Norton and Ariely, 2011). There is general consensus among scholars from a wide range of related disciplines that wealth inequality in the United States is at historic highs, with some estimates suggesting that the top 1% of Americans hold nearly 50% of the wealth, "topping even the levels seen just before the Great Depression in the 1920s" (Norton and Ariely, 2011).

As a result, there's a growing number of voices in published works, op-eds, and on-the-streets via the "Occupy" protests calling for a "new politics" to catalyze the emergence an economic system that is compatible with sustainability goals of social justice, greater economic equality, and living within the carrying capacity of the earth (McKibben, 2009; Korten, 2010; Speth, 2010; Schor, 2012). This "new politics" or "living democracy" as it is referred to in key texts requires a democracy that is inclusive of all members of society, regardless of wealth or status. Advocates of a more equitable political system argue that it also requires *economic democracy* – broader ownership of and participation in national capital and production assets (Korten, 2010; Alperovitz, 2009)

Historian and new-economy advocate, Gar Alperovitz, who has written extensively on the implications of inequality on the political system, advocates for

Americans to increasingly become involved in cooperative businesses, worker-owned companies, and other alternatives to the traditional capitalist model as a solution to the current crisis of democracy. Thus, he sees the transformation to a more equitable democratic and economic system occurring via on-the-ground initiatives and real-world examples.

In addition to alternative ownership structures, the new politics required to bring about deep systematic changes in the political economic structures should be characterized by a “fusion of those concerned about environment, social justice, and political democracy into one progressive force” (Speth, 2010). Only with this kind of unified pressure from various, but interrelated political fractions can government make the necessary policy changes that might begin to effect the transformation to a sustainable, equitable society.

Another prominent focus of the “Living Democracy strand” is the opposition to the 2010 Supreme Court decision in the United States known as “*Citizens United vs. Federal Election Commission*”, which essentially gives corporations the status of “people” under federal law. This decision effectively grants corporations the same First Amendment Free Speech protections granted to individual, live people. Survey research has shown that the majority of Americans, across the political spectrum, are opposed to the logic behind the decision (ABC News, 2010; Joseph, 2012). Opponents of the decision agree that it increases inequality in the political system and adds to its corruption.

The most significant idea of this strand with regards to new-economy thinking is that only with a stronger and more equitable democracy can the changes proposed by

many of the other strands (such as zero growth or sustainable consumption policies) have any hope of becoming reality. Furthermore, if we are increasingly facing the difficult realities of a harsh new planet (McKibben, 2009; Heinberg, 2007) as a result of reaching ecological limits and impacts of climate change, the sense of urgency for forming a “living democracy” characterized by greater social, economic, and political equality is truly great.

### **2.3 New-Economy Meta-Syntheses – Weaving the Intellectual Strands into an Emerging Paradigm**

The eight intellectual strands described above are connected in many ways to one another academically, theoretically, and practically. This reflects the transdisciplinary nature of issues at the heart of the new economics. In the last several years, the pace and intensity of those calling for and supporting the development of a new-economic paradigm in the United States have increased. This is evinced by the formation of organizations that are seeking to foster the new economy as a primary goal and/or priority program area; and also by the publication of a handful of watershed books and reports that advocate for the transition to a new-economic paradigm. In the category of new-economy organizations I include: Demos, the New Economy Working Group, the New Economy Network, the New Economics Institute, Tellus Institute and the Great Transition Initiative, and the Center for a New American Dream.

In the category of significant new-economy books and reports I include: *Agenda for a New Economy* (Korten, 2009), *Bridge at the Edge of the World* (Speth, 2008), *Plenitude: The New Economics of True Wealth* (Schor, 2010), *Prosperity without Growth* (Jackson, 2009), *America Beyond Capitalism* (Alperovitz, 2011), *Managing without Growth* (Victor, 2008), *The New Economics* (Boyle and Simms, 2009), *The End of*

*Growth* (Heinberg,2011); *Mis-measuring our Lives* (Stiglitz, et al, 2008), and *The (Un) Happy Planet Index 2.0* (NEF, 2009).

Whether they set out to do so purposefully or not, these publications and organizations provide their own meta-synthesis of new economy ideas. Each in a slightly different way have made the case for the need for a new-economic paradigm to emerge and each have done their share to evince its actual emergence in both the academic world and the real world. They have far more similarities than differences. Some seem more comfortable in the role of theory and research, while others are jumping with a sense of urgency to move the new economy agenda forward and to develop it further into an established research field with institutional structures and political relevance. But they are acknowledged here as the weavers of the strands of the new economy.

Although many of the people involved in the above-listed endeavors are economists by training, most are not. Interestingly, the new economics has emerged more from outside the economics profession than internal within it. It is a paradigm that is now developing simultaneously from both outside academia and from within.

## **CHAPTER 3**

### **RESEARCH METHODS**

#### **3.1 Conceptual Framework**

The influence of Thomas Kuhn's (1962) theory of scientific knowledge, in particular his understanding of the phases of a paradigm shift in an academic field, was a significant underlying influence on the conceptualization of this research project. Kuhn seems to speak directly to what is occurring between the evolution of the new-economics model, from the established paradigm and institutions of neo-classical, laissez-faire economics on one side, to ecological economics and earlier "limits to growth" thinking on the other.

More so, however, the work of Ziestma and Lawrence (2010) was a primary source of conceptual information and inspiration for this research project. This article looks at the role of boundary organizations and their associated practice work and boundary work (defined below) in contributing to institutional change and stability. The authors argue that through the creation of new organizational forms which challenge the stability of existing institutions, social movements can alter existing boundaries and practices.

Although Ziestma and Lawrence were analyzing conflict over harvesting practices in the British Columbia coastal forest industry, the purpose of their research was to better understand the role of institutional work and social movements in the transformation of organizational fields. They sought to contribute to the understanding of which processes and mechanisms drive changes in institutional lifecycles; what specific conditions lead to shifts in a field from stability to change and change to stability.

Of particular resonance for me was their description of boundaries surrounding existing/established institutions and organizational fields: “Strong boundaries around fields lead them to become ‘isolated from or unresponsive to changes in their external environments,’ creating contradictions between norms and practices accepted in fields and those that are legitimate in broader society. These conflicts lead to increasing pressures for change as outsiders recognize the field is out of step” (Ziestma and Lawrence, 2010). Their work is meant to address a research gap in the understanding of exactly how contradictions in thinking or practice can lead to change.

This description seems to speak directly to the current condition of mainstream macroeconomic policies and their academic and social standings. As economist Juliet Schor (2012) recently pointed out, Adam Smith’s famous maxim that the self-interested behavior of individuals produces the common good is a widely-held fallacy that was “spectacularly debunked by the selfish behavior of the 1% who crashed the world economy in 2008.” Economic and societal happenings of the past five years fit with Ziestma and Lawrence’s description of the contradictions between norms and practices in a field (here, the field of traditional economics and its associated policies) that can lead to pressures for change.

For the purpose of this research project, I conceptualized the “outsiders who recognize the field is out of step” as the thought-leaders, professionals, and change-agents who have come together to create the prominent new-economics organizations and those who have, in the past several years, published books and papers that have exposed these “contradictions” in the dominant economic paradigm.

In addition, the Occupy Wall Street (OWS) and all OWS protestors and activists who have pointed out these contradictions and problems from a societal view, are quite boldly accusing the current array of powerful institutions, and the paradigms that they uphold, of being out-of-step. For this reason, this research project includes an inquiry into the extent to which OWS activities across the United States evince broader institutionalization of new economics thinking and its intellectual influence on real-world events.

### **3.2 New Economics Organizations as Boundary Organizations Engaging in “Hybrid Management”**

A significant aspect of the theoretical framework for this thesis is the conceptualization of the prominent new-economics organizations as boundary organizations engaging in activities that are creating new institutional forms and disrupting the stability of existing institutions and paradigms (Guston, 2001; Miller, 2006; O’Mahony and Bechky, 2008; Ziestma and Lawrence, 2010). The conventional definition of a boundary organization, advanced by David Guston (2001) who originally articulated the concept, is those organizations that lie on the boundary between politics and science. These would be organizations that have to serve principals in both realms: science and politics. According to Guston, boundary organizations are involved with coproduction, or dual agency – facilitating collaboration between scientists and nonscientists and creating the combined scientific and social order through generation of boundary objects (e.g., reports, indicators, commissions). He suggests that the blurring of boundaries between science and politics can lead to more productive policy making (Guston, 2001).

Clark Miller (2006), however, asserts that in modern political economies, the role of boundary organizations is far less rigid than Guston contends. He suggests that the

work of boundary organizations, particularly on issues of global political significance, is more complex and nuanced, and that many boundary organizations operate in more of a gray area with less specific science-to-policy roles. Miller uses the term boundary organizations to refer to those social arrangements, networks, and institutions – “new institutional forms”–which rely on amalgamations of social practice drawn from the worlds of both science and politics.

Miller reframes the conventional definition of boundary organizations presented by Guston as *hybrid management* to explain their activities. Miller uses the term *hybrid* (adopted from the French philosopher and sociologist Bruno Latour who explicitly theorizes modernity as the mixing up of facts and values, nature and culture, knowledge and identity in our social networks and institutions) to refer to people, artifacts, and institutions that mix elements from scientific and political forms of life.

According to Miller, tasks frequently pursued by boundary organizations are: reconciling supply and demand for knowledge; constructing and managing hybrids (objects that contain elements derived from both science and society or policy); reflexive policy analysis; and capacity building (capacity to link knowledge to action over the long term with regard to complex societal and ecological problems) (Miller, 2006).

Taking into consideration these characteristics of boundary organizations and hybrid management that are provided in the literature, the new-economics organizations are viewed in this thesis as boundary organizations engaging in various types of boundary work and hybrid management. More specifically, they are analyzed through the perspective presented by Ziestma and Lawrence: to assess the new-economics organizations’ work in the transformation and establishment of an organizational field.



### 3.3 Conceptualizing the Institutional Strands of the New Economics

During the concept-development phase of this project, an inventory and categorization was assembled of the various institutional “strands” of the new-economics paradigm that have emerged and gained significant attention over the past few years. This inventory included: organizations and networks—those at the macro-level of the new economics (such as the Great Transition Initiative sponsored by the Tellus Institute) and in the on-the-ground, micro-level (such as the Transition Towns network); significant publications, including books and reports; alternative indicators and measures; and websites and social media-propelled Internet projects that have been created to promote essential ideas of the new economics (such as the *The Story of Stuff* Project). In essence it was an attempt to capture all initiatives, books, organizational activities, and advocacy efforts that could be put under the “new-economics umbrella.”

The purpose of assembling the inventory of these strands was not for it to be a complete listing, but rather to get a clearer picture of the major ideas and initiatives that begin to tie together the various pieces of the developing new-economics paradigm and to get a sense for how these efforts have intensified and multiplied over the past five years. The process of assembling this inventory of intellectual and practical components of the new economics also allowed me to conceptualize a constructive and logical means of approaching this research project in that it revealed significant overlap of the major actors, particularly in the intellectual sphere of the new economics. This exercise also helped identify what appeared to be the prominent organizations that have taken up the challenge of developing and furthering the theoretical framework and intellectual institutionalization of the new-economics framework.

### **3.4 New-Economics Organizations as Boundary Organizations Transforming an Organizational Field**

The process of categorizing each entry into the inventory revealed which groups most closely fit the descriptions of a boundary organization (Miller, 2006; Guston, 2001). As described previously, these are groups that are interfacing or bridging the pursuit of scientific research with policy decisions and public action—creating knowledge-action linkages. Further, these are organizations that are producing work that challenges existing institutional stability and seeks to create new institutional forms and practices (Zietsma and Lawrence, 2010).

The terminology used in institutional change research is *practice work* and *boundary work*. Practice work describes institutional work that is aimed at creating, maintaining, or disrupting practices of an organization or organizations. *Practices* are shared routines of behavior or recognized forms of activity (Ziestma and Lawrence, 2010). Boundary work represents the attempts of change agents to create, shape, and disrupt boundaries of established institutions or organizations (Ziestma and Lawrence, 2010). An overview of the type of work undertaken by the prominent new-economics organizations in the United States, consisting of a review of information and publications available on their websites, was compatible with the definitions of practice work and boundary work.

Four boundary organizations that include in their mission statements the goal of working to foster a transformation to a new, and fundamentally different system through, but not exclusively, development and promotion of a new paradigm, were selected to be the focus of this research project. Inquiry into these four groups and their major work products is the basis for 1) assessing the degree to which a new-economics paradigm is

becoming institutionalized; 2) exploring its progress to date in challenging the stability of the dominant economic model; 3) examining how this work may be transforming the sustainability conversation toward one focused on the key elements of a new-economics framework; and 4) investigating the overall political relevance of the work outside of the purely academic spheres.

The four organizations selected to be the focus of this investigation are: 1) the New Economics Institute (formerly the E. F. Schumacher Society); 2) the Tellus Institute (and its Great Transition Initiative); 3) The New Economy Working Group (a partnership of the Institute for Policy Studies, the Business Alliance for Local Living Economies, the People Centered Development Forum, and *Yes!* Magazine); and 4) the New Economics Network. The history and major programs of each are described in below in Chapter 4.

The selection of these organizations is not to say that these are the only boundary organizations within the emerging new-economics network of organizations and actors. This research project focused on the intellectual institutionalization of the new economics and the selected four groups have organizational missions and or goal statements that speak directly to fostering a transition to a new economy and further developing its theoretical framework.<sup>12</sup> Selection of these prominent boundary organizations was limited to four also for reasons of scale and feasibility of this research project.

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<sup>12</sup> Examples of two organizations which were not included in the scope of this thesis are Demos and The Center for a New American Dream. Although both do have programs that focus on new-economy ideas, research, and/or promotion of cultural changes, only organizations with a specific mission-focus or campaign on fostering a transition to a new-economy were included. The Center for a New American Dream for example, is more of an online lifestyles resource; it does not appear to have a specific campaign to promote the new economics, although its products and programs clearly come from a new economy theoretical perspective. Demos has an important programmatic focus on key new economy issues (it uses, instead, the term sustainable economy), but was excluded for the practical reason of keeping the scale of the thesis manageable for timeframe allotted. A more extensive examination would likely include Demos, the Institute for Policy Studies, and perhaps several others organizations.

### **3.5 Framework for Evaluating the Institutionalization of the New Economics**

An additional influence on the conceptualization of the research was an article by Maurie Cohen and Jeff Howard (2006) which used four institutional criteria to evaluate the organizational institutionalization of industrial ecology (Cohen and Howard, 2006). This article also measured the political relevance of the emerging field. The authors stress that a nascent intellectual community should periodically evaluate the development of its own institutional status, as well as the political relations between the field and the larger world. The article critically examines the institutional and political challenges that the field of industrial ecology faces. Without “vigilance to methodological and intellectual soundness,” as well as to the length of time it takes for development of theory and knowledge in the field, the authors emphasize, an emerging field or paradigm can lose critical momentum (Cohen and Howard, 2006).

Cohen and Howard assert that the extent of institutionalization is predicated on four criteria: 1) internal and external professional legitimacy; 2) presence of a viable clientele; 3) entrepreneurial acumen (proponents that are able to effectively promote the ideas and tools of the intellectual field); and 4) prospective occupational opportunities for students of the emerging field. In addition, they identify a fifth measure—political relevance. These criteria were viewed as appropriate for evaluating the status of the intellectual institutionalization of the new economics model and were relied on to develop the data-collection method, as well, as the data-analysis process for this research project.

### 3.6 Data Collection

From December 2011 until February of 2012, nine semi-structured telephone interviews were conducted with key representatives and leaders working in the intellectual and organizational spheres of the new economics. During that time, the following persons were interviewed: Noel Ortega (New Economy Working Group), Richard Rosen (Tellus Institute), Juliet Schor (Boston College), Eleni Sotos (The Sustainability Funders), James Gustave Speth (New Economy Institute), Sarah Stranahan (New Economy Network), John Stutz (Tellus Institute), Sarah van Gelder (*Yes!* Magazine a partner of New Economy Working Group), and Philip Vergragt (Tellus Institute). Interviews were audio-recorded as MP3 files and averaged 63 minutes in length.

Interview subjects were selected based on their role within, and familiarity with, the history and programmatic work of the four boundary organizations that are the focus of this research project. In addition, a subgroup of interviews was conducted with prominent intellectual leaders who have worked in some capacity with one or more of the above-identified organizations, but whose perspectives provide a stand-alone information source separate from any direct organizational affiliations. All interview subjects were identified as “new economics advocates” in that they have contributed in a concrete way to the development of a new-economics model, and/or its institutional development.

Prior to conducting the interviews, a survey instrument consisting of fourteen questions was formulated (see Appendix). The specific points of inquiry were developed based on the main research questions of this project. Additionally, the five measures adapted from the Cohen and Howard evaluation of industrial ecology influenced the conceptualization and content of the interview questions.

The questions are grouped into four main categories: 1) broad-based questions about the degree to which the theoretical framework of the new economics is being established via the work of a growing network of new-economics organizations, and whether or not there is any evidence that progress on the new-economics model is altering the academic and/or policy conversations about sustainability; 2) specific questions about the work of these four organizations, their programs, publications, history, clientele, funding, and outreach/marketing strategies; 3) inquiry into the current political relevance of new-economics ideas in the larger world; and 4) investigation regarding interview subjects' thoughts on the relationship between OWS activities in the United States and the development of the new economics as an intellectual institution.

Interview subjects were given the opportunity to review the questions and reflect on their answers to the questions prior to the call. During the interview, in several cases, additional questions were posed by the interviewer relevant to the discussion that delved deeper into specific areas.

In addition to the interviews, multiple sources of evidence were explored to gain insight into the degree of intellectual institutionalization of a new-economics paradigm. These activities included an extensive review of documents such as position papers, reports, and website content of the four organizations; op-eds, speeches, and other published news pieces authored by interview subjects and leaders from the four organizations; and examination of dozens of news articles from a wide variety of media sources on new economics, as well as on the activities and analysis of the Occupy movement.

Data were collected about the Occupy movement through review of print and online articles from major media outlets, as well as the Occupy Wall Street website and documents put forth by the group. Additionally, information was collected from radio, television, and Internet videos by/of Occupy participants and organizers.

## CHAPTER 4

### ANALYSIS

Information collected from interviews of nine individuals involved the development of the new economy was analyzed for insight into the degree to which a new-economy paradigm and associated institutional arrangements are developing. In this section an assessment of how that is progressing is laid out. Also in this section is a breakdown of the areas of concern for the development of the field and its prospects for future success.

What follows first are brief synopses of the history and major programs of the four new-economy boundary organizations that are the focus of this thesis. Information on the organizations was gleaned from review of their websites<sup>13</sup> and materials made available there, interviews with key personnel and/or board members, as described in the Methods section, as well as from third-party descriptions of the organization's work found in published articles and books. In the descriptions below, the bolded names of individuals indicate their involvement in two or more of the four organizations in some capacity (board member, fellow, or co-author of an official organization document).

#### **4.1 The New Economics Institute (NEI)**

Prior to becoming the NEI, the organization existed for thirty years as the E. F. Schumacher Society. It made the transition to NEI in 2010 in order to respond to “the critica need for a U.S. voice for a New Economics”<sup>14</sup> and to enable the organization to meet the challenge and opportunity created by current global financial conditions.

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<sup>13</sup> <http://neweconmicsinstitute.org>; <http://neweconomyworkinggroup.org>; <http://gtinitiative.org>; [www.neweconomynetwork.org](http://www.neweconomynetwork.org)

<sup>14</sup> <http://neweconomyinstitute.org>



NEI works very closely with the London-based New Economics Foundation (NEF), essentially as the U.S.-arm of NEF, which involves adapting key NEF programs for a U.S. audience.

NEI sees its purpose as developing, researching, and leading the implementation of cross-cutting and comprehensive solutions to a series of systematic crises facing humanity – an ecological crisis characterized by unsustainable resource use and climate change, an equity crisis, a financial crisis, and a well-being crisis. It acknowledges the tremendous political will required to achieve systematic changes of this nature and sees its work as providing effective communication about the solutions to these crises in order to foster the shift in public opinion required for these changes to occur.

NEI's contributions toward the collective effort to develop a new economics paradigm, according to the organization's website, are: economics expertise, a proven model (via translation of NEF programs into a US context), communications, and a transatlantic link. NEI has charged itself with helping to develop the new economics by filling in the "remaining gaps in its theoretical framework" and formulating a "positive and coherent message" about the new economics.

In terms of specific programmatic activities, NEI identifies their immediate priorities as follows: launch a project on local economic development; catalyze the Great Transition; contribute to the new economics model; apply the Happy Planet Index; build the debate on financial reform and re-direction of the financial services industry; and develop new-economics curricula.

NEI has been convening the annual E.F. Schumacher lecture for more than 30 years. In recent years, these lectures have focused on new-economy themes and issues.

Additionally, NEI is organizing other events to further discuss new-economics ideas and issues, reaching out to the wider network of new economy organizations to do so. In June 2012, NEI hosted the three-day “Strategies for a New Economy” conference to gather various new-economy initiatives, leaders, and organizations in one place. Over 300 organizations were represented. The conference’s stated purpose was to highlight research and best practice under each of ten themes<sup>15</sup> and to demonstrate that a new economy – a “decentralized, sustainable, cooperative economy” – is already taking shape and growing in the US.

A new project of NEI in partnership with its European counterpart, NEF, is the Global Transition to a New Economy online map. This is a tool that, according to the project website, maps “innovative projects that challenge business-as-usual and contribute to the systemic change to our economy that we urgently require. Together, these projects create a world that prioritizes human wellbeing, within environmental limits”<sup>16</sup>. An interesting feature of the project is that it allows for visitors to the site to add their own projects to the new economy map.

From the administrative perspective, NEI is still in a nascent stage. It has an established board of directors and a small staff in their Berkshire, Massachusetts office, and is beginning to establish permanent organizational leadership or staff in Boston, Massachusetts. In March 2012, the NEI board hired its first president and Chief Executive Officer, Robert Massie. According to NEI communications, the hiring of Massie marked the final stage of transition for the organization from the Schumacher

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<sup>15</sup> The ten topical or thematic areas of the Strategies for a New Economy 2012 Conference were: banking and finance; measuring well-being; messaging; responsive government; local economies; ownership and work; production and consumption; sharing the commons; transferring and money; and visioning and modeling.

<sup>16</sup> Language from the project’s website: <http://www.gtne.org>.

Society to NEI. Adequate long-term funding also remains an issue for NEI – a common issue for many new-economics organizations.

The current NEI Board of Directors includes: Gar Alperovitz, Jessica Brackman, Hildegard Hannum, Eric Harris-Braun, Dan Levinson, Richard Norgaard, **John Fullerton**, Neva Goodwin, David Orr, Will Raap, Peter Victor, Stewart Wallis, **James Gustave Speth**, Timothy Wirth, and Susan Witt (also NEI Education Director)

#### **4.2. The New Economy Working Group (the “NEWGroup”)**

The NEWGroup is an alliance of four organizations that came together in late 2008 with the purpose of “articulating and popularizing a unifying vision” for a new economy. The four organizations that comprise the NEWGroup are: the Institute for Policy Studies (IPS), a progressive, multi-issue think-tank based in Washington, D.C.; the Business Alliance for Local Living Economies (BALLE), an expanding network of socially-responsible North American businesses; *Yes!* Magazine, a communication organization with a print publication and website; and the People Centered Development Forum (PCDF), a global network of activists “working to expose the destructive fallacies of the conventional growth-centered economic development paradigm and reframe the development debate”.

The NEWGroup focus is less research-oriented and more practical and implementation-oriented. Its emphasis is placed not on further developing the theoretical framework of the new-economy, but on supporting the expanding network of new-economy organizations and initiatives engaged in each of three areas of activity it has identified as critical to implementing the new-economy. They are: changing the cultural story that frames conventional economic debate; creating a new economic reality by

building a new economy from the bottom up; and changing public policy toward a new-economy vision.

In this regard, the NEWGroup identifies its target audience as the growing cadre of individuals, organizations, and initiatives that are implementing the new-economy, whether they are doing so knowingly or not; those it identifies as new-economy “allies” but that may not identify themselves as such. The NEWGroup takes a macro-scale look at the new economy and the many efforts and organizations that, in their view, comprise it, and tries to connect them together as part of the transition to the new economy.

It should be noted that the NEI and NEN also claim a network of like-minded organizations which include NEWGroup member organizations such as BALLE and IPS. Although the NEWGroup website does not list the network of on-the-ground new-economy initiatives and organizations it engages with through its work, there is likely additional overlap between its constituency of organizations and those of other new-economy organizations. One of the significant differences between the NEWGroup and NEN, however, is that unlike NEN which is more open and collaborative, the NEWGroup is a more closed forum. Participation in its programs is “invite-only”, and the work that informs their point of view is a bit more rigid.

According to the NEWGroup’s website, the theoretical framework which informs the organization is based on three books by members of its core team – specifically, John Cavanagh and Jerry Mander (eds), *Alternatives to Economic Globalization* (2004); David Korten, *Agenda for a New Economy* (2009); and James Gustave Speth, *The Bridge at the Edge of the World* (2008).

As of April 2012, the NEWGroup “core team” consisted of members from IPS: Sarah Anderson, Chuck Collins, John Cavanagh, Erik Leaver, Miriam Pemberton; and from *Yes!* Magazine: Susan Gleason, Fran Korten, Sarah van Gelder; and from PCDForum: Kat Gjovik, **David Korten**; and from BALLE: Alissa Barron; and **James Gustave Speth**, Distinguished Senior Fellow, Demos.<sup>17</sup> The organization’s coordinator is Noel Ortega of IPS.

Similar to the three other groups looked into by this thesis, the NEWGroup also articulates the challenge before humanity as an economic, social, environmental, and political crisis – a “four-fold crisis” – created by the “failures” of conventional neoliberal economic values and policies.

One way in which the NEWGroup does have a cross-dialogue with other new-economy organizations is via monthly New Economy Transitions discussion sessions. This is actually one of the NEN Working Groups; David Korten serves as the working group chair. At these monthly meetings, invited participants explore key points of intervention in the transition to a new economy. Reports are produced through this process and made available on the websites of the participating organizations.

#### **4.3. Tellus Institute and the Great Transition Initiative (GTI)**

In a marked difference from the previously-described organization, the Tellus Institute is more mature (established in 1976 by Paul Raskin) and more research-focused. Its stated mission is to “advance a global civilization of sustainability, equity and well-being through research, education, and action”<sup>18</sup>. Five program areas are the focus of its work:

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<sup>17</sup> <http://neweconomworkinggroup.org>, accessed on 2/20/2012.

<sup>18</sup> The ten organizing themes of the “Strategies for a New Economy” conference are Banking and Finance; Measuring Well Being; Messaging; Responsive Government; Local Economies; Ownership and Work; Production and Consumption; Sharing the Commons; Transforming Money; and Visioning and

integrated scenarios; corporate redesign; the Great Transition Initiative (GTI); sustainable communities; and the Widening Circle initiative – Tellus’s main form of action and outreach which seeks to advance a global meta-citizens movement, an alliance of citizens movements, for the “Great Transition”.

Tellus was established as a research organization working to provide data, ideas, and policy recommendations to the academic and public-policy community on a wide-range of environmental and sustainable development issues. More recently, however, its emphasis is on developing the theory and academic footing of issues surrounding the unsustainability of conventional political economic structures and their associated social institutions.

Tellus truly established its niche with the publication of the monograph, *Great Transitions: the Promise and Lure of the Times Ahead* (2002) by the Global Scenarios Group (also founded by Paul Raskin). The watershed paper discusses possible alternative future scenarios for the planet and its citizens given the unsustainable economic, social, and ecological realities of the day. It then offers a “rigorously grounded case for an alternative paradigm for global development in the 21st century” which it calls the “Great Transition” scenario.<sup>19</sup>

The Tellus Institute website explains the organizational change as follows: “In 2005, Tellus entered a new phase, consolidating its programs to address the grand challenge of this century: a *Great Transition* to a sustainable, just, and livable global civilization.”<sup>20</sup> GTI is a global network of scholars and activists. It does not fit easily

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Modeling. The themes seem to address the top challenges to the institutionalization of the new-economics and priority areas of focus for new-economy groups.; <http://www.tellus.org>.

<sup>19</sup> <http://www.kosmosjournal.org/bios/paul-raskin>, accessed 3/4/2012.

<sup>20</sup> <http://www.tellus.org>; accessed 3/3/2012.

into a clear type of organization; it is not explicitly a think-tank or an activist organization. Its activities consist mainly of research to quantitatively and qualitatively expand a sustainability paradigm and disseminate its research, models, and views to a wider audience. Programmatically, The Widening Circle campaign to advance a global citizens movement is currently its major knowledge-action link.

The series of *Great Transition* papers: *Frontiers of a Great Transition*, which began with the Global Scenarios Group's 2002 paper have helped to lay the more recent intellectual groundwork – both qualitatively and quantitatively – for the formulation of the new-economy framework. It is important to note, however, Tellus/GTI has not adopted or endorsed the term, “the New Economy” in their work or publications as the name for the type of economy that would be required for the transition to a “sustainable, just, and livable global civilization”.

The lexicon of GTI work is distinct. It leans heavily on language from the GSG *Great Transition* paper – planetary society, global scenarios, barbarization, Great Transitions, for example, are common phrases used to describe and conceptualize its ideas about the future. GTI focuses on the idea that the more pessimistic future scenarios modeled in the GSG paper can (and should) be avoided and it is possible for the world to transition to a more sustainable and just future. In the GTI-view, it is critical for cultural values, and subsequently, our ways of living, to shift in order to bring about systems-change and avoid the worst of its predicted scenarios. It names the worldview required to bring about this transition “the new sustainability paradigm”. GTI work uses the following terms to describe what is needed to attain its vision of a possible future: “the world must navigate toward ways of producing, consuming, and living that balance the

rights of people today, future generations, and the wider community of life”. This description has a great deal of commonality with the language used by other new-economy organizations to articulate the new-economics vision for the future.

It is important to note that GTI does not self-identify as being a “new-economy organization”. That is a label used for the purpose of this thesis, as GTI is included here as an network acting to progress the institutionalization of ideas referred to here as a new-economy paradigm. Members of Tellus’ GTI network hold different opinions of the usefulness and relevance of the term “new economy” – with some regarding it as something that represents a market-basket of old economic ideas being assembled in slightly different ways, rather than a new paradigm, and others embracing it a bit more as the way to describe a nascent, albeit tiny, movement within sustainability circles (J. Stutz, personal communication; P. Vergragt, personal communication, December 21, 2011; R. Rosen, personal communication, January 11, 2012). Despite this, in 2012, Tellus published a *GTI Perspective on Critical Issues* document that used the term “new economy” prominently to describe the characteristics of an economy that is in-line with the *Great Transition* vision.

The document, *Premises for a New Economy* (Marglin, 2012) draws from the consensus statement of a 2010 workshop, “The challenge of sustainability: towards Rio+20”, organized by the United Nations Commission for Sustainable Development. Although not authors of the document, many of the workshop’s attendees who endorsed the consensus statement from which the *Premises* document draws are also involved with other new-economy organizations and initiatives.<sup>21</sup>

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<sup>21</sup> Attendees of “The challenge of sustainability: towards Rio+20”, workshop (in alphabetical order): Frank Ackerman, Lois Barber, Peter Brown, Robert Costanza, Paul Ekins, Marina Fischer-



*Premises for a New Economy* makes nine assertions of conditions that, it argues, are now necessary to ensure the survival of civilization. Among these is the recognition that “the intertwined problems of development, equity, and ecology require a ‘new economy’”. The document acknowledges that a new economy – a slow or no-growth economy – will require a new economics; one which “goes beyond the calculating, self-interested, individual” (Marglin, 2012). Among the nine premises, common new-economy concepts and strategies are embraced such as, developing non-consumer ways of being in the world; making economic trade-offs between time and money; and subordinating the needs of corporations for the needs of society. It should be noted that an earlier paper in the GTI paper series (Rosen and Schweichart, 2006) delved deeply into the question of what type of political economic structures are compatible with a Great Transition world. Although not referenced in the *Premises* document, many of that paper’s ideas are echoed there within.

What is the intended purpose and audience of the *Premises for a New Economy* document? It is targeted at the broader sustainability community – GTI colleagues – to get people thinking about a new paradigm beyond technology and “green growth” within current lifestyles and economics. It is intended to be a form of policy and intellectual theorizing, which is the stage GTI interview subjects believe the new economy (again, not a term they used) is at in terms of institutional development (R. Rosen, personal communication, January 11, 2012). GTI puts a document like *Premises for a New Economy* to use by reaching out to various citizens groups and engaging them in a

discussion on the issues; getting their perspective and, ideally, their buy-in on its central ideas.

GTI sees its role as helping to provide the needed content to the term “new economy” (R. Rosen, personal communication, January 11, 2012). Tellus/GTI staff members see the client or target audience for their work as their fellow colleagues involved in similar issues – a network of worldwide intellectuals who are trying to develop these ideas.

One of the main mechanisms for delivering their message to this audience is through the Sustainable Consumption Research and Action Initiative (SCORAI) network electronic communications, which reach a growing global community of academics and practitioners. SCORAI is not a Tellus program, however it is connected via Tellus staff and associated fellows who are part of the SCORAI network.

Structurally, Tellus/GTI looks a bit different than the previously discussed organizations. It does not have a board of directors. Its nearly twenty-member staff is comprised of its president and founder, Paul Raskin; Executive Vice President, Richard Rosen; Vice Presidents, John Stutz and Allen White; and nearly a dozen fellows and associate fellows who conduct research in specific areas of the GTI mission. Tellus/GTI has a diverse funding history with sponsors that span across the public and private sectors. Overall, however, adequate funding which would allow GTI work to scale-up remains a challenge. A similar challenge faces each of these organizations, as well as the new-economics field as a whole.

#### 4.4 The New Economy Network (NEN)

NEN is the youngest of these four organizations. As its name implies, it is a meta-network or “umbrella organization” of new-economy leaders and constituent organizations. Created in the early aftermath of the financial crisis, NEN is the product of a meeting – the New Economy Leadership Roundtable – convened in Washington, D.C. in September 2009 around the idea of building a larger movement for new-economy ideas and efforts. Roundtable participants committed to developing the NEN to serve as the clearinghouse, coordinator, communication center, and catalyst for the new economics.<sup>22</sup> Participants in that meeting included, among others, leaders from each of the other three organizations discussed in this thesis.

NEN is a “think-and-do tank” by design. The three major goals of NEN are to 1) brand a wide variety of existing activities that are developing just and sustainable economic models as new-economy activities that are part of a new-economy movement, and to gather existing clusters of work under a shared identity around systemic economic transformation; 2) serve as the communication hub for that network; and 3) to spawn collaborative new capacity in the new-economy field (S. Stranahan, personal conversation, January 2, 2012).

NEN’s stated mission is to support a transition to a new economy. The idea is to help build the capacity of and infrastructure for, what it views as a burgeoning new-economy movement; one made up of disparate efforts and organizations that may or may not be aware that they are part of that movement. It defines the new economy in its mission statement as one which sustains people and the planet; social justice and cohesion are prized; and peace, communities, democracy, and nature all flourish. This

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<sup>22</sup> <http://www.neweconomynetwork.org>

definition reflects the eight components of the new economy knowledge framework discussed previously in this thesis. It also reflects a representation of the aims of the diverse groups that comprise the network.

An executive committee of “stewards” – essentially a voting group, consisting largely of participants of the 2009 Roundtable meeting – governs NEN activities. Any individual or organization can join the NEN simply by filling out an information and interest form on the NEN website. NEN does not recruit or seek-out new network members due primarily to a lack of resources and capacity to then follow-up programmatically with a potentially large number of new members. They currently rely on interested potential new members to seek them out via their website. The target audience that they serve is their members: people who identify with working on the new economy. It is not necessarily an academic demographic, but professionals of a wide variety, who are involved in economic transformation in some capacity.

NEN knowledge-action linkages are its newsletter, blog, and its working groups that focus on further developing key areas of the new economics model. Two examples of NEN working groups are the Messaging and Framing Working Group and the New Economy Transitions Working Group. Working groups are comprised of member organizations and individuals. For example, the New Economy Transitions Working Group is a joint project between NEN and the NEWGroup.

According to the NEN website, its working groups must adhere to a set of “rights and responsibilities”. Important to point out among these is that NEN working groups are responsible for electing their own leaders, deciding their own process, raising their own funds, and promoting their own work product. In fact, they may not disseminate or

promote their work product under the NEN name. Essentially, they become their own entity, while at the same time operating organizationally under NEN.

In 2011, NEN began circulating a document to its constituents titled, *Principles for a New Economy*. This succinct statement was developed by the Core Principles Working Group of the NEN; a group comprising individuals from other new-economy organizations, including Tellus/GTI (**Richard Rosen** and **Allen White**), NEI (**Neva Goodwin**, **Gus Speth**, **Gar Alperovitz**, and **John Fullerton**), and the NEWGroup (**David Korten** and **John Cavanaugh**).

NEN's *Principles for a New Economy* statement calls out the “serious faults” of the current economic system, labeling it unfair, unsustainable, unstable, and undemocratic. It then lays out ten principles of a new economy for all economic actors to heed and support. The *Principles* statement appears to be an attempt to overcome one of the most significant challenges of the developing new-economy field – that the term needs a more solid, consistent definition; one that people can rally around from all the various elements of the new economy, sustainability, and social justice movements.

According to NEN Coordinator Sarah Stranahan, the *Principles* statement is meant to elaborate on the Earth Charter<sup>23</sup> from an economic perspective. In true NEN fashion, it is a collaborative effort, and an iterative process involving actively soliciting feedback from leaders around the globe, particularly in the global South. The long-term goal of this process is to gain buy-in and eventually, adoption of these principles. Practically, the *Principles* document serves to define the scope of the new economy and

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<sup>23</sup> The Earth Charter is an international declaration of principles for a just, ecologically sustainable, and peaceful society. It is the result of a decade-long process begun by the United Nations and carried forth as a global civil society initiative. It was finalized and launched in 2000 by the Earth Charter Commission.

set boundary conditions for its emerging research field.

#### **4.5. Commonality of Work Product**

With the *Principles* document, we see evidence of a problematic issue facing the institutionalization of the new economy model. There is confusion from a name-recognition perspective due, at least in part, to overlapping efforts. For example, some of the participants of the NEN Core Principles Working Group have also put out their own New Economy Principles documents (some using that title specifically, others not) at the same time that the NEN document is being circulated for comment. The websites, blog posts, and articles of various new economy organizations and advocates share a great deal of similarity in content and name. One need only do a simple Google-search for the term “principles for a new economy” to find similarly-titled results, not only from other new-economy advocates like David Korten, but also from organizations not at all affiliated with the new-economy field using the term to describe a different set of ideas entirely. And then there’s also the quite similar GTI *Premises for a New Economy* work circulating at the same time with additional overlap.

This could be beneficial in that it demonstrates a general consensus among the key players on the big-picture, macro-scale issues. But it also can serve to muddle things up from an outside perspective. Which is “the real” principles/premises document? What is its intended use? Are these similarly-titled documents competing with one another? These are all questions interested funding organization may be asking.

It takes a good deal of effort to figure out exactly which group or initiative is associated with which new-economy organization, particularly when they share such similar names and there is significant overlap in individual participants. As one interview

subject described it: everyone is on everyone else's board. What this all amounts to is a significant branding problem for this nascent field and its supporters. How this may be contributing to one of the more significant hurdles for development of the new-economy movement – particularly with regards to increasing the visibility, relevance, and most importantly is discussed below.

#### **4.6 Data Analysis Summary**

Here first is a summary analysis of the extent of institutionalization of the new economics in the United States<sup>24</sup> its relevance to the larger world, and how the four boundary organizations described above are fairing in advancing that process. In terms of a time-frame, efforts to endorse the concept of a “new economy” (by that or other names) and attempts to create an organizational structure for those ideas appear to have increased around 2008 with the publication of several key texts that embrace and promote new-economy themes, and the formation of new organizations<sup>25</sup> which share the goal of deep,

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<sup>24</sup> This thesis focuses solely on the development of the new economics knowledge framework and associated activities in the United States.

<sup>25</sup> Another example of activities challenging the pre-collapse economic policies that occurred around the same time frame includes the creation of the Institute for New Economic Thinking (INET) think-tank by George Soros in 2009. With INET, Soros personally invested \$50 million toward the mission of reconvening the field of economics which, in his view, has become too deeply entrenched in a failed free-market dogma. The issue with this however, is that the Soros' think-tank, while sharing the phrase “new economic” in its name, and the terms “economic transformation” in its mission, is not after the quite the same thing as the new-economy organizations described in this thesis. Same name and similar language, so it looks like its part of the new-economy community, but the consensus among interview subjects is it is not. INET work is moving in the direction of new-economy but does not encompass a systems-thinking approach to rethinking the growth-based economy, capitalism, corporate restructuring, or solutions to social justice issues for example. In short, INET is not focused on “economics for sustainability” or systemic transformation. Through its five research programs, INET seeks to reform economic curriculum at academic institutions; increase the number of historically literate economists by focusing on the history of economics with young economics scholars; integrate human capital development research with research on macro markets; and exploring imperfect knowledge economics. The fact that the term “new economics” is in INET's title however, adds to the confusion surrounding the term. Based on organization name, someone who is not deeply engaged in the emergent field would likely assume that INET is part of a new economy movement.

system-wide change to address the failing political economic structure that currently exists.

Undoubtedly, theorizing about transformation to an ecologically sustainable, socially-just economic structure fundamentally different from the status quo, pro-growth (even pro-green growth) model had been taking place in the U.S. well before the 2007-2008 timeframe, particularly within the GTI intellectual community. However, the global financial crisis and resulting U.S. recession occurring at that time provided the inspiration and impetus for new-economy ideas and initiatives to be pushed forward; as did the preparations for the Rio +20 United Nations Conference for Sustainable Development.

The analysis of the data is broken down into the following five areas: 1) assessing the institutional status of the new economics; 2) looking at the degree to which the theoretical framework for the new economics is being established via the work of new-economy organizations, and what are the major characteristics of that framework; 3) exploring the degree to which the work to develop and advance the new economics is influencing the mainstream sustainability conversation and the dominant economic discourse; 4) evaluating the political relevance of new-economy ideas and initiatives; 5) and assessing what, if any, the relationship is between the “Occupy” movement in the U.S. and the development of the new economics as an intellectual institution. As a sixth and final component, I will summarize the major challenges facing the new economics field from the perspective of both inside and outside of new-economy boundary organizations.



#### 4.6.1 Status of Institutionalization of an Emerging Intellectual Field

The modern intellectual heritage of “the new economics” began roughly around 1970. Therefore, many of the ideas that comprise the new economics are not actually new. What has changed is the severity and urgency of the economic and ecological problems, particularly climate change and wide gaps in wealth distribution. Toward the end of the first decade of the 21<sup>st</sup> century, we have begun to see activity pick up with regards to establishing a theoretical framework, and growing an intellectual community and citizen’s movement around new economy ideas that seek to address these crises. Evidence for this includes the formation of the following new organizations and programmatic initiatives: the New Economics Network (NEN), the New Economy Working Group (NEWGroup), the transition of the E. F. Schumacher Society to the New Economics Institute, Econ4, The Story of Stuff Project, the Business Alliance for Local Living Economies (BALLE), Transition United States, the Great Transition Initiative (GTI), The Widening Circle, and 350.org (a climate-focused action network which explicitly targets capitalism, consumerism, and corrupt democracies as root causes of climate change), and others. The work plans and research agenda for these organizations provide evidence of the early stages of institutionalization of the new economics field and an associated paradigm.

Additional evidence of an early stage of institutionalization is provided by the increased appearance of the terms ‘new economics’ and ‘new economy’ and related terms in academic journals. Although there is not a journal dedicated exclusively to the new-economics field, the following journals and e-journals have become a fairly consistent source for new-economics theorizing and research: the journal *Solutions*, the e-journal

*Sustainability: Science, Policy and Practice* (SSPP); the Sustainable Consumption Research and Action Initiative (SCORAI) e-newsletter; and the *Real World Economics Review*. *Yes!* Magazine has become a non-academic media outlet for promoting alternative/new economic ideas and projects.

A professional society has not been established for the new economics at this stage. Nor has there been an official new-economics academic conference in the U.S. however, the following meetings and conferences have been held in the past 3-5 years with agendas that directly or indirectly explore the new-economy theoretical framework: the SCORAI Princeton Workshop in 2011; NEI's Strategies for a New Economy Conference in 2012; and the annual BALLE Conferences.

Because the new economics developed from outside the field of economics and is a transdisciplinary field, as yet there is not an academic program at any U.S. university which is focused exclusively or extensively on the subject. There are however 'new economists' throughout the social sciences, as well as in adjacent disciplines and interdisciplinary fields<sup>26</sup>. One example is Juliet Schor, an economist with a teaching position in the Sociology Department at Boston College, also the author of the new-economics text, *True Wealth*. A signal of progress on the development of the field of new economics is the 2012 Summer Institute in New Economics hosted by Boston College. It was the first-ever academic summer institute in the new economics aimed at engaging with graduate students interested in pursuing research and practice in the emerging field.

An additional criterion which indicates a more advanced stage of institutionalization (Cohen and Howard, 2006) is the prospective occupational

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<sup>26</sup> <http://www.bc.edu/schools/cas/sociology/neweconomics/>

opportunities for students of an emerging field. Evidence of progress on this criterion is difficult to identify for the new economics. Two explanations for this seem apparent. First, as, addressed above, there are not yet specific degree programs in “new economics”; it is being studied in the context of a diversity of academic disciplines, mostly outside of economics programs. This makes it difficult to track where graduates interested in new economics are finding work that contributes to the field, if indeed they are. Second, the actual new economy is being built by individuals and groups via the creation of a wide range of new businesses and business models, non-profit organizations, and projects that embody new-economy principles. These start-ups may or may not be aware that they are part of a new-economy transformation. A student interested in the new economics would have to be creative and entrepreneurial in their job search after graduation.

Another criterion that is weakly developed at this stage is the presence of a viable clientele. A client or target audience for the information produced by new economics organizations does exist in the form of various citizens movements working on similar, related issues, such as sustainable development and green jobs. However, it is more likely that new-economics organizations would be shopping their information and programs to these audiences, rather than outside groups approaching them for partnerships at this stage. In short, at this point in the development of the field, it is predominantly new-economy advocates talking to their allies and potential allies to increase support for a new paradigm rather than reaching out to a broader set of audiences. Examples of this include the work being undertaken by the various NEN Working Groups and The Widening Circle campaign at the GTI. A recent exception,

however, is with the effort that some of these new-economy organizations put forth to reach the "Occupiers" with their materials and message. This is discussed in more detail further along in this section.

#### **4.6.2 How is the theoretical framework developing and what are its characteristics?**

One of the few questions to which all nine interview subjects gave similar answers was on whether or not the term "new economics" can yet be concretely defined. The response was -- no, it cannot. The term is still vague; a work-in-progress. The organizations in this emerging field are at the stage of further developing a theoretical framework, finding collaborators, developing coherent views, getting buy-in from one another and a wider circle of allies on those views; this was the common response from all nine individuals interviewed for this thesis.

Each interview subject was asked the question: "What resource(s) would you recommend to someone (for example, an elected official) who wishes to understand what the new economics is conceptually and/or practically, and what it isn't?" There was not a unanimous response about what those resources are, or even if they exist at this point. However, commonly identified resources (referenced by two or more individuals) include Tim Jackson's book, *Prosperity without Growth*, Juliet Schor's book, *True Wealth*, Gus Speth's book, *America Beyond Capitalism*, and the work of Tellus and NEF on the Great Transition. One or both of the recent documents, *Principles for a New Economy*, and *Premises of the New Economy*, were identified as go-to new-economy resources by four of the nine individuals. For a more practical perspective on the new economics in

actionthe website of BALLE was recommended fairly consistently, as was the “New Rules” library from the Institute for Local Self-Reliance<sup>27</sup>.

At the present stage in the development of the field, there are identifiable areas of consensus on the problem and its framing: the current system is failing us on a multitude of levels and what is needed is deep, transformative systems-change beyond embedding green technology and green growth policies within the current state of capitalism, within current lifestyles. There is agreement in the area of ecological economics – we have to live within physical limits of the planet – and agreement on broad-scale social justice issues. Also consistent among all players is a serious questioning of the growth imperative. But this is where things begin to be less unanimous. What is not agreed upon – the role of capitalism and what it should be in a sustainable, just, “new” economy. Also there is not a consensus view on the role of capitalism in its current form in a new economy; whether or not it can be transformed, reformed, or does it need to be completely dismantled to achieve a new economy vision? This question isn’t addressed openly in papers by the organizations discussed here. Further, agreement does not exist on the precise role of growth, or growth where and of what in a sustainable, just economy. There are no-growth proponents and steady-state proponents all within this relatively tiny intellectual community. The role of multinational corporations also is not agreed upon, or often discussed, in the new-economics intellectual community (R. Rosen, personal conversation, January 27, 2012). There is disagreement also on whether or not

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<sup>27</sup> The “New Rules” library is a collection of rules – policies, bills, regulations, and ordinances – in a wide range of issue-areas that, if implemented, could help the transition to a more equitable and ecologically sustainable society. It is a resource compiled by the Institute for Local Self-Reliance. <http://www.ilsr.org>.

the name ‘new economics’ is worth rallying around. This is discussed in more detail below.

Where the greatest consensus does exist is on the characteristics of the new economics in its present state. Important to note here is that there are two dimensions of the new economics. One is macro-oriented, with the critique of growth at its center. This dimension is academic, theoretical, and concerned with big picture issues of political economic structure and large-scale global social justice. This is primarily the dimension that is the focus of this thesis. There was unanimous agreement that this dimension is still in a formative stage.

The other dimension, and perhaps the larger facet from a sheer number-of-people-involved perspective, is the localism, small-scale, community-oriented one; best represented, perhaps, by the work of BALLE (J. Schor, personal conversation, January 6, 2012; J. G. Speth, personal conversation, February 3, 2012). This second dimension is more the focus of the NEWGroup, and also NEI and NEN to a degree. It embodies the idea that you can build a new economy from the ground up; keeping with its history since the new economics developed first from real-world practice, from outside the field of economics. It came first from civil society and moved its way into academia, which is perhaps why it continues to be so difficult to define. (J. Schor, personal conversation, January 6, 2012). Participants of this practical, local-living economies dimension of the new economy might not even realize that the other dimension exists, or even that there are efforts to form a movement for systematic economic transformation of which they and their work is a part. One of the challenges for these new economics organizations is

to make these connections apparent to everyone involved in order to forge a larger, more unified community.

The local-living economies dimension, focused on building examples of real prosperity in “Main Street” America, has greater resonance in mainstream American culture because it has the support of small business. It has also been given a boost by the economic downturn (J. Schor, personal conversation, January , 2012).

Overall, the new economics model is still a work in progress. The intellectual community that is working on developing it further consists of a very small group of people at this stage, and they are united more on a set of questions than on a set of specific answers. The bulk of their work now is the tedious process of developing the theoretical framework and promoting it to the broader sustainable development community to get people to think about this new paradigm and buy-into it. This is a long-term view of the work before new-economy organizations. Examples of the forms this work is taking is the formulation of the document, *Principles for a New Economy* and The Widening Circle campaign.

Several interviewees expressed concern about how prepared the movement is to capture the recent energy and interest in new economy issues (that have been given a boost by the financial collapse and Occupy protests). Concern was also expressed for the amount of time it is taking to develop the ideas to a point where they can be elevated to different audiences (other than each-other and potential allies.)

**4.6.3 Fostering adoption of a new paradigm: Is the work to develop and advance a new-economy framework influencing the mainstream sustainability conversation or impacting the dominant economic paradigm?**

Each respondent was asked for his or her assessment of the degree to which “the new economics” has entered the mainstream sustainability lexicon. The consensus response (given by 100% of those interviewed) is that, to date, the work on new economy has not become a salient part of the sustainability discourse in the U.S. Neo classical economics remains the dominant model and belief system underpinning responses to the sustainability crisis globally. The U.S. perspective on sustainable development is green growth is the answer; or at least the only answer they are supporting at this time. Furthermore, mainstream environmentalists would not have any idea what was meant by the term “new economics”. Green growth, green jobs, good urban planning, and more recently post-Rio + 20, “green economics”<sup>28</sup> are the lexicon of mainstream sustainability discourse – all within a traditional economic paradigm (S. Stranahan, personal conversation, 1/2/2012; P. Vergragt, personal conversation, 12/21/2011; J. G. Speth, personal conversation, 3/2/12).

In the context of climate change, however, it was acknowledged that the growth critique that is at the core of the new economy framework has made some headway. The connection is made between consumption/production growth and global warming more openly and readily; evidenced by discussion in the popular press and through the work of climate-activist organizations such as 350.org and *The Story of Stuff* project. Still, the actual term “the new economics” is rarely used even in this context.

A slightly more nuanced response was found regarding evidence of change in the dominant economic model and its ability to address social and ecological crises.

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<sup>28</sup>[http://e360.yale.edu/feature/beyond\\_rios\\_disappointment\\_finding\\_a\\_path\\_to\\_the\\_future/2547/](http://e360.yale.edu/feature/beyond_rios_disappointment_finding_a_path_to_the_future/2547/)



Although very limited, there is evidence of challenges to/an erosion of the current economic paradigm in the past several years. The collapse of U.S. financial markets in 2007 created a larger than usual platform for alternative economic views to be expressed. Evidence includes the formation of the Institute for New Economic Thinking (INET) by billionaire investor George Soros. INET's work points out the "deficiencies in our outdated current economic theories" and is focused on supporting a shift in economic thinking through research and outreach about the need for change. Additional evidence of some erosion of the dominant paradigm is the work of Joseph Stiglitz on alternative measures to GDP and the dangers of financial inequality for the U.S. economy and society. Further evidence comes in the form of the Organization of Economic Cooperation and Development (OECD) publication, "How's Life?" which takes a comprehensive look at well-being in the OECD countries. Also identified as evidence of erosion of the current paradigm are the more frequent mentions in the popular press of alternative economic ideas and a more scathing criticism of inequities in the U.S. economy (J. Stutz, personal conversation, 12/21/12).

Important to note here is that there is no direct evidence that the work of these new-economy boundary organizations is in any way fostering an erosion of the current paradigm. Their existence, particularly the more recently-formed entities, could themselves be viewed as evidence of a shifting away from the dominant paradigm. Either way, as one interviewee put it, people seem to be ready to come to a set of key conclusions (about the current economic system) – it is the job of new economy organizations to get their intellectual act together to elevate the ideas to other audiences (J. G. Speth, personal conversation, 3/2/12).

The level of urgency for taking advantage of what is believed to be a growth in interest in new-economy ideas, or alternative economic concepts, varies significantly from organization to organization. If the economic woes of the last several years do indeed present an opportunity for the new economics as an emerging field and paradigm as some have expressed, then capturing that momentum and opportunity appears critical.

#### **4.6.4 What is the political relevance of new-economy ideas and initiatives?**

The consensus among the new-economy advocates interviewed for this thesis is that new-economics organizations and the theoretical framework they are developing have no direct political support at this stage. One individual described the current state of the new economy movement as a “fledgling culture phenomenon” – new and young, without a political voice. Another described it as a very tiny group of people who are passionate about the ideas, but overall a tiny percentage of the global sustainability community. The mainstream environmental community, which has established political support in the U.S. over the course of decades, is not anywhere near an awareness of, or support for, the new economics. The democratic liberal establishment in the U.S. and so-called social justice liberals support economic growth as a path to elevating poverty and making the country more economically equal; as stated earlier, green growth remains the U.S.’s position on meeting challenges of sustainable development (J. G. Speth, personal conversation, 3/2/12; P. Vergragt, personal conversation, 12/21/11) J. Stutz, personal conversation, 12/21/11). The critique of growth-based macro-economics is still a non-starter in U.S. politics.

To generate political support for these ideas a political figure or elected official would need first to believe that the current system is failing us – politically, socially,

economically, and environmentally – and that viable, alternative ideas do exist. There does not appear to be representatives in either of the two major American political parties who are posing questions of this nature. To be ready for the next step in advancing these ideas into a policy space, new-economics theory needs to be worked out and simple proposals assembled for policy makers to consider. Such proposals do not appear to exist at this stage. There is not agreement among new-economy organizations on an action plan; what do they want to do to make change? This is also a key part of what is needed to attract much-needed funding to the field (E. Sotos, personal conversation, 3/6/12).

There is a belief shared by some in this intellectual community that government is the laggard so it is essentially a waste of time to focus on getting the theories ready for a policy audience. For this reason, some of these new-economy organizations are focusing their energy and resources on building awareness and growing a constituency at the ground level. The place to start, they believe, is with actual innovation of current economies and ownership structures (S. van Gelder, personal conversation, January 6, 2012; N. Ortega, personal conversation, 1/19/12). If there is a scaling-up of new-economy activities and institution-building, then there will be a political response. Another component to this argument is the need for pro-democracy political reform as the “first order of business” to ready the ground for a new paradigm. “A new politics is required to move new economy ideas forward,” according to new-economy advocate and author Gus Speth (personal conversation, 3/2/12).

In addition to the financial crisis, the Occupy Wall Street protests of late 2011 elevated new-economy ideas into mainstream political conversation. Important to note is that they are not being referred to by the Occupiers or their supporters as “new-economy

ideas”, or even sustainability ideas, but, the new-economy advocates interviewed vocalized the connections that they saw<sup>29</sup>.

Additional, signs of progress in the area of political relevance of a new-economy model include the effort by the state of Maryland to develop a Genuine Progress Indicator, and, that there are U.S. elected officials who subscribe to *Yes!* Magazine – a media outlet that provides regular coverage of new economic ideas and projects (S. van Gelder, personal conversation, 1/6/12, E. Sotos, personal conversation, 2/16/12, S. Stranahan, personal conversation, 1/2/12).

#### **4.6.5 Is there a relationship between the “Occupy” movement in the U.S. and the development of the new economics as an intellectual institution?**

There is broad agreement among the respondents that the Occupy protests that began in lower Manhattan in September 2011 and quickly spread to dozens of other U.S. cities (and abroad) does not represent the early stages of a movement for a new economics. Nor is it really a movement because of its purposefully leaderless nature and because the majority of its participants regard the political process as failed and irrelevant.

However, there is also broad agreement that the Occupy protests have injected into American consciousness the idea that inequality is obscene and it has identified the current political-economic system (personified by the Wall Street executive and the corrupt politician) as the culprit (N. Ortega, personal conversation, January 19, 2012). The Occupy protests have also begun to erode the legitimacy of that political-economic system. Particularly it has eroded the legitimacy of Wall Street and large multi-national

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<sup>29</sup> “Ten Ways the Occupy Movement Changes Everything” by Sarah van Gelder, David Korten, and Steve Piersanti, <http://www.yesmagazine.org/people-power/ten-ways-the-occupy-movement-changes-everything> ; “Occupy Sustainability?” by Juliet Schor, <http://www.guardian.co.uk/sustainable-business/blog/occupy-economy-finance-sustainability>; and “Occupy Movement needs to ‘Think Big’ about a New Economy”, Gus Speth, <http://www.newdream.org/resources/2011-10-occupy-movement-needs-to-think-big>.

corporations; in certain important respects, it has called their morality into question in a very mainstream way. This is an important part of challenging and eventually transforming the current system (S. van Gelder, personal conversation, January 6, 2012). Overall, the Occupiers have pointed out some of the negative externalities of growth, although, without framing their message specifically in those terms. As a result, the idea that inequality is a systematic threat is no longer seen as radical in the U.S. (S. Stranahan, personal conversation, 1/2/12), and the Occupy activities have contributed greatly to making that so.

Another way in which the Occupy activities have to date served to spread some of the ideas that are consistent with the new-economy knowledge framework is quite practically by face-to-face communication of those ideas. The demographic make-up of Occupy events has been so diverse – there is a coming together of “regular” people whose lives simply are not working anymore because the current system is failing them, with members of the “intellectual left” who have taken on board ideas informed by some new-economy advocates previously identified in this thesis. At Occupy demonstrations, they are having conversations with each other, reading each others’ signs, and sharing ideas (S. van Gelder, personal conversation, January 6, 2012).

New economy ideas, such as the connection between the consumer economy and climate change, were also shared at teach-ins held during the Occupy Wall Street protests of late 2011 by such individuals as Bill McKibben, Fran Korten, and Joseph Stiglitz (who gave an impromptu talk at the Occupy Wall Street camp). New-economy literature was delivered to the libraries of Occupy encampments by representatives of new economy organizations. Specifically, NEN set up a table to distribute its information in New York,

and *Yes!* Magazine sent thousands of copies of its magazine to various Occupy sites (S. van Gelder, personal conversation, January 6, 2012; S. Stranahan, personal conversation, January 2, 2012). In this way a constituency for some key new-economy ideas is building via the Occupy citizens group.

However, and this is a significant problem with linking the new-economy efforts to the Occupy efforts more formally, the Occupy citizens movement is purposefully leaderless. It has to date had structural features that are anarchistic. The GTI cannot form an alliance between the Occupy group and The Widening Circle, for example, because of its anarchical nature (J. Stutz, personal conversation, January 10, 2012). Also, the Occupy citizens movement is not clear on what it wants, only what it has found fault with, further complicating efforts to form alliances with new-economy groups. It has helped to focus the nation's attention on income inequality but has not put forth any alternative solutions for addressing that issue. And ecological issues, including global warming, remain on the periphery of the Occupy protestors' foci of complaints. The connection with labor unions was more prominent, but again not officially endorsed in any way.

Occupy activities are viewed as another symptom of the crisis created by the current economic system. However, the framing of the problem as the 99% against the 1% is not a narrative you would find support for in all new-economy organizations. GTI for example talks about a global transition – the 100%, not the 99% (P. Vergragt, personal conversation, 12/21/11). The framing of the very wealthy and politically powerful owning the vast majority of property and capital versus the rest of society, more

closely resembles the description of a future scenario referred to in *The Great Transition* papers as the “fortress world” scenario; a grim and undesirable vision of the future.

#### **4.6.6 What are the major challenges facing the new economics field from the perspective of both inside and outside of new-economy boundary organizations?**

Several areas of concern and weakness have been identified in the development of this field and its institutional arrangements. Common concerns from those acting within its organizations are: the need to forge a common platform and talking points to unite the intellectual community; the need to rally around the phrase “new economy” (or an alternate phrase that speaks to the paradigm); the need to improve coordination; and the need to attract funding. The later is unanimously considered to be desperately needed. Other concerns that were not unanimously held include the need for strategic planning and the need to brand/re-brand the emerging field.

On the topic of funding, and concern for lack of funding, each respondent was asked what they consider the biggest funding needs for his or her organization and for the development of the new economy field overall. In other words, what they would do with a blank check. A common answer was to establish a very well funded new-economy think-tank. It was identified as the missing piece at this stage (J. Schor, personal conversation, 1/6/12). To meet this need, it was suggested that perhaps there could be a transformation or expansion of think tanks that already exist (such as Demos or IPS) by building up a program within it to a large-enough scale; or create a new entity focused entirely on conducting and promoting research around the new economics paradigm. This hypothetical think-tank would fund research, host conferences, sponsor fellows, and send speakers to conferences to promote a new economy agenda. This is viewed as an important step in improving the political relevance of new economy ideas, as well.

A contrasting response given to the use of the hypothetical “blank check” is the idea that instead of more research, there should be a scaling up of existing efforts to construct the new economy in the “real world”. Therefore, direct funding to build the desired infrastructure for a new economy, implementation of demonstration projects, and scaling-up of successful model projects is what is needed at this stage.

From an outside perspective, particularly the perspective of potential funders, the major concerns for the development of this field and its ideas are: coordination, branding, and lack of a clear plan of action.

To start, significant overlap and redundancies exists among the new-economy organizations, particularly the four that are the focus of this thesis. This overlap of personalities and similar-sounding organization names<sup>30</sup> is creating confusion from the perspective of potential funders. It may also be giving the impression to potential funders that things are in disarray, or that perhaps there are turf-wars. Perhaps the organizations lack sufficient coordination and planning to warrant investment? Do all of these organizations survive as independent entities or eventually merge into each other to a degree? Funders looking at several different entities with nearly the same name and many of the same people would also likely be asking themselves why they all exist and whether each is adding value and potential to the field (E. Sotos, personal conversation, 2/6/12).

Furthermore, the name “new economy” and “new economics” is increasingly being used by these groups in their document titles, organization names, and communications, but it is acknowledged by members of these organizations that the

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<sup>30</sup> For example, there is a New Economy Working Group which consists of David Korten, Noel Ortega, John Cavanaugh and others and there is a Working Group administered by the New Economy Network that is a partnership of the New Economy Working Group and the New Economy Network, and includes many of the same individuals. This is a challenging organizational map for interested funders to dissect and it may give off the appearance of either turf-wars, disorganization, or unnecessary redundancy.



phrase itself is still vague and developing meaning. So why such general use of the term? The name “new economy” is virtually meaningless to outsiders because it is used in many different contexts besides the one of focus here. A Google-search of the phrase yields a wide range of uses. Also, calling something “new” downplays the long and serious intellectual heritage and pedigree of the new economics (J. Stutz, personal conversation, 12/21/11).

What this amounts to is a branding problem. Branding may not be a top concern of those working on the more academic and theoretical aspects of the new economy field, however, good branding and marketing can be critical for attracting attention from foundations and other outside audiences.

The core issues that new economy organizations seek to address can be controversial even to the most progressive foundation whose board members may be earning their wealth through the same system that these organizations are trying to fundamentally transform. However, the Occupy Wall Street protests of 2011 have helped to create a public dialogue about our economic system, making it less taboo for funders to give attention to new economy groups (E. Sotos, 2/6/12). As an emerging area of interest for funders, what might they be looking to see from these groups? Information collected for this thesis shows that they’d like to see that these organizations have concrete plans to do more than just discuss the issues surrounding the new economy; clear strategies, beyond the theoretical, for achieving their goals. They’d also like to see coordination among the various groups; coming together on an agenda in order to obtain funding.

This is where a strategic planning effort could be beneficial. Either a concerted strategic planning effort facilitated by a professional or something more organic and

internally-derived between the major players.

## **CHAPTER 5**

### **CONCLUSIONS**

Evidence indicates an increase in the use of the terms “new economics” and “new economy” in the past three to five years in the contexts of sustainable consumption, cultural transformation, economic equality, and systematic transformation of our political economic structures. Some new-economy advocates have gone so far as to say that the movement behind it has begun to grow rapidly, indicating the emergence of a challenge to the domination of traditional economic thinking. However, the terms overall remains nebulous and have not been uniformly adopted by those in its knowledge circles or those at work implementing such an economy.

Amidst the increased activity surrounding the development of a new-economy knowledge framework, academic field, and movement-building, there has not been a research effort to evaluate the degree to which a new paradigm is taking shape, the degree to which it is being institutionalized, and how the prominent organizations which have tasked themselves with furthering new-economy concepts are progressing. This thesis sought to provide some insight into the development of the new economics as a paradigm and associated field, and particularly how it relates to the broader conversations of sustainability, and economics.

Looking at what is shaping the new-economy model was done first through an inventory of the various threads that have emerged and gained attention over the past several years. The inventory included organizations, networks, demonstration projects, books, reports, websites, online projects, and alternative indicator development. The

approach taken by this thesis was to focus in on the work of several prominent new-economy organizations – those working to advance the development of a new, and fundamentally different economic paradigm, and use it to challenge the dominant modes of thinking about the economy, sustainability, and associated social institutions. They are the New Economy Institute, the New Economics Network, the New Economy Working Group, and the Great Transition Institute. For this thesis, nine individuals who either represent one or more of these organizations, or are connected in a direct way to one or more of the organizations were interviewed over the course of three months in 2011 and 2012. The interviews were conducted using a survey instrument consisting of fourteen questions, grouped into four main categories (See Appendix).

Analysis of the data was broken down into six areas: 1) assessing the institutional status of the new economics; 2) looking at the degree to which the theoretical framework for the new economics is being established via the work of new-economy organizations, and what are the major characteristics of that framework; 3) exploring the degree to which the work to develop and advance the new economics is influencing the mainstream sustainability conversation and the dominant economic discourse; 4) evaluating the political relevance of new-economy ideas and initiatives; 5) assessing what, if any, the relationship is between the “Occupy” movement in the U.S. and the development of the new economics as an intellectual institution; and 6) identifying what appear to be the major challenges facing the new economics field from the perspective of both inside and outside of new-economy boundary organizations.

As expected, responses were not unanimous for each question, but consistency and near-consensus was seen in several areas. For example, broad agreed that the term

“new economy” is not yet fully-defined and the theoretical framework needs further development and buy-in from an expanded circle of allies. There is broad-level agreement, also, on the root problems that have created the need for a transformation to a fundamentally different economic system. The problem is almost uniformly framed as multi-faceted and interwoven cultural, political, economic, and ecological crises with a direct criticism of growth and consumption at the core. Less uniformity was found regarding the nuances of which institutions, if any, should and could survive a transition to a new economy.

An area of concern is the name of this emerging knowledge framework. Divergence was present in the responses regarding the effectiveness of the terms/titles “new economy” and “new economics”, as well as on the importance of the need for agreement and consistency on those terms and title. Additionally, confusion is created as a result of several of the organizations having similar names and an overlap of personalities (board members, etc.), as well as similar work product.

Criteria derived from Cohen and Howard (2006) were used to assess the degree of institutionalization of the new economy paradigm and research field. Based on this assessment, it was determined that it is in an early, immature state characterized by the absence of a dedicated academic journal, a professional society, a viable clientele for the output of these organizations, or a dedicated academic programs at the graduate and undergraduate levels. Evidence of progress in each of these areas is noted and promising. However, concern over the amount of time it is taking to make key developments and capitalize on opportunity presented by recent cultural and economic events is evident.

Analysis showed that this nascent paradigm has not had any significant influence on mainstream sustainability discourses or dominant economic thinking. The United States approach to sustainability policy remains solidly in “green growth”. Minor evidence to the contrary appears principally in the form of news articles questioning infinite growth in mainstream publications, such as the *Financial Times*.

A unique paradigm, rooted in long-gestating economic ideas, advocating for transformation of dominant political economic structures, is currently emerging but remains underdeveloped. Due to the interdisciplinary nature of the ideas present in new economics, determining when the paradigm arrives at a fully-developed stage – becoming a scientific theory in a more traditional sense, is challenging. Waiting for it to become solid scientific theory, in this case, would not be a recommended course of action. At this point, the major hurdles to more fully developing the theoretical framework appear to be the disagreement among new economy advocates about the exact answer to the growth question (i.e., degrowth or steady state and the details of same), and exactly what should become of corporations and how. An additional obstacle to fully developing the paradigm is the need for published academic research that tests a new economics model.

A scaling-up of efforts to more fully-develop a comprehensive theoretical framework, and to formulate a clear messaging platform with the larger new-economy community is necessary at this stage. This is no simple task, and will likely require outside professional facilitation and expertise, but is nonetheless vital at this stage. New economy organizations risk losing critical momentum by taking a slower approach or holding back until all components of the model have been agreed upon, as this may,

realistically, never occur. Agreement on core tenets and a basic agenda for action by a larger partnership of new-economy advocates and allies is needed now.

This means also that time is ripe for serious strategic planning, including a branding initiative, for the new economy organizations, in order for this community to ready itself for the next stages of its institutional development. This would include the prominent organizations, like NEI and SCORAI as examples, which have taken some steps already in this direction and seek to foster a sustainable future via a new economy. This strategic planning process would address the top obstacles to progress in the emerging field. The need to create working, functional working relationships or partnership between similar organizations (possibly identifying the need merge or eliminate some in the name of the greater good) would be top of the list of outcomes for a strategic planning process.

Another key outcome would be the creation of an action plan which identifies tangible policy, implementation, and organizational steps, which groups would be responsible, and a timeline, etc. A branding/marketing effort is also needed so that members of the larger community can agree on some set of terms and talking points – perhaps most importantly what to call this ‘new economy’ they all seek to see emerge. Current efforts are hindered by a branding problem, exemplified in part by use of the nebulous title – new economy. More suitable nomenclature should be decided upon and fully-embraced by the community in every regard. This is not a proposal for homogeneity or watering down of a message, but simply for consistency of messaging and an effort to eliminate confusing redundancies and misunderstandings, as well as, perhaps most importantly, making the message relevant and less “wonky”-sounding; all of which can

create barriers for gaining greater attention for the field from the philanthropic community. The existence of similar efforts with names sounding like they are part of the new economy movement (i.e., Solidarity Economy, Institute for New Economic Thinking) demonstrates the need for a rebranding effort.

The small community of individuals who comprise the organizations working to bring about deep transformation of our economic and cultural norms has grown and become more active in recent years, however, to date, efforts to institutionalize their ideas and expand them beyond theory into concrete policy recommendations have been slow and unorganized. There seems to be two types of individuals within the larger knowledge-community of the new economics. Generally speaking; there are those who would rather see things unfold more organically, and have a much longer-term view of human history and how things may or may end up. These individuals and their work, of course, play a key role in helping shape this work. But will there be an increasingly wider gap between these theorists and the other type of person in the new-economy community; the individuals who see the need to shape the future much more intentionally and take more decisive action to lay the path for the new-economy, to spread the paradigm and force it to emerge?

A strategic planning process, one facilitated by an individual or team from outside the community, skilled in mediation and organizational planning, might be able to help work these issues out. Those interviewed did not respond uniformly to the question of whether or not a strategic planning effort would be beneficial. Some openly criticized the idea. Others insisted on its necessity in order to move forward.



It is the recommendation of this thesis that if a new paradigm is to be fully developed and put forth to challenge the current one, then more deliberate and strategic efforts are needed to unify the different parts of this community, as well as coordination and partnership (or even merger) with similar progressive movements with overlapping goals, such as the growing degrowth movement and the solidarity economy network. A veritable cornucopia of progressive causes is represented by new economy and similar movements, making some venue for unification necessary. A clear path forward, including concrete objectives are necessary at this stage.

The on-the-ground, practical efforts, occurring, in some cases, regardless of the existence of the new economy organizations discussed here, seem to have more energy and potential for growth than the theoretical, academic side. Each are important for change making.

Leaders of these organizations should collectively prioritize institutionalization of their ideas and the field, and set near-term goals for its development, for example establishing an annual conference and establishing boundary conditions for the research field.

The existence of these groups and their efforts, as well as the efforts of those they work with, are critically important because they represent the human race's response, one of the sole responses right now, to the horror many of us see occurring around us with regard to the unsustainability, greed, and inequity which characterizes our dominant institutions. These new-economy organizations deserve to be, need to be stronger, and have more clout and funding behind them, because the ideas and solutions they promote and the hope associated with those ideas, need to be ready; ready and poised for adoption

and expansion when the world needs them most; a time that may not be too far off; a time that many argue is already here.

**APPENDIX**  
**INTERVIEW QUESTIONS**

Ten semi-structured interviews were conducted with nine individuals from December 2011 to February 2012. Interviews were held over the phone and audio-recorded onto .mp3 files, notes were also kept. Each interviewee was provided the opportunity to review the questionnaire in advance. The questionnaire that follows was used for each interview, although all the questions were not answered by everyone and additional questions often emerged from the responses to those in the survey tool. Average time spent gathering data from each interviewee was 63 minutes.

**Interview Questionnaire: Intellectual Institutionalization of the New Economics**

Name \_\_\_\_\_ Date \_\_\_\_\_

1. What is your assessment of the degree to which “the new economics” has entered the mainstream sustainability lexicon? In what context and at what levels do you see this occurring?
2. Would you classify your organization primarily as 1) a policy-research organization working to provide data and policy recommendations to the academic and public-policy community; 2) an advocacy group, working to promote your ideas to various mainstream audience; 3) a think-and-do organization focused on created experimental spaces of institutional innovation in order to demonstrate new practices; 3) or other – how do you classify your work?
3. Who do you see as your organizations’ main “clients” for its information and programs? Please be as specific as possible. (Do you target specific audiences within government or political spheres in order to push these ideas forward?)
4. In your opinion, what are the go-to resources for someone, a policy-maker, let’s say, who wants to learn concretely, what the New Economics is and isn’t? Where might you refer them for the succinct summary of what the major goals and tenets are?
5. With a document such as (PRINCIPLES FOR THE NEW ECONOMY – [NEI and NEN]) once, the document is made public, what then is the plan of action to put that document to use either in the policy realm, or as a marketing tool for a given audience(s)? How is it used as a tool to progress the goals of the movement?
6. This study is looking at four main groups (NEN, NEWG, NEI, Tellus Institute/GTI) but as you know these represent a larger network of organizations, and there are others in addition to those working in some way connected to the NE Movement. Do you believe there is a need for a formal strategic planning process to be undertaken by the larger NE community in order to codify the message and designate tangible actions to be taken to make these ideas more visible?
7. How do we begin to push these ideas out into a policy space? How do you begin to cultivate a client for these ideas?
8. What are your organizations primary methods/programs for knowledge-action linkages?
9. With increased funding, what would you do in addition to the steps you already take programmatically?
10. Despite activity and growth in the New Economics field in recent years, mainstream (neo-classical) economics arguably remains the dominant model and belief system underpinning the responses to our current unsustainable situation globally (ecologically,

socially) – do you see evidence of a change in that assessment? If so, where/what? Please be as specific as possible.

11. To what extent is there any overlap between the European Degrowth movement, which is explicitly against sustainable development, and what's going on with the New Economics movement in the US and elsewhere in North America?
12. In your view has OWS been significant in coalescing environmental groups/climate activists and new economics groups? Explain.
13. There are dozens of “threads” of the new economics (significant books, social marketing tools, websites, institutions), in one way or another there has been a plea by each for a need for a social movement for the represented ideas to begin to scale up. Do we have that social movement in Occupy Wall Street?
14. You may have read the piece by Naomi Klein in *The Nation* from November 2011 suggesting that the political Left stop denying the Right's claim that seriously addressing climate change means broad-scale changes to current macro-economic structures: capitalism in its current form mainly, and the myriad social institutions that support it. Do you have a reaction to this?

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