From the ashes of the crash

20 first steps from new economics to rebuild a better economy

new economics foundation
nef is an independent think-and-do tank that inspires and demonstrates real economic well-being.

We aim to improve quality of life by promoting innovative solutions that challenge mainstream thinking on economic, environmental and social issues. We work in partnership and put people and the planet first.

nef (the new economics foundation) is a registered charity founded in 1986 by the leaders of The Other Economic Summit (TOES), which forced issues such as international debt onto the agenda of the G8 summit meetings. It has taken a lead in helping establish new coalitions and organisations such as the Jubilee 2000 debt campaign; the Ethical Trading Initiative; the UK Social Investment Forum; and new ways to measure social and economic well-being.
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‘Such essays cannot await the permanence of the book. They do not belong in the learned journal. They resist packaging in periodicals.’

Ivan Illich, *Energy and Equity*
Contents

Foreword 2
Introduction 4

Twenty first steps from new economics to build a better economy 6
1. Demerge banks that are ‘too big to fail’ 6
2. Segregate financial markets 7
3. Bring onto the balance sheet, rigorously check and officially license all ‘exotic’ financial instruments 7
4. Create a secure, accessible local banking system 8
5. Enhance economic support for the local economy 8
6. Encourage the introduction of complementary, multilevel currencies 9
7. Create new public money 10
8. Introduce a ‘People’s Pension’ 11
9. Enable ‘local bonds’ as a secure investment vehicle 11
10. Introduce a moratorium on crash-related home evictions and rebuild the UK’s stock of social housing 12
11. Take a ‘social investment approach’ to public services 13
12. Tap into the hidden value of time banking and grow the ‘core economy’ 13
13. Improve checks and balances by introducing capital controls 14
14. Make taxation work 15
15. Increase stability and raise resources with currency and financial transaction taxes 15
16. Launch a Green New Deal to fight the recession whilst tackling energy insecurity and climate change 16
17. Pay for energy transition and fuel poverty with a windfall tax 16
18. Hold accountancy firms accountable 17
19. Introduce a maximum pay differential, or maximum wage 17
20. Take a ‘five-a-day’ approach to well-being to help beat the negative psychological effects of recession and build resilience 18

Conclusion 20

Find out more 21
Out of the ashes of the crash, a new economic order is emerging. This is a genuinely historic – and for many, painful – time. But it presents us with a unique opportunity to build a financial infrastructure that actually does the job the old order failed to do: to value and protect our fundamental social and natural operating systems. In a new economy, these are what must be valued and invested in, not the hollow, unsustainable and destructive promises of easy credit, consumerism and unsustainable economic growth. A return to ‘business as usual’ is not an option.

nef (the new economics foundation) and others, have been laying the foundations for the new economy for over 20 years. In 2003, nef’s Real World Economic Outlook predicted the consequences of the growing credit bubble, and our work continues to map the path to a new economic order. Many of the ideas set out in these proposals are not new. They are tried and tested and they work. A ‘sleeping architecture’ of the new economy already exists, in initiatives like credit unions and timebanking and local enterprise schemes and in new ways of measuring and valuing social investment. They have been operating on the front-line of the old economic order, and they need support. They need nurturing and embedding into public policy. Critically, governments need to act, not to shore up and rebuild the old financial system but to help build a new system that serves society instead of acting as its master. These are choices Governments can and must make. For the future’s sake, let’s make sure that they do.

Stewart Wallis,
Executive Director, nef (the new economics foundation)
London, October 2008
“I discovered a flaw in the model that I perceived is the critical functioning structure that defines how the world works.”

Alan Greenspan, former Chairman of the US Federal Reserve, 23 October 2008
In the ashes of the predictable crisis in the global system lie important signs that a new economics is emerging. The tragedy is that the financial system has long since failed to do the basic job required of it — to underpin the productive economy and the fundamental operating systems upon which we all depend. These have been variously neglected, taken for granted or cannibalised by finance. They include the core economy of family, neighbourhood, community, and society, and the natural economy of the biosphere, our oceans, forests, and fields.

Worse, even when the financial system is working at full throttle, it corrodes the real economy — by its sheer profitability and faulty measuring — and it dominates the policy priorities of politicians.

If nothing else, the crisis provides an opportunity to rebuild a financial infrastructure which does the job, which means — not just bailing out failed banks — but investing in loan facilities supporting an interdependent network of productive local economies, that genuinely underpin life and that work within the tolerance levels of the natural environment. And this doesn’t mean starting from scratch. Just beneath the surface is the sleeping architecture of a new, diverse and resilient local financial system. The same is true of Britain’s neglected and undermined network of small shops and local enterprises who contribute disproportionately to job creation and help create the social glue that holds communities together during hard times. As the fissures in the old system threaten to crack open with potentially devastating consequences, the good news is that those living on the economic frontline have been developing, and building alternative methods of saving, exchanging and lending — that we can learn from, and multiply to create a thriving, resilient network able fill the gaps left by the collapse of the old order.

We make a number of proposals that include measures both for immediate stabilisation of the economy and for the long-term restructuring that will support a new economy that serves a vibrant and dynamic society, not the other way around. Here are several short-to-long-term steps that, in the midst of the crisis we believe will breathe life into a phoenix-like new economy. They are not intended to be utterly
comprehensive or exclusive, but we believe they represent a solid and necessary start.

What is new is that these are no longer distant dreams on a hopeful wish list. Because the state owns a large slice of the financial system, these are things we can do now. Measures can be put directly into place. The argument that they are impossible because the state cannot intervene directly to shape the financial system has fallen. Massive intervention has already occurred.

But as we aim for recovery, we shouldn’t simply try to get back to how things were before. That was unsustainable for many reasons. We must make sure that the means by which we find our way out of the crisis don’t perversely, build a larger crisis for the future. Merely injecting liquidity into the system without fundamental structural changes, and looking for signs of recovery in consumer binge-spending on the high street is not the answer. Taken together, however, we believe the proposals that follow are steps in the right direction.

Andrew Simms

nef policy director
1. Demerge banks that are ‘too big to fail’ – to reduce the risks of systemic failure

Instead of further consolidation, the discredited financial institutions that have needed so much public money to prop them up during the credit crisis should be reduced to a size whereby their failure would not jeopardise the system itself. We are calling for the forced demerger of large banking and finance groups. Retail banking should be split from both corporate finance (merchant banking) and from securities dealing. The demerged units should then be split into smaller banks. Mega-banks make mega-mistakes that affect us all. Instead of institutions that are ‘too big to fail’, we need institutions that are small enough to fail without creating problems for depositors and the wider public.

In the rush to nationalise and force ‘shotgun weddings’ on the banks, we are storing up worse crises for the future. A major cause of the meltdown has been unchecked consolidation of the banking sector. The latest planned merger, Lloyds TSB Halifax Bank of Scotland, is not just a messy name; it reveals regulatory short-sightedness. A truly resilient financial system has a multitude of financial actors, making diverse investments and taking different kinds of risks so that if one is hit by crisis, the others aren’t dragged down with it. It is no accident that the safest UK bank according to its safe financial reserves (so-called Tier 1 capital) is the Nationwide — a mutually-owned building society. The Government is set to own great swathes of our financial system: Northern Rock, RBS, Lloyds TSB, HBOS. It should take the chance to demerge these behemoths who grew so complicated they couldn’t keep track of our money or their own money. A rich, diverse ecology of different economic systems is needed, not a banking monoculture of giant actors which, when they topple, threaten us all.
2. Segregate financial markets – by separating activities such as trading and retail banking

A central plank of the process of financial liberalisation has been the removal of restrictions on what activities different institutions can undertake. It took more than 50 years for policy-makers to forget the lessons of the Wall Street Crash of 1929, which led to the Glass-Steagal Act in the USA to prevent financial institutions exploiting their market position and power and profiting from conflicts of interest. Segregation was seen as ‘inefficient’ and was swept away by liberalisation. As institutions ceased to specialise and became financial ‘conglomerates’, they converged on the most profitable activities. During the boom this was largely trading (or speculative) activities, which paid handsome rewards, but also fuelled the boom itself. The flipside was that less profitable activities – such as maintaining a branch network and providing financial services for low-income people – became ever more marginalised.

We need financial institutions to focus on specific functions and to do these well, not to chase the latest bandwagon. Formally segmenting the system by function ensures this diversity, but also allows appropriate regulation of each sector.

3. Bring onto the balance sheet, rigorously check and officially license all ‘exotic’ financial instruments

All such instruments should be brought onto the balance sheet and subjected to the same regulatory capital requirements as other activities. They should also be properly licensed. All derivative products and other exotic instruments should be subjected to official inspection. Only those approved should be permitted to be traded. Anyone trying to circumvent the rules by going offshore or onto the internet should face the simple and effective sanction of ‘negative enforcement’ – their contracts would be made unenforceable in law. Ultimately our aim is an orderly downsizing of the financial sector in relation to the rest of the economy.
4. Create a secure, accessible local banking system for people by growing the role of post offices

Following on from the reforms above, and in the context of building new, stable, secure financial institutions to meet local economic needs, such as mutuals, credit unions and cooperatives, the Post Office should be grown into a national banking system that delivers stable, accessible and dependable services to the public and businesses. It stands to be one of the best guarantees underpinning economic resilience, promoting financial inclusion and allowing people to invest and save with confidence and security.

But, more than that, deposits made through the Post Office Bank could play a vital role in reconnecting the banking system with the productive economy. As a trusted source of information and advice, and a vital part of social fabric, the Post Office’s role as a shopfront for the state should be expanded providing direct, local access to a range of government services. Local and national government should be encouraged to direct services through the network. The Government should halt immediately the closure programme targeting 2500 local post offices and abandon plans to break up Royal Mail. Instead, it should build it up as both financially viable and as a cohesive social and economic institution. And, as an essential component, Royal Mail must be retained as a powerful national network and not cherry-picked by competitors and run down by a government and a regulator which have put too much faith in the deregulated market.

5. Enhance economic support for the local economy by expanding the range of smaller-scale ‘friendly’ sources of finance

For years, a network of alternative financial institutions has operated alongside conventional banks. They range from the well-known credit unions to the less-known Community Reinvestment Trusts and Community Development Finance Institutions (CDFIs). Together they offer finance to both individuals and small enterprises, performing an especially important role in disadvantaged communities. They provide alternative sources for small-scale financial services, including savings, affordable loans, debt advice and financial literacy. Innovative approaches like the Community
Banking Partnership, already active in seven areas of the UK, connect these services together to provide a one-stop-shop alternative to the high street banks and predatory lenders. Government should invest in, scale up, and strengthen this network.

CDFIs, in particular, provide vital consumer credit and finance for small businesses, including social enterprises, using the personal, supportive and advisory approach that banks once provided. In the current crisis, community lenders are reporting an increase in applications and inquiries. The current financial crisis leaves CDFIs vulnerable if banks cease lending to them, while at the same time demand for affordable credit increases. Government support has been short-term and inadequate, leaving the sector without adequate funding to cover a gap created by banks. But, the crisis could be an opportunity to use the leverage of public ownership to improve support to the sector. First, banks should disclose their lending patterns, revealing where there is systemic financial exclusion and provide information to rectify the situation. Banks could also work with CDFIs by referring clients and providing loan capital, receiving tax breaks or other incentives to do so. To help underpin the sector, government could use unclaimed assets to fund a social investment wholesaler.

6. Encourage the introduction of complementary, multilevel currencies to provide credit in tune with the needs of regions, towns, cities and neighbourhoods, whilst helping to inoculate the economy from systemic financial shocks

Complementary currencies have a successful track record of providing local means of exchange, when money is running short in the local economy. Successful models are now running all over the world, keeping local resources circulating locally and providing independence for impoverished communities from government largesse. They can provide low-cost or free credit, and — in some countries — they underpin whole sectors of the economy. But they also do much more than that. Because they require face to face exchange, they build the relationships and understanding that productive economic and social life depends on. This close connection also means that they help to create responsive local economic eco-systems that are better able to predict and respond to shocks.
Many of them are modelled on the life-saving complementary currencies that grew up on both sides of the Atlantic during the Great Depression. Policy needs to be directed at encouraging a multiplicity of experiments, and providing an explicit legal power to local authorities to set up currencies systems — regulated by a new e-money regulator — and to accept them for local taxes and fines.

At the international level, the global financial system needs to be underpinned by a new global reference currency, along the lines of the bancor proposed by Keynes at the Bretton Woods summit, and backed by a basket of commodities. This will make currencies safer from sudden collapse, and will also provide an added underpinning to economies in developing countries that are wealthier in raw materials.

7. Create new public money, free of interest, where necessary to cope with unprecedented financial emergencies, and as the basis for loans to rebuild the infrastructure of productive local economies

During the financial crisis of July 1914, David Lloyd George did this to underpin the banks. We should not make the mistake that the creation of money in other ways — in the form of bank lending — is somehow the only authentic way of doing it. Private banks have enjoyed a sizable, indirect subsidy through being allowed to create money, and there is no reason why money creation should not happen in the name of direct public benefit.

The Bank of England should, for example, exercise its power to create money to provide the loan finance for the new local lending infrastructure. This should then be repaid, free of interest, when the task is complete, and then withdrawn from circulation.
8. Innovations for productive and secure savings:
   a) Introduce a ‘People’s Pension’ to provide secure savings vehicles for retirement

Attempts to leverage private sector cash to pay for schools and hospitals have repeatedly been exposed as bad deals for the public. At the same time we now have a pension crisis. People in Britain are seeing their life savings destroyed by the fallout from the credit crisis. In 2003 nef proposed the idea of a ‘People’s Pension’; its approach gives people more control over where their savings go and what they are invested in.

It proposes an adaptable model more insulated from market turbulence than orthodox pensions schemes. As such, it will be more attractive to the millions of people seeking financial security in old age. It will be capable of raising large sums of money to invest in necessary public services and can easily be adapted to invest in immediate local priorities.

The People’s Pension would be backed by People’s Pension Funds. These entirely new funds will be created to provide a way in which pension contributions can be invested in the building of new public infrastructure projects, such as schools and universities, hospitals and other health facilities, transport systems (including railways, trams and bus networks), social housing and sustainable energy systems.

9. Innovations for productive and secure savings: b) Enable ‘local bonds’ as a secure investment vehicle for savers that also helps to finance essential investment and new infrastructure for a more environmentally sustainable Britain

The scope for innovation is broad. A range of products could be introduced, connected to the stronger local financial infrastructure discussed above. These could include local authority green bonds, green gilts and green family savings bonds and publicly approved enterprises, all of which could help deliver the mass transition to a cleaner more environmentally sustainable Britain on a path of low-carbon economic transition, whilst creating more secure vehicles for savings. These investments would also stimulate productive local economic activity, and yield rich rewards through job creation – critical as our service-based economy shored up by unsustainable credit feels the effect of the economic slowdown.
10. Housing

a) **Introduce a moratorium on crash-related home evictions**

The credit crisis is inseparable from distortions in the housing market. To prevent the current misery of those who can no longer afford their mortgages and to prevent a future recurrence, we make three proposals. First, to deal with the immediate crisis, there should be a moratorium on credit-crisis-related home repossessions. While the banks, which are at fault, have been bailed out to a previously unimaginable degree by the tax payer, thousands of hard-working home owners face the daily insecurity of potential eviction as the recession makes it harder to meet repayments. This is deeply unjust, destabilising and imposes a huge burden on society. Evictions could be stopped and in their place could be put long-term plans for restructuring householders’ mortgage debts.

b) **Use this chance to rebuild the UK’s stock of social housing**

Following on from the above, in the event of homeowners defaulting to one of the newly nationalised banks and mortgage providers, another option is open to government. Houses facing repossession could be taken into the stock of public housing. Under careful negotiation this would prevent a rise in homelessness and help reverse the decline of social housing in Britain. It would head-off a potential future social problem and add to the taxpayers assets.

c) **Implement radical innovations to prevent a repeat of destructive house price inflation**

Thirdly, there is an opportunity to introduce and increase in scale new forms of ‘mutual’ home ownership – separating the cost of the land from the purchase price of the housing on it. This is achievable in practice by taking the land out of the marketplace through a Community Land Trust. This innovative American mechanism can make housing much more affordable and keep the cost of home ownership in a closer relationship with average earnings in perpetuity. Such an approach would end the extreme and unsustainable ratio of house prices to income. Like other owner occupiers, mutual home owners will have the opportunity to invest in their home and the incentive to look after and improve it. At the same time, the land can be held in trust for the benefit of future generations and the community as a whole. Successful examples already exist but there is now a role of more ambitious Community Land Banks which would create scope to find a match with new municipal bonds or other forms of targeted, low-interest capital.
11. Take a ‘social investment approach’ to public services, measure and reward broader value creation

Unprecedented investment in banking stability has been justified on the lines that the cost of doing nothing would be far greater. The same logic can be applied to public services, when the cost of failing to deliver effective services is often far greater than the cost of ensuring them. Recent nef research found that for every £1 spent on alternatives to prison that reduce reoffending, an additional £14 worth of social value is generated. Also, when we value the long-term benefits of sound relationships and stable homes for children in care, we could see returns of up to £6. These savings over 20 years could pay for the entire annual care bill each year. If measured properly, investment in public services can have returns that demonstrate their ‘worth’. While they may not yield immediate financial returns, they can nonetheless generate substantial social value.

We’ve learnt to our cost how hard it is to define ‘real value.’ Banks with balance sheets that looked healthy to regulators and rating agencies six months ago were brought to the brink, or tipped over the edge of bankruptcy. Some ‘assets’ became worthless. At nef we have been developing a methodology called Social Return on Investment (SROI), which allows a comparison of the value created by a given investment in social, environmental and financial terms – the triple bottom line. Now that the government is the largest shareholder in UK banks it can redefine value creation in the financial system, and introduce incentives that reward the production of broader social, economic and environmental value.

12. Tap into the hidden value of time banking and grow the ‘core economy’

As communities and local economies face the stress of recession, time banking should be promoted as an alternative currency exchange that can knit communities together and reduce financial pressure on public services. Time banking allows more human assets, including those of people who are under, or unemployed, to be usefully engaged in the local economy. As faith in the money-based economy collapses, the value of time as an alternative means of exchange should be recognised and embedded into public services to increase individual and community resilience and reduce demand on hard-pressed resources. Time banking – a practical tool for enabling people to be
involved in shaping and producing public services - could revitalise schools, hospitals, public housing and even the youth justice system.

Timebanking is a tried and tested way of growing the ‘core economy’ — the abundant wealth of human assets that are largely neglected by the machinery of state and eroded by the market-system. These assets are embedded in the everyday lives of every individual (time, wisdom, experience, energy, knowledge, skills) and in the relationships between them (love, empathy, watchfulness, care, reciprocity, teaching and learning). Another way of doing this is to ensure that the public services that depend on the financial resources drawn from taxation and professional expertise work in equal partnership with the people they are supposed to serve. Doing so would dramatically increase their resource-base and radically transform the way they operate, creating a positive upward spiral.

13. Improve checks and balances by introducing capital controls

Re-regulating the international finance sector is an urgent priority, as is reducing its size in relation to the real economy, to prevent a repeat of the recent destructive distortions. This is a precondition to transforming both national economies and the global economy. Finance will have to be returned to its role as servant, not master, of the global economy, to dealing prudently with people’s savings and providing regular capital for productive and sustainable investment. Regulation of finance, and the restoration of policy autonomy to democratic government, implies the re-introduction of capital controls.

Governments need the freedom to use capital control as an active component of economic policy, to encourage certain types of capital flow and to discourage others. The Asian financial crisis of the late 1990s made it very clear that countries with capital controls were both insulated from the crisis and retained policy autonomy to pursue their national economic priorities. The current crisis drives the final nail in the coffin of the idea that countries should simply abandon all interference with international financial markets. The logic for doing so is that allowing completely open access would bring major economic benefits — there is no evidence at all that this is what has happened, but plenty of evidence that the opposite is true.
14. Make taxation work

In the new period of public resources being enormously stretched by support given to the banks, it will be vital to minimise corporate tax evasion by clamping down on tax havens and corporate financial reporting. Tax should be deducted at source (i.e. from the country from which payment is made) for all income paid to financial institutions in tax havens. International accounting rules should be changed to eliminate transfer mispricing by requiring corporations to report on a country-by-country basis. These measures will provide much-needed sources of public finance at a time when economic contraction is reducing conventional tax receipts.

As an organising principle, we should also move towards taxing more what we want less of, such as pollution and unsustainable consumption of natural resources, and taxing less what we want more of, such as those activities needed for the environmental transformation of the economy. This transition should be managed not only to just protect the poor, but so that it reduces inequality, just as Roosevelt’s original New Deal did in the 1930s (see point 16). For example, pensions could be adjusted to enable people to save energy rather than just pay for more fuel.

15. Increase stability and raise resources with currency and financial transaction taxes

Financial flows play a vital role in local, national and international economies, but too little of the vast edifice we have created has any relation to the real economy. Rather than a means to an end, finance has become the end in itself, with short-term, high-frequency trading strategies turning over trillions of dollars every day in global markets, often for no public benefit but — as we see all too clearly today — at a huge cost.

We need to discourage the short-term, speculative moving of paper assets but to encourage long-term, sustainable investment. A small tax on international currency transactions would discourage short-term, high-frequency trading (you pay the tax every time you trade) but leave longer-term, real investment unaffected. It is estimated that, globally, a tax of just 0.005 per cent would raise tens of billions of dollars annually, while also ‘throwing sand in the wheels’ of the global currency markets and reconnecting the financial and real economies.
16. Launch a Green New Deal to fight the recession whilst tackling energy insecurity and climate change

 Britain needs a Green New Deal, taking inspiration from Roosevelt’s New Deal of 1933. It will be addressed at the triple crunch of the credit crisis, high oil prices and global warming. Such a plan would rein in reckless financial institutions and use a range of fiscal tools, new measures and reforms to the tax system, such as a windfall tax on oil companies. The resources raised would then be invested in a massive environmental transformation programme that could insulate the economy from recession, create countless new jobs and allow Britain to play its part in meeting the climate change challenge.

 A key test is how, in economically stressed times, affordable finance can be made available in a targeted way to kick-start new, low carbon, energy, transport, food and housing sectors. One useful precedent is the example of South Korea. Over years it channeled lines of low-cost credit to key parts of its economy. The success of this policy can be measured in the fact that the sections of South Korea’s industry which benefited are now ‘world leaders’.

17. Pay for energy transition and fuel poverty: a windfall tax on the unearned profits of the fossil fuel companies to provide a safety net for those in fuel poverty, and to help finance the UK’s transition to clean energy

 Fossil fuels are an unrepeatable windfall from nature, yet the UK Government has so far failed adequately to take advantage of its income from oil to prepare for a low carbon future. Norway, by contrast, has used its oil surpluses to help create a safety net for future generations that is today worth around €260 billion (£198 billion). This amounts to €75,000 (£57,000) for every man, woman and child in the country. The UK could follow Norway’s lead and set up an Oil Legacy Fund, paid for primarily by a windfall tax on oil and gas company profits. Before North Sea oil is exhausted, introducing a windfall tax on oil and gas companies would be a significant funding source.
Part of these increased revenues would be used to protect low-income households subject to fuel poverty and who would otherwise be too adversely affected by fossil fuel price rises during the transition to a low-carbon future.

18. Hold accountancy firms accountable

Now there is an opportunity to reshape the world of auditing so that it reflects new expectations of transparency, prudence and responsibility in the modern global economy. The cosy world of the big professional services firms sector needs new measures to counter cronyism, re-regulate, improve auditor self-governance, and more broadly redefine the legal reporting duties of the finance sector. Ultimately, more radical and creative solutions may be needed. For example, the market domination of the Big Four could be broken up. But the outstanding question is how to give real ownership of such a vital public interest function back to its diverse stakeholders, for example by taking on a new, not-for-profit form. With fewer distractions, perhaps then the accountants will be able to concentrate more on counting what matters, such as systemic risks posed to the economic architecture and productive economy.

19. Introduce a maximum pay differential, or maximum wage

The distorting effect on the economy of massive city bonuses is now painfully obvious to all. The justification for high executive pay was always that the motivational effect on the senior executive and the aspirational impact on mid-level executives were greater than the demotivational impact on other employees. Not only has this been revealed to have serious unintended consequences, but the academic research to justify it is extremely patchy, and the empirical evidence is even less convincing. A study by a UK management consultancy, Kepler Associates, even found that in 2000 there was an inverse relationship between pay and performance in the FTSE-100.

Ironically, more than 100 years ago, business guru JP Morgan said no company should have a differential between highest paid and lowest paid greater than 10. He
thought that enough to create motivation. The Royal Navy, for example, has had a *de facto* differential of 8. Some Japanese firms voluntarily impose pay ratios limiting the gap between top and bottom pay. US basketball teams take a total remuneration package and pool it between players, with limits on any individual’s pay.

A minimum wage was one of the key achievements of New Labour’s first term. Now it could tackle income inequality from the other end and propose a maximum wage. It matters both because the economic case for high executive pay in terms of company performance doesn’t hold up, and because highly unequal societies have a habit of falling apart.

20. Take a ‘five-a-day’ approach to well-being to help beat the negative psychological effects of recession and build resilience

In the midst of the current economic gloom, the five ways to well-being recommendations, based on current well-being research, and developed by nef for the Government’s Foresight Programme’s Mental Capital and Well-being Project, provide a range of simple steps that have nothing to do with spending money or consuming goods. They are oriented toward enhancing community, rather than materialistic and individualistic. They have been proved, when practised, to significantly add to people’s well-being. Yet they are also the very things that the old economic system actively limits. Alongside other interventions they are one of the ways in which we can strengthen the invisible heart of the core economy – family, neighbourhood, community and civil society. The well-being five-a-day are:

i. **Connect…** With the people around you, with family, friends, colleagues and neighbours, at home, work, school or in your local community.

ii. **Be active…** Go for a walk or run. Step outside. Cycle. Play a game. Garden. Dance. Most importantly, discover a physical activity you enjoy; one that suits your level of mobility and fitness.
iii. **Take notice**… This involves being curious, or remarking on the unusual or beautiful, such as noticing the changing seasons. Being aware of the world around you and what you are feeling, and reflecting on your experiences will help you appreciate what matters to you.

iv. **Keep learning**… Try something new. Rediscover an old interest. Sign up for that course. Take on a different responsibility at work. Fix a bike. Learn to play an instrument or how to cook your favourite food.

v. **Give**… Do something for a friend, or a stranger. Thank someone. Smile. Volunteer your time. Join a community group. Look out, as well as in. Seeing yourself, and your happiness, linked to the wider community can be incredibly rewarding and will create connections with the people around you.
Conclusion

This year has been finance-led capitalism’s 1989. It is now as broken as the old Soviet Union. It didn’t work for the real economy. It put people in rich and poor countries alike into debt for short-term profit. It was uncontrolled and grew in power until the tail was wagging the dog.

Now there is a huge opportunity to develop a new model to build a real economy that does work for people and the planet. The challenge is to take short-term action to stabilise the situation, together with a measured, programme to build a diverse, localised, sustainable economy which puts finance in its place as a servant of society and values people and the environment.
Find out more

nef (the new economics foundation):
www.neweconomics.org
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The Robin Hood Tax
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Growth isn’t working: the uneven distribution of benefits and costs from economic growth
David Woodward and Andrew Simms (London: nef, 2006)
In July 2007, nef published the Green New Deal on behalf of the Green New Deal Group.

Britain faces a ‘triple crunch,’ a combination of a credit-fuelled financial crisis, accelerating climate change and soaring energy prices underpinned by an encroaching peak in oil production. These threaten to develop into a perfect storm, the like of which has not been seen since Great Depression. To help prevent this, a group of specialists in finance, energy and the environment, meeting since early 2007 came together to develop a proposal for a Green New Deal.

It is a massive environmental transformation whose economic boost will insulate us against recession, while delivering the rapid transition needed if we are to play our role in averting runaway climate change. International in outlook, the Green New Deal requires action at local, national, regional and global levels. Focusing first on the specific needs of the UK, the Green New Deal outlines an interlocking programme of action that will require an ambitious legislative programme backed by a bold new alliance of industry, agriculture, labour and environmentalists.

The Green New Deal Group

The Green New Deal Group is, in alphabetical order: Larry Elliott, Economics Editor of the Guardian, Colin Hines, Co-Director of Finance for the Future, former head of Greenpeace International’s Economics Unit, Tony Juniper, Environmentalist and former Director of Friends of the Earth, Jeremy Leggett, founder and Chairman of Solarcentury and SolarAid, Caroline Lucas, Green Party MEP, Richard Murphy, Co-Director of Finance for the Future and Director, Tax Research LLP, Ann Pettifor, former head of the Jubilee 2000 debt relief campaign, Campaign Director of Operation Noah, Charles Secrett, Advisor on Sustainable Development, former Director of Friends of the Earth, Andrew Simms, Policy Director, nef (the new economics foundation).

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