

New Economics

Responsibility and Partnership

by Jim Tarbell

London stockbroker David Ricardo and his fellow elites, in the early 1800s, concocted free-trade economic theories to justify the expansion of the British Empire, pillage the earth of its natural resources and convert people to commodities in a world of wage slavery. Greed, short-term profit, environmental disregard, and an ethic of racial superiority and privilege are all central to this “classical economic theory,” that has driven decision makers for the past 200 years. Now we are paying the price in destroyed communities, a poisoned planet and financial disaster for the average citizen.

As Western mega-corporations conquered the world, nobody was taking responsibility for the fate of the earth. Even today, after years of ecological disaster and the current financial crisis, economics departments and business schools still do not deal with responsibility. Harvard Business School, Yale’s School of Management or Wharton at the University of Pennsylvania do not promote responsibility as a key component in their business curriculum.

A *New York Times* piece critiquing business schools’ role in the current financial crisis pointed out that “schools have become too scientific, too detached from real-world issues...students are taught to come up with hasty solutions to complicated problems... schools give students a limited and distorted view of their role—they graduate with a focus on maximizing shareholder value and only a limited understanding of ethical and social considerations essential to business leadership.”

Even this critique misses the point. Words like “ethics” and “leadership” harken back to the days of Ricardo and his cohorts. The new economic approach has to embrace responsibility and partnership. Economic decision makers have to embrace their responsibility to the people, environment and communities that they operate in. Economic entities also have to move from a hierarchical-dominator model to a broader-based, partnership model of decision making.

Many examples of this new vision are beginning to surface. At the 2007 World Social Forum, various groups came together to form the US Solidarity Network (USSEN). Co-ops, non-profits, and worker-owned businesses are part of this new economic model grounded in principles of social solidarity, cooperation, egalitarianism, sustainability and economic democracy.

In a beginning effort to shift economic and business thinking in the educational field, The Bainbridge Graduate Institute has taken on a mission to “infuse

environmentally and socially responsible business innovation into general business practice by transforming business education.” Its MBA students take courses like Sustainable Operations, People and Teams, and Creativity and Right Livelihood. They cohabitate with the Islandwood graduate program in Education, Environment and Community, which “is based on the principle that a more sustainable future demands knowledgeable, committed and reflective educators.”

Meanwhile in Northern California, two non-profits, The Conservation Fund and the Redwood Forest Foundation (REFI) have acquired almost 100,000 acres of logged-over, industrial timber land and are in the process of developing a model for “community forestry” using “forest management practices to demonstrate respect for the integrity of forest systems...to benefit community and...provide high quality water, air, and forest products along with the open space that residents treasure.”

The Conservation Fund, a Washington DC-based non-profit, says “we develop market-based conservation strategies that balance environmental protection with community and economic development.” Their effort in Northern California is staffed by local environmentalists previously involved with turning timber watersheds into public open space. Under the Conservation Fund’s management, timberlands stay in active economic operation while still accounting for the public good and the needs of nature. Their quest is to eventually turn this project over to a local entity for management.

The Redwood Forest Foundation is a local entity involved in sustainable forest management. Moving beyond the epic battles over the redwood forests in the 1990s, REFI brings together concerned foresters, long-time timber executives and some of the staunchest environmental advocates on the Northern California Coast. The result has been an effort to deal with “the depleted forest ecosystems and manage these lands for social, environmental and economic benefits.”

These undertakings are experiments breaking new economic ground. Only through such efforts will we learn how to create economic institutions that are responsible for the earth and work in partnership with nature and community.



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