Sustainability & the New Economy
Opportunities and challenges for a just and equitable future

Spring 2013 Syllabus 5.0 Revised 2/4/12

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Course Overview
Sustainability and the New Economy, taught by Jeffrey Hollender, co-founder and former CEO of one of the most successful sustainable brands – Seventh Generation – explores the unfolding landscape in which the increasing challenges generated by the unsustainable use of non-renewable resources, the concentration of money and influence together with political landscape that no longer resembles a democracy collides with a new economy that may dramatically realign power and influence.

This course will focus on four central questions:
- How does our understanding of sustainability need to evolve to create a future of health and wellbeing, a future that is regenerative rather than destructive?
- What historic, legal, policy, political and dynamic factors contributed to the design of an economy so obsessively focused on short-term results that we have incentivized behavior that is dangerous and destructive for our long-term survival?
- How do we move towards a new economy driven by a sustainable understanding of wealth and happiness, equity and justice that insists on a systems based, long-term point of view? How do we build and manage organizations that personify this edict?
- Business has arguably become the most powerful force on the planet, how might the role it plays in society evolve to become a more beneficial to all stakeholders.
**Class Format**
The class will combine theory with the exploration of the real challenges we face and how each of us can play a role in shaping a more sustainable future. Class time will be spent in dialogue and debate, informed by readings, current events and outside speakers.

**Readings**
There is no required textbook for this course, though a diverse and ambitious set of readings will be required.

**Evaluation**

a) **Class Participation (35%)**
Class participation will be evaluated in terms of responses to specific questions and assignments but most importantly the quality of dialogue and questions posed in class.

b) **Research & Writing Assignments (35%)**
Research & writing assignments will be focused in two areas:

   i) Through the selection and analysis of organizations you admire, that are committed to sustainability, you’ll be asked to determine which practices they have put in place that have made the greatest measurable impacts and where they have failed to solve critical challenges.

   ii) Each student will also be asked to research aspects of the legal system, tax and accounting codes, government incentives and subsidies, human resource policies, finance practices, and compensation strategies, to determine where the most significant barriers to a sustainable economy lie.

The perspective that will emerge from the diversity of research projects described above will build a broad and holistic perspective for the class.

c) **Final Project (30%)**
The final group project will give each student a chance to work together in small groups of 3 – 4 students to define in 10 to 20 pages a practical social
or economic strategy to effect a significant change that will significantly accelerate our progress toward greater sustainability.

**Week by Week**

**Session 1: Sustainability & the New Economy**
The opening session will cover:
- Goals of the class - overview
- Writing assignments
- Overall grading.
- Readings.
- Rules: No use of electronics in class, take notes with a pen & paper.
- The importance of class participation and dialogue.
- Sequence of readings & discussions, help me improve them!
- I don’t know all the answers – new to teaching, help me get better at what I do.
- Paying attention to the news.
- Reading my blog
- Reading other relevant blogs
- My spelling
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- What to do if you have problems questions or will miss a class.
- I’ll share my background and why this subject is of such great interest and importance.
- **Discussion: Why you selected to take this class and what you hope to learn.**
- The story of Seventh Generation as an illustration of sustainability & the economy.
  - PowerPoint “History of Seventh Generation”
Reading for Session 2:

**Read:** *In Our Every Deliberation, Seventh Generation: The Journey Toward Corporate Consciousness by Jeffrey Hollender* - Chapter 8: Thinking Like a System

**Watch** the TED Talk: Janine Benyus: Biomimicry in action at: http://www.ted.com/talks/janine_benyus_biomimicry_in_action.html

**Assignment:** Describe a system of your choosing in as holistic a manner as possible in no more than 2 – 3 pages.

- Don’t pick a big system
- Identify as many of the stakeholders as possible
- Examples of systems:
  - A Tom’s shoe
  - A bottle of wine
  - Garbage disposal in Manhattan

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**Session 2: An Introduction to Systems Thinking & Frameworks**

If we can understand the way in which nature works to acquire and store energy, build bridges and tunnels, create community and manage population, then we might get some clues as to what we need to do to create a more sustainable economy. Nature, the ultimate system, is imaginative by necessity, and has already solved many of the problems we are grappling with. Animals, plants, and microbes are the consummate engineers. They have found what works, what is appropriate, and most important, what lasts here on Earth. As Janine Benyus writes, “The conscious emulation of life’s genius is a survival strategy for the human race, a path to a sustainable future. The more our world looks and functions like the natural world, the more likely we are to endure on this home that is ours, but not ours alone.”

**Class Discussion:**

1. Did you read or see anything in the news this week that relates to systems or systems thinking?
2. Not using systems thinking: Palm oil story, ethanol, sales vs. marketing
3. What are the dangers and risks of not approaching things from a systemic point of view?
4. What system did you choose to write about and why?
   a. Go around to all students
5. Less bad vs. “good products”
   a. Describe a “good” product
6. What did you learn from the Janine Benyus video?
7. How is biomimicry & systems thinking related?


Assignment due for session 3: Write a short paper, 1 - 2 pages that describe your philosophy of life.

Session 3: The Meaning of Life: Our most important framework
Most of our lives fall within the pre-established patterns we seem to follow over and over. Whether it’s how we respond to each other, read the newspaper, participate in a meeting, or watch a sunset, most of what we do, we do as we have done before. Somehow the possibility of doing it differently doesn’t occur to us. Outside our patterns lies all the possibility. Whether it’s figuring out how to stop global warming, be a better lover or design a new product, 99% of what is possible, but yet to be, lies outside these patterns.

- Why I do what I do
- Meaningful work
- Why start a new business?
- Discuss your philosophy of life. Have students read from their papers.
- My Philosophy of life
- Why I do what I do: JAH lecture
- What creates happiness and fulfillment?
• How much is enough?
• How will you balance your desire for material needs with needs for relationship, community, time to read and reflect, time to travel…..

Lecture: What’s wrong with America?

Readings for Session 4:
_In Our Every Deliberation, Seventh Generation: The Journey Toward Corporate Consciousness_ by Jeffrey Hollender (only available from Amazon.com) Chapter 3: What is Sustainability

**Session 4: Redefining the way we think about sustainability**

Our failure to embrace systems thinking has led to a world that compartmentalizes every challenge and opportunity. The absence of definitions and metrics has allowed us to create the illusion of progress as we head ever closer to the edge of the cliff. Sustainability in not about the environment, but about the interrelationship of technology and nature, culture and politics, equity and justice and how everything we do is endlessly interconnected to everything else. Sustainability starts inside our own being, our frameworks and worldviews. What we see and what we avoid looking at.

- How is sustainability traditionally defined?
- What’s wrong with that definition?
- How should it be defined?
- How does our misunderstanding of sustainability lead to –
- What’s wrong with America?

**Guest Lecturer:** Jonathan Atwood, VP Sustainable Living & Corporate Communications, Unilever

Readings for Session 5:
Article: _Economics in a Full World_ By HERMAN E. DALY
Session 5: What is the new economy?

Over the last decade a “new economy” has emerged within our traditional, formal economy. The “new economy” presents huge opportunity for new social entrepreneurs. From the sharing economy to crowd-funding, sophisticated barter systems that involve billions of dollars, Anchor Institution based businesses, local economies and alternative currencies; we’ll explore the most important trends that are emerging. We’ll also cover:

- What is an economy?
- What is capitalism?
- What is the new economy?
- Is Capitalism compatible with sustainability
- Economics in a Full World
- Full cost accounting (use graphics)
- The Business case for sustainability

Discussion of America Beyond Capitalism
1. What’s the fundamental framework of “stalemate & decay” vs. renewal and regeneration?
2. Has America consistently become a more equal society?
3. How has globalization impacted equality?
4. Who controls the nations wealth?
5. What are the key tax subsidies given to the middle & upper income Americans?
6. How can you rationalize those tax subsidies?
7. Explain the concept of liberty.
8. What structures must be in place to protect individual liberty?
9. Explain the difference between big “D” Democracy and little “d” democracy.
10. What is the value of experience with local government?
11. Do corporations have an obligation to serve the public good?

Readings for Session 6: Selected chapters from Capitalism as if the World Matters, by Jonathan Porritt, Earthscan, 2005
Introduction; Part 1, Chapter 1 Conflicting Imperatives, Chapter 2 Sustainable Development for Real, Chapter 3 Re-engaging with economic Growth, Chapter 4 Unsustainable Capitalism.

**Session 6: Is Capitalism compatible with Sustainable Development**

Business has been hostile to the notion that people might actually be better off by consuming *less*, and see any such discourse as a direct attack on the self-evident benefits of free market economics. For most business people, this has positioned sustainable development as a potentially dangerous concept that would limit box ‘opportunity’, ‘innovation’, ‘increased market share’ and ‘stronger brands.’ Given the dominant role of business in the world today, the ability to reconcile the goals of business with sustainable development is critically important. Is it possible to get the business community to be inspired and motivated to adjust to a world of diminishing resources where fulfillment will not come by the accumulation of more stuff?

**Lecture on: Economics in a Full World By HERMAN E. DALY**

Global perspective on the most sustainable businesses

Discussion of *Capitalism as if the World Matters*
1. Will things in the world getter worse before they get better? Why or why not?
2. What’s the difference between sustainability and wellbeing?
3. Explain the difference between corporate responsibility and sustainable development
4. What does the fact that for every dollar spent on aid by wealth countries, $10 is spent on military expenditures, say about our society and it’s priorities?
5. Must social justice and equity be considered as part of the discussion of sustainability?
6. Why has discussion of sustainability so often ignored social justice and equity?
7. What is “biophysical sustainability?”
8. The UK Government developed five principles of sustainable development. In what ways are those principles perused and not perused in the US.
9. Explain the concept of “overshoot.”
10. What’s the difference between absolute and relative wealth?
11. Gross Domestic Product “GDP”
12. Is capitalism compatible with sustainable development?

Readings for Session 7: The Spirit Level, Why Greater Equality Makes Societies Stronger; Richard Wilkinson & Kate Pickett, Bloomsbury Press
Chapter 1: The End of an Era, Chapter 2: Poverty or inequality? Chapter 15: Equality and Sustainability. Optional – Chapter 16: Building the future

Assignment for session 7: Externalities Paper - Choose one product, business or industry and describe how it is impacted by being able to avoid paying the cost of externalities. 1– 2 pages.

Session 7: What’s wrong with America & Why Greater Equality Makes Societies Stronger

Lecture: Inequality in America
Solutions: Building Community Wealth

Discussion of The Spirit Level, Why Greater Equality Makes Societies Stronger; by Richard Wilkinson & Kate Pickett,
1. What is the central thesis of The Spirit Level?
2. Does America have a vision of a “better society?” If so how would you describe it?
3. Does the concept, “As you get more and more of anything, ... each addition to what you have, contributes less and less to your wellbeing,” make sense?
4. Explain the Gini coefficient. One person has everything = 1, everything equal = 0.
5. Why do the authors suggest that, “governments may be unable to make big enough cuts to carbon emissions without also reducing inequality?”
6. Why does, “greater equality make growth less necessary?”
7. How does inequality effect bankruptcy rates and why?
Readings for Session 8:


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**Session 8: How Did Business Become a Weapon of Mass Destruction & what we can do about it**

**Class discussion: Winner-Take-All Politics: How Washington Made the Rich Richer**

**Lecture:**
- Summery of how things got this way
- What’s wrong with the CSR Movement
- Solutions

**Winner-Take-All Politics**

1. What does it say about our society that an individual hedge fund manager can earn $4 billion a year and pay less taxes on that income than his assistant?
2. Have you personally noticed signs of rising inequality in our society? What were they?
3. What do you find most interesting and surprising about “Figure 1: The Richest 1 Percent’s Share of National Income 1960 – 2007” and “Figure 2: Average Household After-Tax Income, 1979 – 2006?”
4. What’s the significance of the significant decline in intergenerational mobility in the US?
5. “Figure 3: Top 1 Percent’s Share of National Income” shows the US to have moved toward a much greater concentration of wealth than other countries. What do you think restrained than trend in much of Europe?
6. How can a “representative democracy” favor the interests of some people over the interests of others?
7. What factors have led to the downward “drift” of the incomes of people of most Americans?
8. How does the Government influence “market income?”

9. What insights does the information in, “Table 1: Percentage of Taxpayers in the Top .01%,” generate for you?

10. What explains the dramatic reduction of income taxes on the top 1%, .1% and the .01% from 1970 to 2004?

11. Why would audits of the tax returns of the very rich decline while audits of poor taxpayers increase?

12. Argue both sides of the issue for limiting or not limiting the pay of CEO’s.

13. Why do market’s under produce “public goods?”

**Readings for session 9:**

*The Business Case for Corporate Responsibility;* Arthur D Little, 2003 (This is one of the earliest ever written!)


*Leveling the Playing Field* by Jeffrey Hollender in the Stanford Social Innovation Review from April 5, 2012 available online at:

http://www.ssireview.org/blog/entry/leveling_the_playing_field

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**Session 9: The Business Case for sustainability, corporate responsibility & employee ownership**

Lecture:

1) **The Business Case for sustainability, corporate responsibility & employee ownership**

*Class activity: A New Deal –*In teams of 4 propose the one change to the tax, legal, regulatory or incentive system that would most exponentially accelerate responsible & sustainable business or NGO activity.

Lecture: Guidelines for your Final Paper
Discussion of final paper
Assignment due for Session 10 – Final Paper Outline
Leading up to your final paper

There are two options for your final paper:

Option 1:
Select and describe in 1 page the system you’ll be writing your final paper on. The system may include an aspect of the law, tax and accounting codes, government incentives and subsidies, human resource policies, finance practices, or compensation strategies, to name a few of the possibilities. Your final paper will focus on where and how the most significant barriers to a sustainable economy exist within your chosen area of research/sub-system and what and how you propose to change that will lead to a more sustainable planet and economy.
The paper should be 6 – 8 pages.

Option 2:
Select and describe in 1 page a new business idea for a profit or non-profit that you will write your final paper on. The business must address in a system fashion one of the greatest social or environmental challenges that face the world. The business could address low-income job creation, population, climate change – but must be:
- Highly focused and specific.
- Designed to create significant – not incremental change.
- You must identify the business model
- You must describe the key challenges and risks the business faces

The 1 page overview for your final paper will be due by Session 10

Your final paper will be an Executive Summary for the business of 4 – 8 pages. I will provide you with examples of executive summaries of other businesses.

I will comment on the one page summery and then the final paper will be due on the final class.
Readings for session 10:

1) Evergreen Cooperatives Field Study  

2) Banking as if Society Mattered: The Case of Triodos Bank, Dr. Katrin Käufer, January 2011  

3) *Sustainable Economic Democracy: Worker Cooperatives for the 21st Century* by Nicholas Iuviene, Amy Stitely & Lorlene Hoyt  

Session 10: The New Economy Part 1: Cooperatives & Community Development

Lecture & discussion of the Bronx Cooperative Development Initiative  
**Guest Lecturers:** Nick Iuviene, MIT-CoLab & Yorman Nunez, Bronx Cooperative Development Initiative

Discussion: Questions about final paper

Session 11: The New Economy Part 2: Good business

Lecture: Hollender Sustainable Brands new business

**Class activity:** Articulate the 3 most significant potential flaws/blind spots/risks/failures of responsibility or sustainability

Session 12: Final class: What to remember, thinking about your career

**Final paper due**

Presentation & discussion:
- Key things to remember
- Advice on your career path
- Critique & feedback on the class