Reimagining Production-Organizing Institutions for Ecological Integrity

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SAVE THE DATE

ENGAGING ECONOMIES OF CHANGE

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How could the production-organizing institution(s) of the economy be reimagined so that maintaining ecological integrity becomes an integral goal and outcome of their operations?

This is crucial given that:

- Non-technical institutional innovation can accelerate the transition
- The existing structure of the economy defaults to growth and ecological damage
- Existing technological opportunities for reducing ecological impact are underdeployed by businesses
- The liberal democratic nation-state alone cannot be relied on to address ecological integrity
- Many advantageous technologies require long supply chains, capturing large economies of scale, and access to significant capital
Outline

1. Elaborate the Question: Overview of core ideas

2. Possible Direction: Key components of a reimagined firm

3. Making the Case: Demonstrate the givens
“Institutions are the conventions, norms and formally sanctioned rules of a society. They provide expectations, stability and meaning essential to human existence and coordination. Institutions support certain values, and produce and protect interests.”

Current production-organizing institutions

http://policonomics.com/circular-flow-diagram/
An increasing focus on the firm

- Markets do not behave as expected, which means firms do not either
- Firms suffice instead of optimize (Earl 2017, Gowdy 2010)
- Firms engage in lobbying (Blauwof 2012)
Key components of a new institutional structure

1. Theory of production
2. Purpose
3. Ownership structure
4. Investment
5. Decision making criteria and method
6. Motivation of stakeholders
7. Regulation
8. Multiple theories
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Technological solutions are under-deployed

- Think renewable energy, electric vehicles, efficiency opportunities
- Globally, 80% increase in resource productivity is possible (Weizsäcker et al. 2009)

Why:
- Opportunity cost of capital
- High upfront cost of efficiency gains, renewable energy
- Risk of long payback periods
Liberal democratic nation-state cannot limit ecological decline alone

- Pigouvian tax could go a long way to solving these problems

But:
- Lobbying: reform tends to be unstable; state is dependent on taxable income (Blauwhof 2012)
- Command and control regulation is expensive and limited
High technology requires extensive coordination of capital

- Degrowth advocates for decommodification, deprofessionalization, production for use rather than sale, localization (D’Alisa et al 2014)

- High tech (e.g. electronics) provide valuable services that are desirable post-transition

- Long supply chains and high number of components requires huge economies of scale

- Institutional structure that can provide both access to necessary capital and ecological integrity is necessary
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