



Vermont's New Economy

A look at the New Economy
by the numbers



Vermont has a story to tell:

Responding to a changing climate, investing in local food and renewable energy, recognizing the value of working and wild lands. Vermont's story is about the creativity and challenges that come with putting the economy at the service of its people's values.

This reorientation of the economy is what we call "New Economy." It is new compared to the economy of Wall Street and the 2008 recession, but its roots are old and deep. The New Economy believes there is power in a community committed to its own place.

Across the country, the New Economy is taking shape in the form of alternative currencies, cooperative businesses, local investment, and more. It is a caring form of capitalism, one that draws its strength from skilled and active networks of citizens, businesses, nonprofits, and government.

In Vermont, these networks have experimented and learned enough for us to map out the first model of what the New Economy could look like. This booklet shares numbers and stories from across the state, each aimed at providing a "sense of the possible" in designing strong and sustainable economies.



Means and Ends of the New Economy

What sets the New Economy apart from the mainstream economy are its ends and means: the goals of the economy, and how it achieves those goals.

In the New Economy, the **ultimate end** is people's wellbeing and happiness. This goal is the highest and most desirable thing an economy could provide, and it's what the New Economy is all about.

Supporting that ultimate end are the **intermediate ends**, the tangible goals the New Economy is set to deliver. They include accessible healthcare, quality education, sustainable food and energy systems, and stable employment in green industries. These ends do not guarantee wellbeing or happiness, but they are a path to those ultimate ends.

The **intermediate means** are the productive capacity of the New Economy. They transform and replenish our natural stocks to produce all the goods and services we need. Socially responsible businesses, coops, alternative forms of exchange, and local investment are all New Economy examples of intermediate means.

At the base of the New Economy are its **ultimate means**: a foundation of healthy agricultural and forest lands, wetland ecosystems, and other natural resources that are secured for the long term to provide sustainable economic production.

By prioritizing the wellbeing of our communities and environment, the New Economy allows us to develop goods and services that provide for our real needs and help us reach the very top of the pyramid.





Ultimate Means Vermont's Natural Assets

Much of Vermont's economy depends on the state's natural assets, including healthy agricultural soils, forests, scenic landscapes, clean water, and wild spaces. These natural assets provide resources and recreation opportunities, and they are also key to Vermonters' cultural identity and heritage.

Every year, the amount of land protected from development by land trusts, conservation easements, and tax incentives is growing. Even so, Vermont's natural assets are not secure: **90% of our prime agricultural soils remain at risk of being lost to other uses.**

Vermont landowners' ethics: in a survey, half of family forest landowners in Vermont were willing to take on forest management expenses in order to reduce soil loss, provide habitat for wildlife, and allow access to recreation.

Affordable ownership: land prices in Vermont are rising quickly, making ownership out of reach for many prospective farmers and forest landowners.

To address this issue, the Vermont Land Trust created the Farmland Access Program, which guarantees that farmland is conserved and continues to be owned and worked by farmers.

VLT also teamed up with Vermont Family Forests to create the 115-acre Little Hogback Community Forest. The forest is protected by a conservation easement and managed sustainably for timber harvests. Community members own shares of the forest as part of a Limited Liability Corporation (LLC), allowing them to benefit from timber sales and recreation without owning a physical parcel.

Farmland lost to development between 1997 and 2007:

6%

Vermont land that will likely remain undeveloped as a result of tax incentives:

38%

Vermonters who value the state's working lands:

97%



familymwr



Intermediate Means

Green, Networked, Accountable

The power of the New Economy is its connectedness

Through the concerted actions of roughly 250 organizations, the Farm to Plate network is carrying forward Vermont's 10-year comprehensive food system plan. They are improving and localizing across the whole value chain, from soil back to soil.

Similarly, Energy Action Network, a team of 45 or more businesses, private funders, nonprofits, and government representatives, is working to shift Vermont to clean energy solutions by 2030.

Employee-owned: best for workers, best for all

Data shows that worker-owned companies are happier workplaces, serve their communities more effectively, and perform better financially.

Here in Vermont, we have over 30 worker-owned businesses, including King Arthur Flour, Gardener's Supply, Chelsea Green Publishing, and Resource Systems Group.

Mission Green: from socially responsible businesses to researchers in renewable energy technology, Vermont has the country's highest percentage of green jobs.

Vermonters employed
by worker-owned
companies and coops:

4,400

Vermonters who
are members of at
least one coop:

348,580

Vermont jobs
in green
industries:

4%

Intermediate Means Exchanges & Financing

Time exchanges: an hour for an hour

Everyone has something to offer in Vermont's six time banks, such as cooking a meal, fixing a bike, or giving a ride to the doctor's office. One hour of help in time banks earns one credit that can be spent on needed services. Through hour trading, time banks build community and strengthen the fabric of local economies.

VBSR's Marketplace: like barter, but better

The Marketplace from Vermont Businesses for Social Responsibility is an online trading community where individuals and businesses buy and sell for local Trade Dollars. Rather than using traditional cash, the Marketplace allows businesses to get what they need by trading what they already have.

Financing Vermont's New Economy: the transition to sustainable food and energy systems carries risks that traditional financial institutions are not willing to take.

Vermont is rethinking risk, returns on investment, and the affordability of capital:

- Risk-tolerant capital from the Flexible Capital Fund supports natural resource businesses like sustainable agriculture, forest products, and renewable energy.
- The Vermont Sustainable Energy Loan Fund consolidates existing state energy loan programs, increases private capital, and works with banks to expand renewable energy and efficiency projects.
- Grants from the state's Working Lands Enterprise Initiative fund farmers and forest operators.
- Vermont's chapter of Slow Money is starting to increase coordination and leverage across lenders, investors, foundations, the public sector, and grantmakers.
- Vermont is exploring public banking to keep federal money, tax dollars, and interest payments in state.



David Morgan-Mar

Time exchange
participants in
Vermont:

1,200

Amount Vermont
will pay annually in
debt service:

\$80_m

Hours traded yearly at
Montpelier's Onion
River Exchange:

6,000



Intermediate Ends

Food & Energy Stories

Vermonters know their farmers. The state is first in the nation for number of Community Supported Agriculture (CSA) operations per capita. The CSA model allows consumers to pre-purchase regular shares of veggies, fruit, meat, and even milk and eggs from their local farmers.

While direct sales of Vermont produce through CSAs and farmers markets grew 139% between 2002 and 2007, there is still great potential to increase local food production and consumption.

Communities powering energy transitions

Over half of Vermont's towns have established energy committees and are coordinating their actions through a statewide coalition. Some have also voted to approve PACE, a new financing mechanism that allows town loans for energy improvements to be paid back via property taxes.

Community projects are taking off, too. A solar garden in Putney, investments to make Rutland New England's solar capital, woodchip heating at an affordable housing complex in Barre: all are building Vermont's energy security.

Adding value with tech-savvy: adding value to milk normally happens through bottling or making cheese. But in Hardwick, the heart of Vermont's food renaissance, Vermont Natural Coatings turns whey, a byproduct of cheese making, into non-toxic finishes for wooden floors. This diversification of manufacturing is reshaping Vermont's food system.



Stedding College

Cost of fossil fuels imported for heating in 2010:

\$600_m

Jobs a 5% increase in local food output would create over 10 years:

1,700

Children in Vermont who are food insecure:

19%



Ultimate Ends

Measuring What Matters

From growth in output to growth in wellbeing

By adopting the Genuine Progress Indicator (GPI) to assess economic health, Vermont decided that it was not enough to measure the amount our economy grows every year. It needed to know whether it was bad growth that decreases the vitality of our communities and ecosystems or good growth that makes Vermonters happier. By accounting for real costs and real benefits, the GPI is a reality check on our progress.

On the costs side, the GPI shows a quickly widening wealth gap between Vermont's middle class and its most affluent residents. Strengthening a healthy middle class—one that can send its children to college and spend and invest locally—is a top priority of New Economy leaders in Vermont. On the benefits side, Vermont continues to enjoy high levels of education, frequent community volunteering, and downward trends in crime and miles driven per vehicle.

If we continue to increase these benefits while decreasing costs, Vermonters can experience a measurable, higher quality of life.

Vermonters with a bachelor's degree or higher:

33%

Increase in Vermont's income inequality, 1970 - 2010:

29%

Vermonters who volunteered in 2011:

32%

Miles driven per person in 2011:

11,630



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