



**nef Review of the Year  
2012 - 2013**



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# Message from Stewart Wallis, Executive Director

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What a fantastic year for **nef**. From tackling inequality to protecting our oceans, from reforming banks to busting economic myths, across all our work we are making significant progress in driving the transition towards a fair economic system that works for people and for the planet.

Going through all of our work last year would fill this review several times over, so I will mention just one particular success. Our victory on reform of the Common Fisheries Policy (see page 16) is a perfect illustration of how **nef**'s unique approach can transform thinking on a pressing issue and change things for the better.

Our research overturned the conventional wisdom – pushed by the industrial fishing lobby – that protecting the oceans means damaging the economy. We built partnerships with Europe's leading NGOs to push for change. And over 31,600 adults and children took part in our Paint a Fish campaign, sending their pictures of fish to MEPs and fisheries ministers in the run-up to the crucial votes.

This, along with everything else you will read about in this review, was only possible thanks to the support of the organisations and the thousands of individuals that share our vision of a fair and sustainable future, that work alongside us to make that vision a reality, that participate in our campaigns and events, and, of course, that so generously fund our work. You enable **nef** to stand up against wealthy vested interests to ensure people and the planet have a powerful voice in decision-making — thank you!

Stewart

P.S. It's not too late to paint a fish. Get creative at [www.paintafish.org](http://www.paintafish.org)



# Timeline of the year

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## JULY 2012

Working with the TUC, we show that **local public sector pay deals** would cost the economy £10bn

Our **Measuring well-being** handbook enables charities to calculate their well-being impact

## AUGUST 2012

In partnership with Care and Kenyan farmers, **Counting on uncertainty** evaluates community adaptations to climate change

**Cutting it in Birmingham** highlights austerity's impact on the city's third sector

**Fish dependence 2012** reveals the EU's reliance on seafood imports

## SEPTEMBER 2012

As we explain on Radio 4's Today, **No catch investment** shows that protecting the oceans is good for the economy

**Unburnable carbon** examines the dangers of overpriced fossil fuel reserves

**National gardening leave** makes the case for a shorter working week

## OCTOBER 2012

MPs from all major parties attend our debate  
**Examining the value of HS2**

Our **Haringey Carbon Commission** research outlines how the borough can reduce CO2 emissions by 40% by 2020

Alongside Scope, in **Doing services differently** we showcase ideas that give disabled people more control of their services

## NOVEMBER 2012

**Well-being patterns uncovered** explores the UK's first set of national well-being statistics

**The economics of oil dependence** shows that oil prices place a ceiling on economic recovery

**Everyday insecurity** exposes the human cost of austerity

In **Beyond Beveridge**, we mark the report's 60th anniversary by proposing a new social settlement

## DECEMBER 2013

We publish a new edition of our sold-out book **Where does money come from?** explaining how the monetary system works

Our **criminal justice programme** launches by showing how community services support vulnerable women and reduce reoffending

We expose the growing risks posed by **Exchange traded funds**

## JANUARY 2013

**One track mind?** uncovers the government's failure to evaluate alternatives to HS2

Our **Prevention papers** explain how early action on societal problems would reduce harm and save money

## MARCH 2013

A dozen leading figures address one of the defining issues of our time at our major conference, **What next for tackling inequality?**

Our **Stakeholder banks** analysis of national banking systems warns the UK's is structurally flawed

## FEBRUARY 2013

We link the monetary and ecological systems in **Energising money**

## APRIL 2013

Our briefings **Sustainable fisheries make economic sense** and **Fish dependence 2013** reiterate the urgency of restoring fish stocks

Why we need a new **macroeconomic strategy** sets out a path to escape our high-carbon, high-debt economy

We launch our **Mythbusters** series to counter popular economic untruths

## JUNE 2013

The parliamentary launch of **The best we can do?** proposes five projects that would better deliver HS2's aims with its (then) £33bn budget

12 politicians outline visions for the future of banking in our book, **Banking 2020**

## MAY 2013

Towards a **Welsh industrial strategy** outlines how the Welsh economy can thrive despite growing disparity between London and the rest of the UK

Our **Economics in policy-making** series helps NGOs harness economics to further their missions

We train hundreds of social justice and environmental campaigners through our **Mythbusters** online course

**Buying things together** evaluates approaches to pooling personal budgets in care and support

Over the following pages we look at a few highlights in detail. You can find out more about all of our work at [www.neweconomics.org](http://www.neweconomics.org)

## A red light for runaway decision-making

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The UK's transport system is crying out for major investment. Railways require upgrading and we need more low-carbon ways of getting around. But that doesn't mean we can afford to let prestige veer spending away from the most beneficial projects.

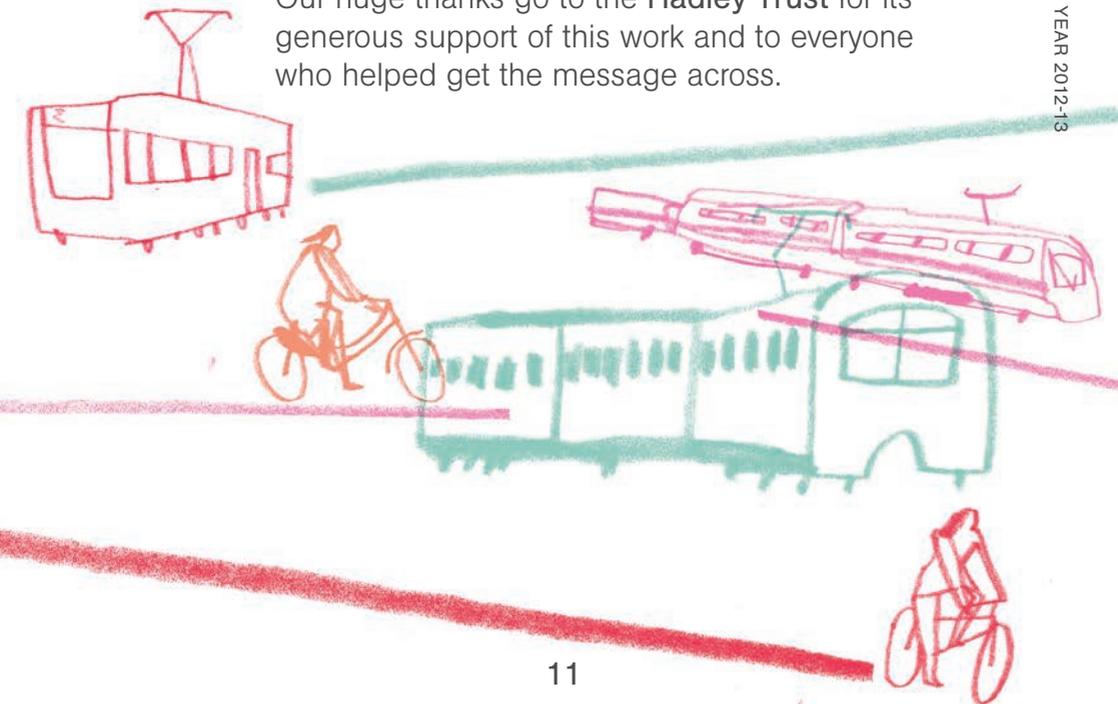
This year **nef** changed the course of public debate around HS2. The new rail line is set to become the biggest transport investment in UK history but, as our report *One track mind* found out, the official government appraisal of the scheme is full of gaps and unanswered questions. Putting aside whether or not HS2 will actually help us save carbon or close the North-South divide (we have our doubts), at no point in the process has the government explored other comparable options for how the budget of tens of billions could be invested.

**nef** stepped in to subject HS2 to the scrutiny the government has failed to give. Our report *High Speed 2: The best we can do?* caught the eye of media and politicians alike by mapping out just what £33 billion (the original projected cost of HS2) could buy us if invested differently. We showed how it could be spent to benefit all of Britain. It could upgrade our existing North-South mainlines; pay for better busses, trams, and bike routes around the country; and bring super-fast

broadband to rural areas. Essentially, it proved that big and flashy is not always better – making smart targeted investments around the country could benefit more people, save carbon, and far outstrip HS2 on value for money.

Now major players are calling for the brakes to be put on HS2. The Commons Treasury Select Committee has demanded reassurance that the scheme's benefits will outweigh those of other potential schemes and the Shadow Chancellor has insisted that he will not offer HS2 a blank cheque.

Our huge thanks go to the **Hadley Trust** for its generous support of this work and to everyone who helped get the message across.



## The unemployed are lazy, worthless scroungers, right?

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From parliament to the pub, myths about our economy are everywhere. Typically they are used to justify privilege and attack the environment and most vulnerable. Often cloaked in authoritative-sounding statistics and value-laden language, they can be tricky to rebut. Unless you know how.

**nef** teamed up with the Tax Justice Network to take on the most common myths that prop up the old economy. In a series of blogs and essays written by top economists and journalists, including Owen Jones, Heather Stewart, and Professor Simon Wren-Lewis, we revealed how to dismantle arguments that those fighting for a fairer system come up against every day.

Focusing on key economic battlegrounds – from the notion that social welfare is simply a question

“It’s been an excellent tool to debunk myths around austerity and lay the groundwork for more progressive ideas. Tax competition came up in a Sky debate just days after my Mythbuster. It was invaluable in giving me the confidence to take on my opponent.”

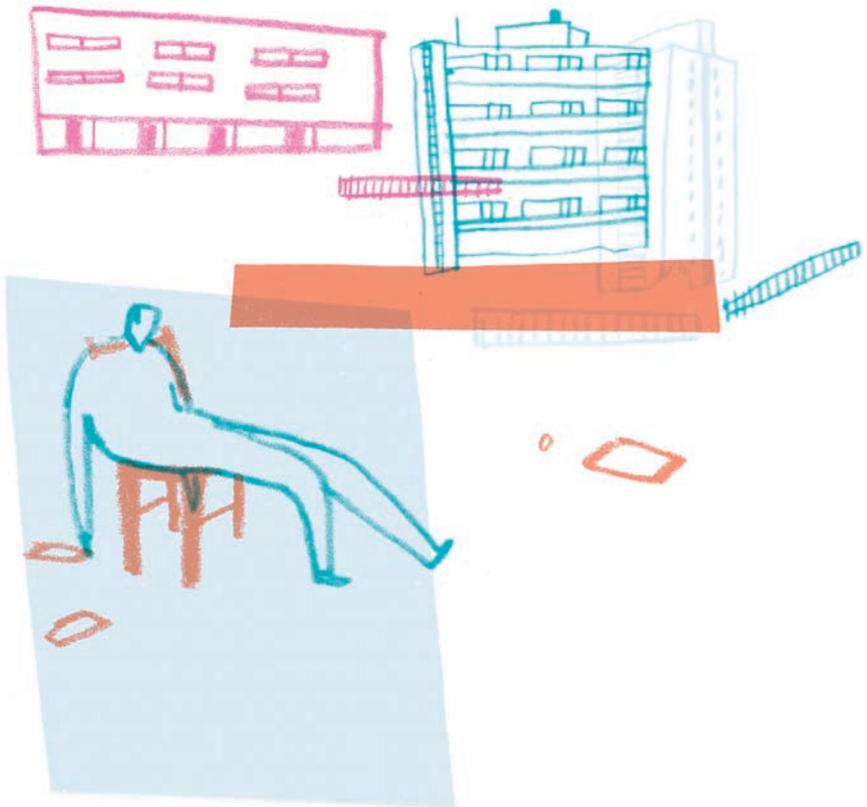
Ellie Mae O’Hagan, journalist and activist

of hardworking strivers and lazy skivers, to the idea that we can’t raise corporation tax or big business will leave – our nine mythbusters had a huge reach. They were published weekly on the



Guardian, and shared over 10,000 times on social media. The response was so positive we ran an online course on the topics, training hundreds of social justice and environmental activists.

We are very grateful to the **Network for Social Change**, **Artists Project Earth**, and all of our **supporters** whose donations helped fund Mythbusters.



# There's a hole in our banks

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It's easy to attack the banks these days. But laying out a different path for finance so that it supports a productive and sustainable economy is another matter. This year, thanks to our supporters, we were able to do this, and cement our position as the leading voice on bank reform.

**nef's** experts were at the heart of the action, calling for radical change to make the banking system serve people and the planet as well as

“**nef's** Finance & Business Team] bring to their research a clear and well-reasoned methodology that is matched by the expertise of key researchers who have actually worked in banks. The combination is rare, and maybe unique, but what it means is that when **nef** talks about banking, those interested in the future of the sector have to sit up and take notice.”

[Richard Murphy](#), Director, Tax Research UK

profit. We presented to the Parliamentary Commission for Banking Standards and made frequent appearances in the national media. The packed-out parliamentary launch of *Banking 2020* – a book challenging politicians to think outside the box on the future of banking – helped draw even more attention to our mission.

Our report *Stakeholder banks* highlighted the gaping hole in the UK's banking sector where other countries have credit unions, cooperatives, and all kinds of local banks. Driven by social needs as well as profit, stakeholder banks are superior

“The new economics foundation is among foremost voices for change, under its head of finance, Tony Greenham.”

Polly Toynbee, writer and Guardian columnist

at getting small businesses off the ground. They weather financial downturns much better than big speculative lenders and are more tuned in to the environmental and the social impact of their investing.

As our calls for greater banking diversity are being echoed by Westminster and industry alike, we've also made headway in the fight for local economies. Leading a European network of organisations, we've been working to share the know-how about local currencies like the Brixton Pound across the continent, engaging with NGOs, municipalities and credit unions in six different countries.

This work was made possible by generous donations from our individual supporters, The Tudor Trust, the Joseph Rowntree Charitable Trust and with financial assistance from the European Union.



## A sea change in environmental protection

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We are told that protecting the environment is a luxury we can't afford. But in reality it makes perfect economic sense. This year **nef** had a historic opportunity to address misconceptions at the heart of how natural resources decisions are made. And we did it!

The common fisheries policy is the central rule book governing all fishing by EU fleets. Vital to the sustainability of our seas, it is reviewed and updated only once a decade. We've been gathering evidence to influence the 2013 reform for years – and for good reason. Two-thirds of assessed EU stocks are now over-exploited. As well as causing untold ecological damage, this is costing us millions in lost revenue and jobs. It was time to make a stand.

Our game-changing research into the economics of conservation was backed by our colourful Paint a Fish campaign. This prompted over 31,600 adults and children from every country in the EU to send paintings to their fisheries ministers and members of European parliament (MEPs), urging them to use their votes to restore fish stocks for future generations. New **nef** policy briefings helped activists and policy-makers understand and communicate the economic argument for sustainable fishing.



There is still a long way to go to save our seas. But thanks to our supporters and those who connected and campaigned with us, we've helped shape the common fisheries policy for the better. MEPs

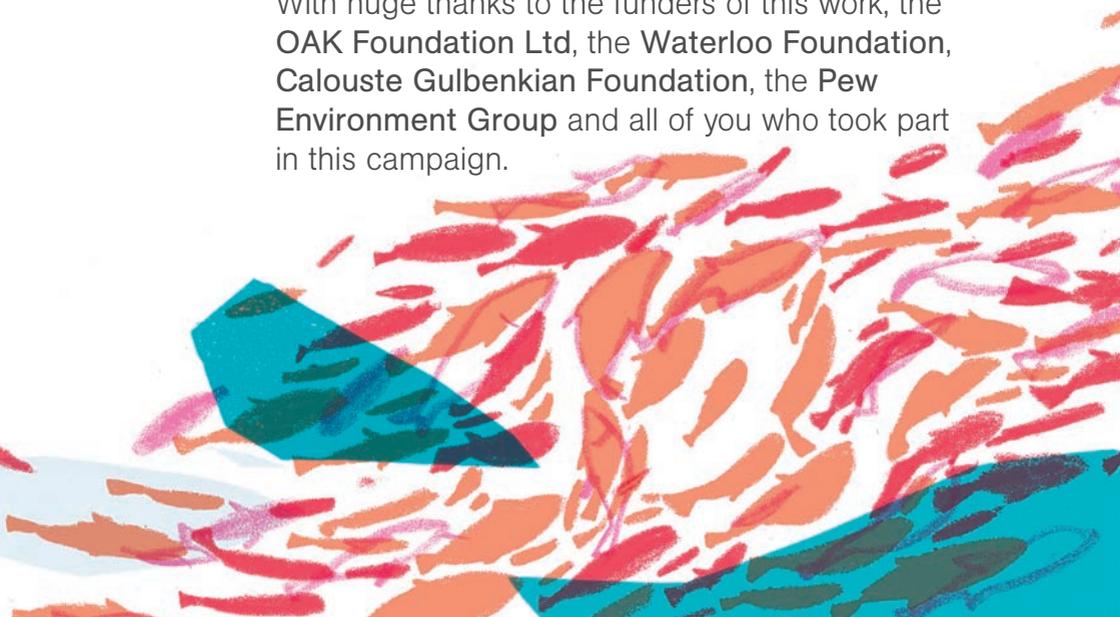
“The initiatives of your foundation contributed positively in raising awareness for the reform of the common fisheries policy”

Maria Damanaki, European Commissioner For Maritime Affairs And Fisheries

and fisheries ministers finally understand that sustainable fish stocks are good news for the fishing industry, and have voted to include the goal of restoring fish stocks to their full potential in the legislation.

Future reforms should see more and more of the quota awarded to sustainable fishing fleets that create the most jobs, rather than the destructive trawlers that drain value from our seas.

With huge thanks to the funders of this work, the OAK Foundation Ltd, the Waterloo Foundation, Calouste Gulbenkian Foundation, the Pew Environment Group and all of you who took part in this campaign.



## Lifting the lid on austerity

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People can be marginalised in many ways, including in debate. But we can't plan a new, fairer economy without listening to those at the receiving end of the problems with our current system. This year **nef** gave hard-hit communities a voice in the austerity debate.

Our *Everyday insecurity* report documented what it's really like to be on a lower income in the face of austerity. The result of peer research, photojournalism, and fieldwork in some of the most deprived areas of Birmingham and London, this was about enabling the people behind the statistics to tell their stories.

Many of those who spoke to us described a growing feeling of powerlessness taking hold of their lives. They explained the everyday insecurity that comes with being in precarious, low-paid employment, and the deep-seated anxiety they feel over rising costs of living and an unravelling national social safety net.

But the story doesn't stop there. As well as highlighting the issue in the national media, the project helped local people, community organisations, and council officers to explore ways to improve their well-being and make the most of local resources. Through workshops they identified

what their communities did have to offer and how new approaches, like crowd-funding and time-banking, could help them use these resources to plug gaps in other areas.

This work was supported by the **Barrow Cadbury Trust**, **City Bridge Trust**, and **LankellyChase Foundation**.



## A better compass for the economy

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**nef** has long been a pioneer of the idea that we need to look beyond GDP as measure of progress. The new economy will be built on well-being, and achieving this means learning to measure what really matters. That's why this year we've worked with key number-crunching organisations around the world – including the Office of National Statistics (ONS), Eurostat, and the Organisation for Economic Cooperation and Development (OECD) – to help them collect and develop their data on well-being and quality of life.

And our efforts are continuing to pay off. This year the ONS published its first dataset on the

“Combination of rigorous academic work with powerful public dissemination.”

Professor Kate Pickett, Professor, Inequalities in Health at the University of York and co-author of *The Spirit Level*

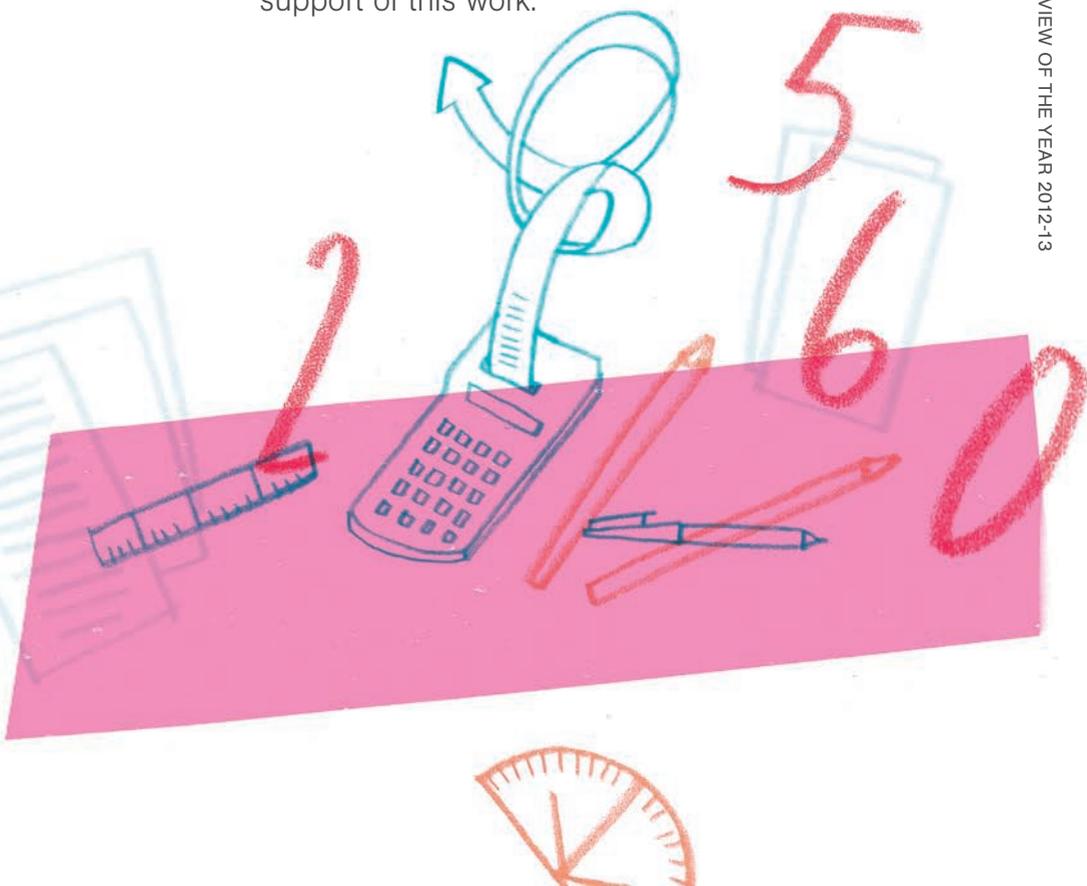
UK's national well-being levels – clearing the way for us to demonstrate just how valuable such information can be. Our *Well-being patterns uncovered* report made sense of the data to reveal the population groups currently

thriving in the UK, and those who are unhappier with their lives. As well as grabbing the headlines, this proved the insufficiency of mainstream economic indicators like GDP as a basis for decision-making – with London, the richest part of the country, scoring lowest on well-being.

# 4

The continuing challenge is for well-being to drive decision-making. In 2012/2013, along with our partners on the Good Jobs Taskforce, we worked out ways to integrate well-being into industrial strategy to support companies which are the best employers, the most environmentally sound, and the most useful to their regional economy.

We are very grateful to the **AIM Foundation** and the **Joseph Rowntree Charitable Trust** for their support of this work.



## Mind the gap

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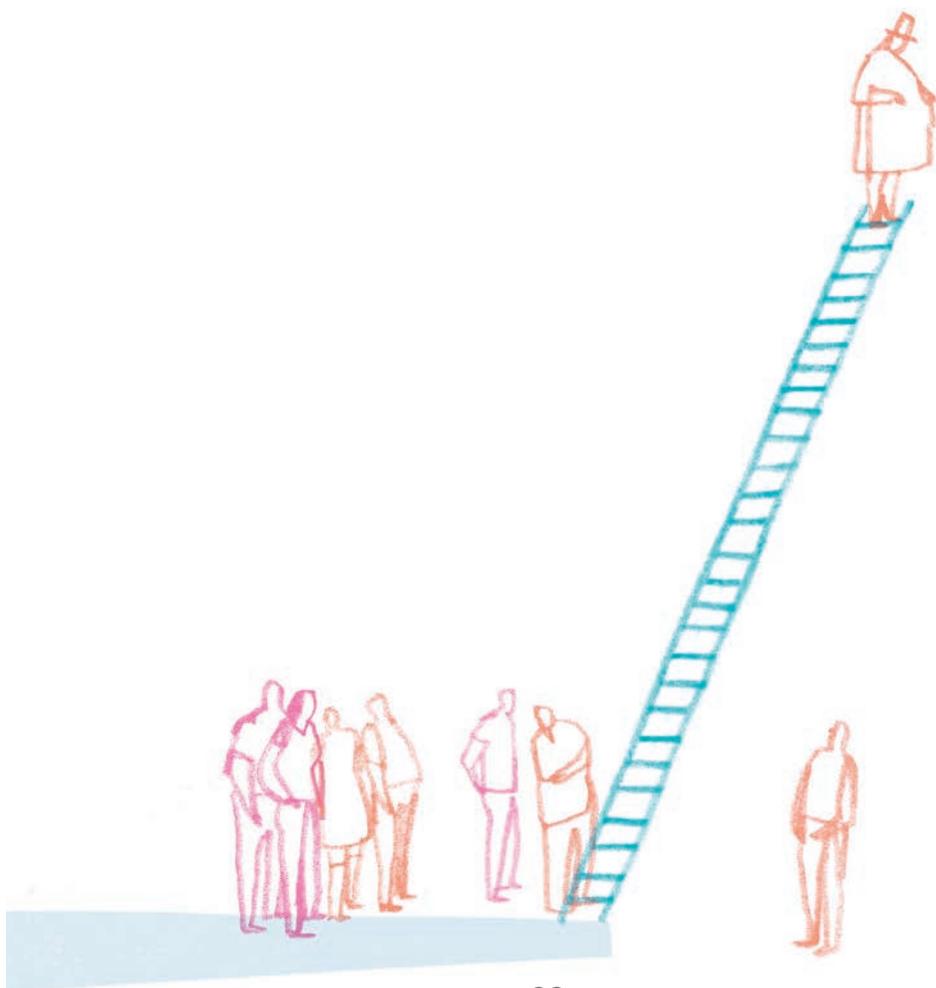
In 30 years the UK has moved from one of the most equal high-income countries to one of the most unequal. Many of the problems we see in society – from poverty and low well-being, to our inability to live within environmental limits – are intrinsically linked to and magnified by economic inequality.

Unfortunately, politically sensitive problems like this are easy to sideline and brush over by those who matter. This year, our supporters helped **nef** be one of the few organisations brave enough to call out the elephant in the room and think big on how to get it out of the door.

The inequality event we put on at the British Library in March drew together academics, policymakers, journalists, and members of the public to put the spotlight on inequality and demand action. From the argument that beating climate change hinges on our ability to close the gap between rich and poor to the power inequality underlying the London riots, the event opened up entirely new ways of viewing the issue.

Chaired by Giles Fraser and the BBC's Evan Davis, the event really captured imaginations with thousands of people sharing the online content we produced around it.

The event, and our other work on inequality this year, was funded by donations from our **supporters** – thank you! We are now working to draw up policies that will help us shrink inequality within a generation, with exciting plans for 2014.



## Financial summary

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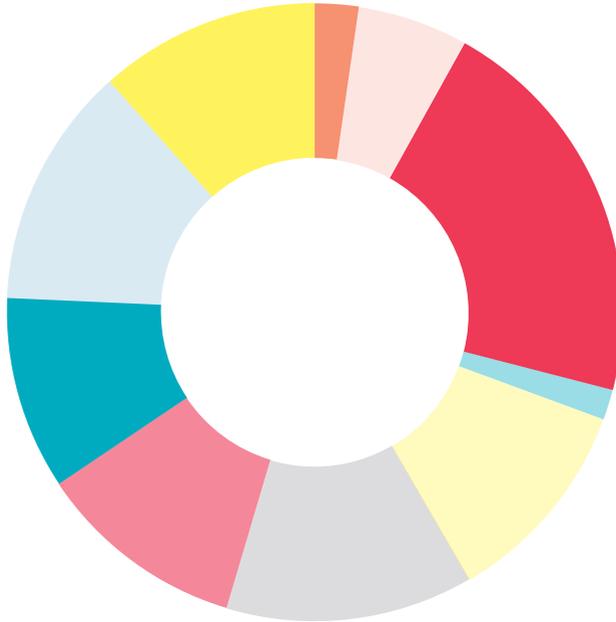
**nef** is proud to be independent of political parties and special interests. We are a registered charity and rely on a broad cross section of individuals, charities, companies and public sector funders to undertake our work.

We are delighted to thank our major funders, listed opposite. We are also very grateful to all of you, too numerous to name, who give generously each month or have donated to our appeals. Together we are a powerful voice for people and planet.

**nef's** total income for 2012-13 was £3,116,287. This was derived from three sources: major grants and donations (listed overleaf), individual supporters and donors, and earned income. We earn income through consultancy services in impact evaluation and organisational development for charities, the public sector and businesses – much of it through nef consulting. These contracts do not affect our research and advocacy agenda.

The Hadley Trust	234,770
Network for Social Change	198,000
OAK Foundation Ltd	196,675
European Commission	138,979
Stichting DOEN	123,294
The Tudor Trust	111,059
AIM Foundation	110,000
Office of the First Minister and Deputy First Minister	98,924
Freshfield Foundation	80,000
Paul Hamlyn Foundation	57,000
R H Southern Trust	43,000
LankellyChase Foundation	41,700
Cripplegate Foundation	37,000
The Waterloo Foundation	34,000
Calouste Gulbenkian Foundation	25,000
People's Health Trust	22,500
Oxfam GB	19,500
The Connectus Kommonia	
Charitable Trust	17,300
Barrow Cadbury Trust	15,000
Social Care Institute for Excellence	11,720
City Bridge Trust	10,000
Joseph Rowntree Foundation	9,911
Nesta and the Cabinet Office	8,000
Anne Robbins	6,000
Mesh	5,349
Artists Project Earth	5,000
James Skinner	5,000
Sherwood Forest Fund	5,000

## Expenditure summary by programme or function



Total expenditure £3,263,330

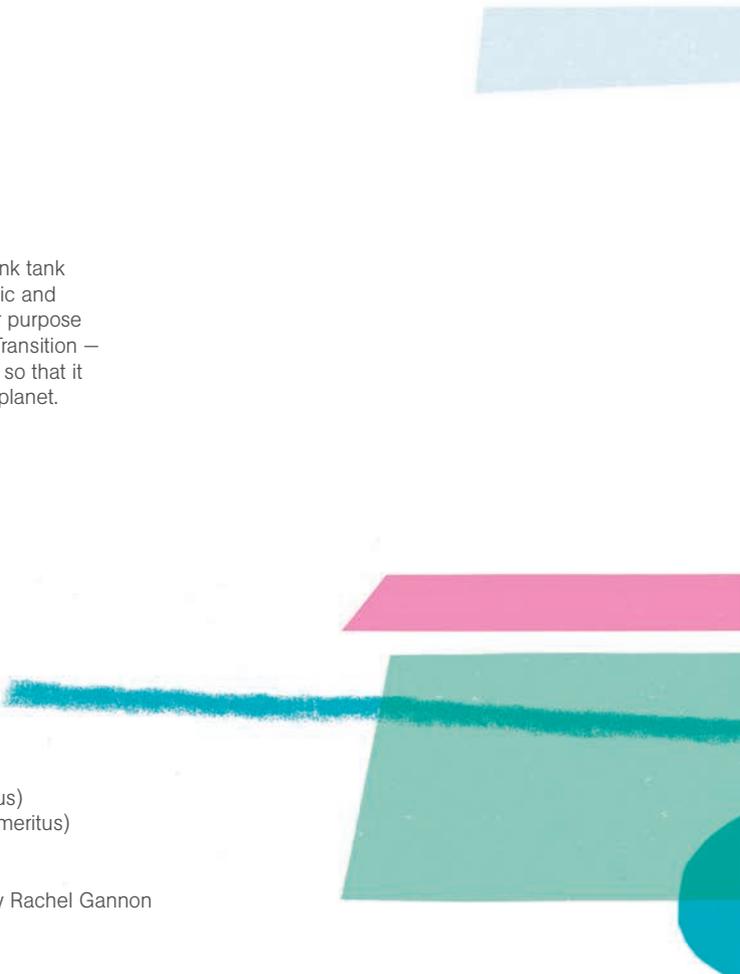
- Governance Costs
- Fundraising
- nef Consulting
- External affairs
- Environmental Economics
- Finance and Business
- Great Transition Initiatives
- Social Policy
- Valuing What Matters
- Well-being

Full details of our income and expenditure are published in our Annual Report and Accounts which can be found at [www.neweconomics.org/funding](http://www.neweconomics.org/funding)

## nef consulting

nef consulting is **nef**'s wholly-owned social enterprise. They use our ideas and tools to help public, private and third sector organisations measure and increase their value to people and planet. 2012-13 saw the social enterprise working with foundations and NGOs in over ten countries, including China, South Africa and Kenya to understand and improve their impact on well-being and sustainability.

In the UK, they undertook a ground-breaking project with the Crown Estate to calculate the total environmental, social and economic footprint of not only the estate, but also its supply chains and the activities taking place around it. Among much more, they also trained staff in major UK charities like Gingerbread and the World Wildlife Fund on how to imbed social impact measurement into their work.



**nef** is the UK's leading think tank promoting social, economic and environmental justice. Our purpose is to bring about a Great Transition — to transform the economy so that it works for people and the planet.

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