



Agenda for a New Economy: From Phantom Wealth to Real Wealth

David C. Korten

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Today's economic crisis is the worst since the Great Depression. However, as David Korten shows, the steps being taken to address it do nothing to deal with the reality of a failed economic system. It's like treating cancer with a bandage. Korten identifies the deeper sources of the failure: Wall Street institutions that have perfected the art of creating "wealth" without producing anything of real value: phantom wealth. Our hope lies not with Wall Street, Korten argues, but with Main Street, which creates real wealth from real resources to meet real needs. He outlines an agenda to create a new economy-- locally based, community oriented, and devoted to creating a better life for all, not simply increasing profits. It will require changes to how we measure economic success, organize our financial system, even the very way we create money, an agenda Korten summarizes in his version of the economic address to the nation he wishes Barack Obama were able to deliver.

Agenda for a New Economy: From Phantom Wealth to Real Wealth Details

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Author : David C. Korten

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ProgressiveBookClub says

An economic blueprint for the twenty-first century that puts Main Street—not Wall Street—at the center of our economy.

Today's economic crisis is the worst since the Great Depression. And yet, as David C. Korten shows, the steps being taken to address it are merely tinkering at the margins and do nothing to deal with the fundamental reality that our economic system has failed.

Korten (*When Corporations Rule the World*) identifies the deeper sources of the failure: Wall Street institutions that have perfected the art of creating "wealth" without producing anything of real value. Call it phantom wealth.

Our hope lies not with Wall Street, Korten argues (one of the sections of the book is titled "The Case for Eliminating Wall Street"), but with Main Street, which creates real wealth from real resources to meet real needs. He outlines an agenda to create a new "real-wealth" economy—locally based, community oriented, and devoted to creating a better life for all, not simply increasing profits.

Korten's vision will require changes to how we measure economic success, organize our financial system, even the very way we create money, an agenda Korten summarizes in his version of the economic address to the nation he wishes Barack Obama were able to deliver.

To learn more, visit The Progressive Book Club: <http://www.progressivebookclub.com/pb...>

Jennifer says

The more I learn about how Wall Street operates, the more angry I get. But Korten explains how we can change how our economy works, bringing control back to the local level, and he offers concrete solutions that actually work. This gives me hope!

Erin says

Korten has some good (super idealist) ideas, but the book is a bit repetitive and somewhat preachy and, to some extent, kinda "New World-ly." Many of his ideas resonate or perfectly coincide with those of Tom Friedman in *Hot, Flat, and Crowded*... they should hang out. They'd pry. have some good conversations.

Dave Manning says

Certainly lays out some great values and priorities.

Lauren Sheil says

My list of favourite quotes;

If we look upstream for the ultimate cause of the economic crisis that is tearing so many lives apart, we find an illusion: the belief that money – a mere number created with a simply accounting entry that has no reality outside the human mind – is wealth. Because money represents a claim on so many things essential to our survival and well-being, we easily slip into evaluating economic performance in terms of the rate of financial return to money, essentially the rate at which money is growing, rather than by the economy's contribution to the long-term well-being of people and nature. – David C. Korten; Agenda For A New Economy

Any chief executive of a Wall Street traded corporation that puts social or environmental considerations ahead of financial return will soon find himself cast out in disgrace through a revolt of institutional shareholders or a hostile takeover. – David C. Korten; Agenda For A New Economy

Under a socialist system, government consolidates power unto itself. Under a capitalist model, government falls captive to corporate interests and facilitates the consolidation of corporate power. – David C. Korten; Agenda For A New Economy

Efforts to fix Wall Street miss an important point. It can't be fixed. It is corrupt beyond repair, and we cannot afford it. Moreover, because the essential functions it does perform are served better in less costly ways, we do not need it.

Walls street's only business purpose is to enrich its own major players, a bunch of buccaneers and privateers who find it more profitable to expropriate the wealth of other than to find honest jobs producing goods and services beneficial to their communities. – David C. Korten; Agenda For A New Economy

Nothing in the design of the formal economic system allows those with little or no access to money even to give voice to their needs, much less fulfill them. They survive only by scratching out their living at the extreme margins of society, in informal or "underground" economies of their own creation. – David C. Korten; Agenda For A New Economy

We humans are awakening to the reality that we are living beings and that life, by its nature, can exist only in community. Our future depends on getting with the program and organizing our economies in ways that mimic healthy living systems. – David C. Korten; Agenda For A New Economy

We need an ethical money system that is accountable to the community and is driven by a commitment to serve those who are creating real wealth, and we need to cut off funding for swashbuckling privateers engaged in reckless get-rich-quick speculation that creates economic instability, results in a misallocation of real resources, and produces nothing of value in return. – David C. Korten; Agenda For A New Economy

Derek says

Another great book by Korten. While his prior books that I've read deal with the corporate world generally, in this he focuses on the world of corporate finance and Wall Street. His observations on the disconnect between Wall Street and real wealth are insightful, and he shows how the Wall Street culture are directly tied to conventional free market ideology. His agenda for changing the financial landscape by disassembling Wall Street and turning to locally based economies in which finance is handled on a human-scale by community financial institutions is very compelling. Some of the peripheral ideas for reform are a little more debatable, and Korten does get a bit melodramatic in presenting his vision. But overall, a very timely and thoughtful read.

TW Yeung says

a true revolutionary book that not only demonstrates what's wrong with our economic model right now but envisions the possible and potential changes we all can each contribute to to see to a sustainable economy, which henceforth creates a sustainable and stable community life! may peace find us all and that we all share the love and goods with one another.

Donald Shank says

Best economics book ever. Forget the proponents of endless growth and their planet devouring, exploitative insanity. David Korten presents a great outline of the future we actually face (assuming we reject the path to extinction)...a future with healthy communities, equality, sustainability and less work. Yes, it means having fewer material goods to use and discard, but in exchange you get the time to enjoy the things that really matter: family, friends, nature, art, literature, music, science, exploring, creating, nurturing, playing...this plan not only works, it's the only plan that will.

Jason says

We can hope for relief from the economic slavery wrought on us by Wall St and its pervasive global financial money system, according to Korten. But as you would expect for a book with such an inciting title, the solutions will be neither welcome nor easy.

What Korten has to say makes sense to me and I found his style educational. The competitive idea of Wall St vs Main St works for me and he uses this to good effect in the structure of the early part of the book. I like the way he expresses the contrast of money vs wealth and he raises concerns I had not thought about (private ownership of the radio spectrum).

It is a convenient read, but I felt in places there were disruptive breaks in the historical storyline and threads of reasoning. He says a little about the problems and risks of the new agenda, such as the potential abuse of financial power if it is placed entirely under government control, but I would prefer more balance in this direction. The assertion that the mechanism of Wall St finance is largely responsible for much of our current social, community, health and environmental problems is made several times but I didn't feel these claims were warranted or necessary in this book, unless further evidence was included. A warning bell went off for me when strong language was used without supporting facts (e.g. 'deadly', 'decimation', 'devastation').

Nevertheless I found the case against Wall St convincing.

Mike says

"Corrective action begins with a recognition that our economic crisis is, at its core, a moral crisis. Our economic institutions and rules, even the indicators by which we measure economic performance, consistently place financial values ahead of life values. They are brilliantly effective at making money for rich people. We have tried our experiment in unrestrained greed and individualism. Our children, families, communities, and natural systems of Earth are paying an intolerable price."

I agree with Korten that the abstraction of our economic system cannot exist outside of the physical limitations imposed by living on a finite world, so we might as well stop pretending. This is not to say that we can't have an economy based in money etc. but there must be a true value attached to that money. Setting unending growth as the framework to our economic system is a recipe for disaster. A system pitting people in isolation, competition, and fear of one another is a shame especially when as a species we excel at cooperation and creative problem solving. We cannot pretend that our actions, if they don't directly hurt us but hurt others have no effect on us. We must start to accept just how interconnected we are on this planet. My father believed Earth could provide more than enough for us of what we truly need. But, he wondered if we'd ever be wise enough to "reclaim Eden" as he called it, and "alleviate most human suffering" if we could just put our priorities in the right order (money isn't at the top of the list).

I liked his arguments that no matter how entrenched it can feel, institutions / cultural norms can crumble or change. We must think about what we want to replace them. For the same reason trickle down is bullshit, these systemic changes must come from the bottom up. Once politicians realize the populace is serious about environmental issues or creating an economy based on true value (quality of life value / sustainability), they will eventually fall in line. He makes a good point that left and right aren't necessarily as divided as you'd believe. For example, the majority of citizens see the Citizens United ruling (even Orwell would blush at this case's name) as the blatant democratically corrupting Pandora's box it is. People on the right generally blame the government and people on the left generally blame big business. The thing to realize currently is government and big business are essentially one in the same with power players switching roles in and out of each. With unifying understanding such as this, maybe the population can start to corner what the real problem is (big money people making their own rules regardless of the consequences on the rest of us).

And, he talks convincingly about the power of the story and the endurance of the story built with truth at its core. Truth will not die and will eventually trump whatever efforts are put forth to challenge it. Segregation was wrong. Separate but equal was wrong. The system was challenged and dismantled because in the end the truth was black people were human just like white people and therefore they could not be treated any differently. He makes a strong case for education and changing the cultural narrative with effective, authentic storytelling.

Stacey says

there have always been things i never quite got about the financial industry- like how a company could post

\$10 billion in earnings, but its stock prices would go down because it didn't make the \$12 billion that had been predicted. it seemed more about whims than realities. or how inflation could be said to be only a few percent year after year, wages stayed low, and yet the cost of a movie ticket or a gallon of milk went up 300-400% in the same time. or what the value of money really was since it actually isn't tied to anything since coming off the gold standard. the book validated me in realizing that there wasn't anything i didn't "get." it fundamentally just doesn't make sense. what i liked about this book were the ideas of decentralizing banking/lending into local communities and generally bringing more control into communities. it is important to think about things like paying local businesses with cash so they can avoid large bank fees, shopping locally, and generally not living wastefully. i can also get behind ideas of universal health care and education, etc. though i did appreciate some historical views of the beginnings of imperialist industry and how that has carried forward to today, i admit that i skimmed through this in favor of getting to-- ok, and what do we do about it now. what i didn't like about this book is that it is too utopian for me. i don't think making all these changes is going to mean we live in a problem-free society, let's be realistic. also, i can't fully get behind what he was saying about intellectual property rights, caps on salaries (or a 90 percent tax over a certain salary), or extending retirement age (unless this is seriously balanced out with far increased vacation from what we have now!!). it did remind me to up my political activity and look again into investing in microlending, etc., so i got some good take aways from this.

Megan says

I was tasked with reviewing this book for the Democracy Unlimited national email newsletter, so I thought I would just copy that here:

Helping Create Real Economic Change:
David Korten's Agenda for a New Economy

We know our economy is sick. And we know that our current economic problems are closely connected to other systemic social problems: laws meant to serve elites; systems created to reward the hoarding of money; institutions and social values that fail to serve the people and planet. Not only has the recent economic crash shown the weakness of many of our country's systems, but it has made it clear that they were never designed to benefit the majority of us anyhow. Wall Street's gambling with non-existent assets was never meant to benefit the greater good, but rather, to create ever more clever ways to generate money that was never there.

David Korten has a name for this: "phantom wealth." In his most recent book, *Agenda for a New Economy: from Phantom Wealth to Real Wealth*, he draws out with common-sense and clarity the difference between this phantom wealth and real wealth, that which is based on tangible goods and intangible human benefits – food, housing, education, human community. The money made on Wall Street is none of these. While money can be a tool for achieving real wealth, when made the end rather than the means it leads not to human health and prosperity but to the grotesque and crumbling spectacle currently known as our financial sector.

Korten's book is not merely another analysis of our problems, but a guide to solving those problems many of us are just beginning to understand. Because those currently in charge of 'fixing' the current economic mess are attempting to do only that – return the phantom wealth machine to its former activity, the activity which has given us drastic levels of inequality and a planet suffering from humanity's insatiable consumption. Korten asks a very basic question – why should we be fixing something that has never worked for us in the first place?

The sensible answer is that we shouldn't be. We should, instead, be using this moment to make a new economy, an economy in which those institutions in charge of our nation's money supply are not structured for private profit but for public good; in which our financial services serve the Main Street workers who create real wealth for all of us, not the Wall Street gamblers attempting to create phantom wealth for themselves.

Agenda for a New Economy is short and easily readable, perfect for the task it means to achieve: to help circulate ideas and solutions sorely lacking in our current public discourse. We urge you to read this book and to help it achieve that task by lending or giving it others. Help these ideas move, and move quickly. And take action on them! It is clear that the agenda of our national leaders is not the real change of our economic systems that is so direly needed, but a deeper commitment to previous policies of corporatized top-down economics antithetical to social justice and democracy alike.

We all need, and deserve, more than that. But as long as the only ideas dominating public discussion remain in the current Wall Street framework, that's all we'll get. Help change that by spreading the word about Agenda for a New Economy.

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Marti says

I've read several books on the current economic crisis and this is the best by far. Korten clearly outlines how we got here but beyond that gives a clear blueprint for an alternative to a Wall-Street-based economy. That economy produces phantom wealth; the Main-Street-based economy he espouses produces real wealth from real resources to meet real needs - focusing on our children, our families, our communities, and our planet. Accessible and easily understood, clearly written, and brilliant. encourage every American not only to read it but to act on it! I hope to.

Noah Skocilich says

This book was really clarifying to me about a lot of economic terms and concepts that had been kind of fuzzy to me for a long time.

A good, quick read that I would recommend to anyone interested in making our world better and knows that economics has a lot to do with that.

Logan says

This should be required reading for Americans. At times it's a little idealistic, but lofty ideas lead to important action. I highly recommend this book for anyone concerned about the unregulated financial system.

