




A Monthly e-Newsletter From:

 Institute for Alternative Futures

June 2007

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New Economic Ideas Provide Insight into the Changing Nature of Business

[New Economic Ideas Provide Insight into the Changing Nature of Business](#)

Long dominated by the Neo-Classical School of thought, economics stands poised for a paradigm shift. Business strategists are beginning to take notice.

[Obesity Threatens America's Future](#)

"Look at any change in the strategic environment that organizations face and chances are economists saw it first." says IAF's Economic Futurist Devin Fidler. "Right now, a new generation of economists is calling a number of fundamental assumptions into question, and their work provides flashes of insight into the changing nature of business itself."

[CDC Looks at Virtual Communities to Promote Public Health](#)

For the last half century, economics was dominated by Neo-Classical economists. Among other things, their approach emphasized human rationality, mathematical modeling, laissez faire policies and long-term equilibrium. The movement was embraced in response to the issues posed by industrialization and has proved itself the best alternative for predicting and dealing with the challenges of industrializing societies. A new generation of economists is calling many of these fundamental assumptions into question.

[IAF Welcomes Jason Siko](#)

"Without the context of these new economists, it is hard not to be surprised at the meteoric rise of green business and corporate citizenship as key strategic issues over the last half decade," Fidler says. Yet the types of systemic problems that are behind these concerns were foreseen early on by several innovative economists."

Upcoming Events:

Wiser Futures: Using Futures Tools to Understand and Create the Future, IAF Founder Clem Bezold along with Futurists Craig Bettles and Devin Fidler will conduct this workshop at the [2007 World Futures Society Annual Conference](#) on July 29th in Minneapolis, MN. You can register for this popular one day review on IAF's approach to aspirational futures as well as the rest of the conference [here](#) (click on the register now link on the left-hand side of the page). The IAF course is number is C-7.

The film *A Beautiful Mind*, for example, dramatizes an early contribution to this process when mathematician John Nash proved that in many cases the "invisible hand" can move many economic systems toward undesirable outcomes. This phenomenon was seen as marginal by most economists for some time, but it has recently proved quite prophetic. The worsening effect of climate change is an example of exactly the problem with "negative externalities" that Nash identified, operating on a global scale.

Newer ideas that could call the whole framework of modern economics into question are more threatening. The field of Behavioral Economics, essentially an attempt to integrate microeconomics into cognitive psychology, has been growing at an amazing rate. Early pioneers in this field, including Gary Becker at the University of Chicago, observed that economic ideas can be applied to everyday decision making.

The field has gone far beyond Becker's ideas, and has now shown that in some circumstances decisions can be framed such that people consistently make irrational choices. Worse, some of the techniques they identify for circumventing reason are routinely used in marketing and sales efforts. From this perspective, economics is increasingly about designing economic processes to maximize positive results. Ultimately, this will trickle down into new ways of regulating and designing decision making processes - from consumer lending offerings to marketing to 401K materials. "In the future we may manage our own irrationalities as we come to understand them better," observes Fidler.

At the highest levels, next-generation economic theories are starting to emerge that emphasize adaptive systems development. Much of this is covered by the fast growing field of "evolutionary economics." The concept is already gaining traction in board rooms. Both Bill Gates and Steve Jobs publicly talk about their companies' strategic positions in terms of a broader "business ecology." It is a trend that will almost certainly spread, particularly in fast changing industries where the very concept of "equilibrium" is almost dangerously misleading.

"One of the most important jobs of a futurist is identifying the broader patterns and strategic context that move organizations ahead of the curve," says Fidler. "At present, maybe one organization in a hundred 'gets' the strategic implications of game changing economic models like social enterprise and even open source. But that number is growing quickly. It's an exciting time."

Obesity Threatens America's Future

Imaging's Surprising Success, the 2006 Caldwell Lecture by IAF President Jonathan Peck is available [here](#) as a webcast on the American Roentgen Ray Society website.

IAF Senior Futurist William Rowley explored how obesity threatens America's future at the U.S. Medicine Institute for Health Studies conference on *Addressing the Consequences of Obesity in Federal Programs and Policies*. The conference, which was held in Washington, D.C. on May 18th, brought together leading researchers, medical and business leaders, and policy experts.

Capturing the Imagination of the Digital Native, the 2007 featured presentation by IAF Futurist Craig Bettles at the Longwood Graduate Program Symposium is available [here](#) on the Longwood Gardens website.

Obesity and its impacts will probably be one of the biggest challenges in our future. Even today, a man has a 90% chance of being overweight and a 50% chance of becoming obese during his lifetime. As a result of this dramatic change in society one out of three children will eventually develop diabetes. The complications of obesity and diabetes will produce a huge amount of disability during peoples' middle age productive working years and society's ever increasing longevity could reverse itself in the coming years. The economic cost of obesity is already over \$100 billion a year.

People tend to feel obesity is due to personal choice or an "addiction" that can be overcome with will power. In reality it is a complex disease with serious co-morbidities. Medicare pays for gastric bypass surgery for those who are morbidly obese, but does not pay for weight loss drugs or nutritional counseling. Many states and cities are taking action to offer healthy lunches, remove vending machines and bring physical activity back into schools. But there is little action at the federal level. Experts are resigned to the idea that even

finding ways for people to not gain more weight would be a huge success.

At the conference, experts gathered to discuss obesity and its impact on America. Rowley presented three scenarios that outline the future of obesity in America.

1. In the first scenario America wakes up to the seriousness of obesity and realizes that every part of society shares some responsibility for health. Communities change the built environment to bring safe activity back into daily living and workplaces change so exercise is a part of sedentary jobs. The food industry has incentives to make fresh fruits and vegetables available for the poor and Americans are served and accept appropriate portion sizes. Health care focuses on prevention and early intervention. Advances in therapy are used appropriately, but changes in social norms and resulting improved lifestyles are the key. Obesity gradually declines from society.

2. In a second scenario powerful business interests and human nature resist change. Nobody is held responsible. However the high tech health care industry comes to the rescue. Many Americans seek a healthcare solution, either bariatric surgery, a combination of pills every day indefinitely or has gene therapy to alter our genetic predisposition to prepare for famine. Obesity and its co-morbidities are declining, but the solution is heavy-handed, very expensive and results in other negative consequences to society.
3. In the third scenario Americans get used to everyone being big. People are reluctant to hold society responsible so there are no attempts to change the obesogenic environment. People also realize how incredibly hard it is to lose weight and keep it off in the existing environment so they are resigned to being obese. America keeps getting fatter. The focus is on adapting society to obesity with expansion of the Americans with Disabilities Act to include obesity and initiatives like demanding wider airline seats and building ramps for 1000 pound capacity electric wheel chairs. Unfortunately the result is a huge amount of early disability, a significant decline in life expectancy and hundreds of billions of dollars in societal costs.

"So how will the future play out?" asks IAF Senior Futurist Bill Rowley. "We are all normal individuals trying to live in a new obesogenic environment. Either we alter our environment, alter our genetics or suffer the consequences of a morbidly obese society. We all have front row seats. Are you enjoying the buttered popcorn?"

IAF has completed with support from Novo Nordisk, a set of scenarios on the twin health epidemics of obesity and diabetes. You can download the scenario report from the IAF website [here](#).

CDC Looks at Virtual Communities to Promote Public Health

One of the most exciting new possibilities for promoting public health is the development of virtual communities. The idea of virtual communities as locations for promoting public health has appeared in recent IAF projects such as the [DRA Project](#) and the [2029 Project](#).

The latest issue of the CDC's electronic journal, Preventing Chronic Disease, in a special issue, explores new ways to promote public health. The essays in the journal draw on the [Recommendations for Future Efforts in Community Health Promotion: Report of the National Expert Panel on Community Health Promotion](#). The recommendations stem from a panel of experts brought together in March of 2006 and facilitated by IAF Futurists Clem Bezold and Marsha Rhea.

One of the eight recommendations of the panel of experts is the promotion of a virtual community to facilitate community health promotion and knowledge sharing. A virtual community for health promotion would be a powerful tool for transferring knowledge, mobilizing communities and improving health literacy.

You can read more about these new technologies for promoting public health [here](#) at the CDC website.

IAF Welcomes Jason Siko

IAF is proud to welcome Jason Siko to its 2007 Summer Internship Program. Siko is interning under the direction of IAF Senior Futurist Marsha Rhea on the Vision 2021 project. The Vision 2021 project with the National Association of Elementary School Principals is exploring the future of education and the principalship to assist principals in anticipating future opportunities and aligning behind a shared vision.

Jason Siko is currently a student in Futures Studies program at the University of Houston and will receive his Master's degree after completing his internship. Prior to attending the University of Houston, Siko was an accomplished biology and chemistry teacher at Clarkston High School outside of Detroit, Michigan. He is returning to the classroom in the fall, and is planning on entering a doctoral program in educational leadership in 2008. He plans to continue to work in K-12 public education, but is also interested in teaching futures studies at the collegiate level. Jason, along with several of his University of Houston cohorts, will be presenting this summer at WFS on the future of biotechnology.

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