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SUBMISSION CONCERNING THE DEVELOPMENT OF A SUSTAINABILITY POLICY FOR WA

I suggest that synergisms actively be sought when assembling the strategy for sustainability. It should be expected that each particular policy segment will have multiplier effects that support sustainability now and in the future. Synergism is a term that comes from biology and refers to the process where the combined effect of a number of factors is greater than the sum of their individual effects. Examples of synergisms will be found in this submission in the list of benefits associated with suggested economic and social innovations.

The main focus of this submission is the social and economic aspects of everyday life and the potential for sustainability.

TO SET THE CONTEXT:

Global environmental problems are connected and related to one central underlying fact:

‘the scale of human activity relative to the biosphere
has now grown too large’ (Daly & Cobb, 1989).

There are too many people for the earth to sustain and the 20% of the human population (including most Western Australians), who are consuming more than their fair share of the earth’s resources, are doing most of the environmental damage.

However, our consuming behaviour is determined by our present economic system, i.e. ‘environmental degradation is not an incidental consequence of economic activity, but a central feature of the way in which production and consumption is currently organised’ (Jacobs, 1991).

ANALYSIS OF PROBLEM

Personal over-use of resources starts in the shopping centres and our letter-boxes are regularly crammed full of advertising material. It is clear that citizens are actively encouraged to buy more and more things, regardless of need.

The justification for this commercial practice is that local businesses will not return adequate profits unless they stimulate ever-increasing sales. And if this does not result in satisfactory returns on investment, the usual response is to cut costs by shedding staff – with an increase in unemployment.

This dilemma is the crux of the problem we face. It is of particular importance because if human populations are successfully to curb the rate of environmental degradation, economic growth that exploits new resources will need to be curtailed and this will decrease the amount of goods available for human consumption. It will also increase social fragmentation unless steps are taken to protect those who are least able to protect themselves.

This brings up the question of EQUITY –
a complete sustainability policy must address it.

It is all too easy to speak glibly of inter-generational equity when the people we are referring to exist only vaguely in the future; the real challenge is to ensure *intra*-generational equity. We need to find better ways to share the wealth of the State in the present. If we find ways to direct more of our financial resources into the common good we would use fewer resources and ensure more social harmony.

An increase in social justice would benefit the fifteen other people in the current generation (most of them unknown to us) who will be co-progenitors of the great-great-grandchildren of each of us. In order to ensure the well-being of our particular descendant, we are obliged to also ensure the well-being of the child's fifteen other co-progenitors in the current generation. Therefore, any provision for the welfare of our descendants must inevitably be in the nature of a public good, and this approach is more likely to ensure a cared-for environment to hand on to future generations (Daly & Cobb, 1989).

INNOVATIVE SOLUTIONS ARE NEEDED FOR SOCIAL AND ECONOMIC PROBLEMS

At present only innovations that offer a commercial return are thought to be valuable. This has resulted in our technical ability to produce harmful goods far outweighing our social ability to manage them. Social innovations probably need to be initiated by government because our private capacity to bring about the changes required is limited, e.g. public transport systems can only be instituted by large corporations.

INNOVATIVE THINKING

Some people argue that our environmental and social problems can be traced to money. It is imperative, therefore, that we pay attention to the economic system and the way in which money functions in society.

The first thing we need to do is change the way we think about the economic system. Acceptance of the present situation is the result of a belief that the economy is separate from and superior to the rest of life, and that the business sector is the primary source of social wealth and well-being.

However, this view is untenable; it is becoming increasingly obvious that commercial ventures do not necessarily benefit people or the environment. If we thought of the economic system primarily as part of 'the arrangements of society', we would be in a better position to direct it in socially productive ways.

'NEW ECONOMICS' – this new field of economic scholarship has done much to broaden our thinking about production and exchange in social life. A number of 'new economic' programs have been developed in various localities to increase economic activity in ways that are controlled, environmentally sound, supportive of the social needs of local people, and which harmonise community cooperative and free-market interests.

EXAMPLES OF ECONOMIC AND SOCIAL INNOVATIONS

1. Employment – there are ways in which the economy can be managed to limit unemployment and ensure that everyone has the opportunity to contribute to society. One way to create full employment would be for us to adapt an arrangement common in Japan. In this situation, workers and managers negotiate a minimum living wage to be paid monthly, and a residual bonus, which often equals the total minimum, is paid at the beginning of the following year. This arrangement means that fluctuations in demand and company productivity are reflected in wages, not in fewer or more jobs (Schapper, 1992).

2. Cooperative Housing - in cooperative housing arrangements, private dwellings are clustered around communal facilities and common space. Usually some meals are shared; collective laundry facilities are available, and arrangements are made for shared child care.

Benefits:

- (1) Human impact on environment is reduced through pooling of resources,
- (2) Community interaction is increased,
- (3) Increased security and less crime because neighbours can recognise intruders,
- (4) Facilitates the reciprocal economy,
- (5) Provides affordable housing through better use of resources.

3. Local Dinner Clubs - these mutual-benefit clubs would provide evening meals for members on four or five days each week. Participants would help

determine the menus and would pay costs in advance. The clubs would operate from the kitchens of local schools, colleges, and other facilities, and ideally be within walking distance of members. Members could either dine in the communal setting or take meals home to eat. The purchase, cooking of meals and cleaning up, would constitute part-time remunerated work for club members who took responsibility for these tasks.

Benefits:

- (1) less pressure on working women,
- (2) Improved nutrition,
- (3) More social contact in the local community, less isolation for people living alone,
- (4) Stimulus to further collective endeavours,
- (5) Less food waste and fewer throw-away containers in the garbage, as families find less need to produce 'quick' meals,
- (6) Increased security for schools and other public facilities used by dinner clubs.

4. Community Supported Agriculture (CSA) is a new approach to the production and marketing of fresh foods. It links people with a local farmer to develop a fresh regional food supply. A community of people who care about their food and the environment pay in advance for a like-minded farmer to grow their fresh produce needs. In this way, the community of subscribers share the benefits and risks of farming. Example: Challenge City Farm Lismore, NSW.

Benefits:

- (1) Farmland near the city is protected from urban sprawl,
- (2) Farmer's income is stable, which allows for environmental planning, and retail prices for produce allow small-scale diverse farms to be commercially viable,
- (3) Fewer wasted resources in marketing produce, packaging, and transport (cost of transport is reduced, also rate of fossil fuel depletion and the generation of pollution),
- (4) Local, freshly picked, seasonal produce,
- (5) Personal relationship between producer and consumer,
- (6) City people are educated about requirements of food growing,
- (7) Supports holistic, diverse, environmentally sustainable farming.

Innovations can also be made in the way the exchange medium - money - operates in society, as the following example shows.

5. Micro-credit small loan circle program - eg Grameen Bank of Bangladesh. Micro-credit programs enable communities to take control of their economy, and through it, their cultural and community life. The main feature of this program is that loans are offered to sections of the population not normally identified as eligible for bank credit. The Grameen Bank of

Bangladesh operates only in villages and lends mainly to women, in small amounts and for short periods of time. To qualify for a loan, a villager must show that her assets are *below* the bank's threshold. Then instead of finding a guarantor for the loan, she must join a five-member group and a forty-member centre, attend a meeting every week and assume responsibility for the loans of her group's members. It is the group, rather than the bank, which initially evaluates loan proposals and defaulters spoil things for everyone else, so group members choose their partners carefully. The bank reports a repayment rate of 97% (Bornstein, 1998).

The way money operates can be modified even more if alternative currencies are used. These currencies range from various forms of local exchange to resource-based systems. The 'money must grow' dogma accelerates the destruction of natural resources and must be countered if we are serious about wanting a sustainable future.

Parallel or Complementary Currencies are not intended to replace or supplant conventional money, but to circulate alongside it and overcome its deficiencies. The main function of money is to provide a medium of exchange and a standard of value, but these essential functions are often hindered by its secondary functions as a store of value and a tool for speculative profit. Add to this the relative scarcity of money, the fact that it is centrally issued and controlled, and that interest is charged on credit, and it becomes apparent that conventional money has some serious deficiencies. It is these deficiencies that parallel currencies are designed to overcome.

Below are some ideas and examples of parallel currencies.

6. Interest and Inflation-free Money (the Wörgl Experiment) - Money facilitates the exchange of goods and services between people, and the payment of interest and compound interest keeps it circulating. However, the mechanism of interest payments also serves to hinder exchange by keeping money in the hands of those who have more than necessary and indirectly causing poverty and bankruptcy. It has been pointed out that inequality is not a necessary outcome of the need to keep money circulating; an alternative way was suggested in 1890 by the German merchant, Gesell. In his system, the government provided money as a public service, subject to a use-fee. Unlike interest, the fees paid on the use of money would constitute a public gain and would reduce the amount of taxes needed to carry out public tasks. The system was tried in the depressed town of Wörgl, in Austria in the early 1930's. The town council issued 32,000 'Free Schillings' (standard monetary unit), and these notes maintained their validity over time by a stamp worth 1% of their face value being attached to the back of the note by the person who had the bank note at the end of each month. This small use-fee encouraged people to spend their Free Schillings before spending their ordinary money.

As a result, the new notes circulated 463 times in one year, compared to 21 times for the ordinary Schilling. In addition, the town was able to reduce unemployment by 25% at a time when other European countries had severe problems with decreasing numbers of jobs. When 300 other Austrian communities sought to copy Wörgl's successful experiment, the national bank stepped in and prohibited any further printing of local money (Kennedy, 1995).

7. LETS (Local Exchange Trading System) - Schemes such as LETS allow people to exchange goods and services in a way that happened automatically in the past when people knew each other and had regular contact. LETS can be described as a community-based network which facilitates the exchange of goods and services between members through the use of local currency or a mixture of local and Federal currency. It allows people and businesses to trade goods and services without traditional cash while providing opportunities for social interaction. LETS systems operate a system of accounts in which members issue their own money in the course of trading. The LETS economy is balanced at zero, with the money on one side of the balance sheet being equal to the money on the other side. Members receive regular statements of their transactions and their positive or negative balance, and they exchange information about goods and services through regular trading directories.

Benefits:

- (1) LETS credits stay local and generate employment and economic activity at the local level,**
- (2) A new market is created which gives local businesses an advantage over non-locally owned enterprises,**
- (3) Effectively increases the income of unemployed people,**
- (4) More people are prepared to work part-time as they realise there are other ways to meet their needs. This reduces stress and time-pressure and permits time for interaction between neighbours,**
- (5) More part-time positions gradually become available for those presently unemployed (this would require modifications to the employment structure so that 'on costs' did not deter employers from taking on more staff),**
- (6) Parents have more time for their children and families benefit through a more supportive local environment,**
- (7) Crime diminishes as neighbourhood anonymity is lessened,**
- (8) No interest is payable – credit is given on trust,**
- (9) LETS credits are legal and cannot be stolen or lost,**
- (10) Repair of appliances becomes affordable, thereby reducing unnecessary purchases and saving raw materials,**
- (11) Local trading reduces pollution by limiting travel,**
- (12) Fewer excuses for destructive environmental practices in the name of creating more jobs.**

7a. Examples of LETS: (1) In the United Kingdom, local government has been very supportive of local trading systems and one council was sufficiently impressed with their potential to benefit the community, that they employed an organiser to introduce LETS and credit unions to their Borough in 1994. As part of its Anti-Poverty Strategy, this near-London council, divided up its area into a number of trading zones with the aim of creating a Borough-wide LETS. Each zone would be expected to run its own system with the accounts and directory provided by the council.

(2) The Blue Mountains LETS system began in 1991 and was at one time the largest system in the world. Businesses with membership include cafes, healing and medical centres, schools, hardware and fresh fruit and vegetable stores, a legal partnership, accountants, a book-store, a nursery, a food cooperative and one of the local community newspapers. The long-term vision of the founders of the Blue Mountains system is to see LETS develop as an integral part of the local economy of the area.

8. HOURS – this parallel community currency system is similar to LETS except that it uses one hour of time as a unit of account which corresponds to the hourly wage of semi-skilled labour. It is not necessary to be a member of the community to be able to accept or earn HOURS – use of the currency is open to anyone – making it a genuinely local currency.

9. Community Way Funds-Generation Program – this new economic design uses Merchants Credits to generate loyal business while raising funds or supplementing grants to social agencies, non-profit organisations and social projects. The Community Way program generates funds by forming a relationship between businesses, the chosen causes, and the public. In return, business is generated and the local economy is stimulated. The program is launched when a portfolio detailing the virtues of the chosen cause/s is presented to business for support. Proprietors are asked to make a contribution, in Merchants Credits, to the cause. These Credits are then marketed to the public on a 1-to-1 basis for the national currency. The Credits can then be used toward purchases at the participating businesses.

Benefits:

- (1) additional business is generated,
- (2) the 'cause', whether social agency, non-profit organisation or special project, receives hard cash,
- (3) it has taken no money to launch the program, only a willingness to direct one's money in a particular way,
- (4) it does not cost any of the participants anything to participate.

A program such as this could be used to generate money for hospitals, aged care, and the optimal route for the new southern railway link (!), all of which are worthy causes and necessary ingredients for a sustainable social future.

CONCLUSIONS

These are just some of the possibilities presented by the 'New Economics' that are worthy of consideration in developing a strategy for a sustainable future. Our present economic system has serious flaws and has been shown to be the cause of many of our social and environmental problems. It is time to take a radical approach to the changes required to secure the future we want for ourselves and our children.

References:

Daly, Herman E. & Cobb B. Jr. (1989) *For the Common Good: Redirecting the Economy Toward Community, the Environment and a Sustainable Future*, Beacon Press Books, Boston.

Jacobs, Michael (1991) *The Green Economy: Environment, Sustainable Development and the Politics of the Future*, Pluto Press, London.

Kennedy, Margrit (1995) *Interest and Inflation Free Money*, Published by Seva International, Michigan.

RECOMMENDATIONS:

It is recommended that the government establish a task force to canvass ideas for economic and social innovations and to support and facilitate the adoption of new ways of meeting basic needs.

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