



Sustainable Communities SA Inc.

**Report of the
Economy Working Group
2010**

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Summary

Sustainable Communities SA Inc. has come to recognise the essential role the economic system plays in both causing and potentially helping to solve threats to sustainability including environmental degradation and climate change. Those threats comprise the interconnected challenges of climate change, population growth, peak oil, economic instability, ecosystem destruction, food shortages, poverty and global inequity as well as threats of nuclear and conventional weapon combat.

A Working Group was established in 2010 to assist members' understanding of economic issues and to propose guidelines for constructive personal and household actions. The working group concluded that the current economic system is unsustainable. While many changes to our economy must come from national and even international political and cultural change, we can as individuals act to reduce our own economic contribution to the interconnected challenges listed and also prepare ourselves for living in changed circumstances. Transformation in Australian society will be needed to respond to the inter-related challenges.

Aim of the report

The report is a discussion paper resulting from the Working Group's activities during 2010 and is offered to members of Sustainable Communities South Australia Inc. (SCSA) to use to assist in their thinking and actions towards an ecologically and socially responsible alternative to economic growth.

The document is not a detailed economic analysis. It is not a policy document nor does it prescribe the changes needed in the current economic system. However, essential guidelines to change are presented in many of the books and reports listed in the reference list below, and members are encouraged to read them.

Background

In response to recognition of the relevance of the economy to sustainability, a working group was set up in February 2010 with a focus on the implications for our members of a sustainable economic system. The group continued to meet through the year. Our thinking was stimulated by an address by Simon O'Connor, economic adviser to the Australian Conservation Foundation, at a public meeting of SCSA in May 2010 on the subject of Sustainable Economics.

The Working Group based its conclusions on numerous sources, some of which are listed in appendix 4: Sources Consulted. Ideas arose in numerous ways including in group conversations, and there is a striking convergence of opinions towards the urgency of change and the general nature of the changes necessary for the well-being of life on earth.

The changes necessary to achieve a sustainable economic system are complex, involving governments, businesses and individuals in the community. Major changes in personal values and in society will be needed, in addition to legislative and technological actions. This report generally has restricted its consideration to individual and household changes, consistent with the objectives of SCSA.

The present economic system

In brief:

- The paradigm of economic growth in Australia and most other countries is not environmentally sustainable with the reality of finite natural resources
- Economic growth is no longer improving human well-being in wealthy countries like Australia
- Resource use and waste production have exceeded ecological limits
- Income inequality within countries and between countries is unjust and is a cause of social problems locally and internationally
- The monetary system is debt-based and unstable. Changes made as a result of the GFC have not increased the stability of the monetary system

An economy is a system of social organisation that optimises the energy and resources needed to accomplish tasks, but we have come to see it merely as a measure of money throughput, with the more that is spent the better the economy's performance. We need to change our view of the economy back to one that takes a more holistic view of community activities.

Our economic system fails to take into account the resources that we get free from nature, and the ability of nature to absorb our wastes freely. In the past we have had an abundance of natural resources and few people, but now we have an abundance of people and a scarcity of resources.

Our social and financial addiction to increasing consumption is going to be a hard habit to break, but overcoming it is crucial to achieving a sustainable future.

We believe that

- We do not need a growing population and economy to maintain a high standard of living. A definition of *standard of living* in terms of consumption of material goods is inadequate
- A steady state economy need not mean stagnation and a declining standard of living
- Australia can go it alone in constructive ecologically-based economic transformation
- A sustainable economy can be accepted politically – many people and organisations already support the concept

Discussion

The grist of economics is how we match our wants and needs to available, finite resources. As economies have grown and become more complex, economic theory and analysis have also become more complex. Perhaps the most perplexing part of recent economic experience is that we seem to have become locked into economic growth: If growth falters because of a sustained fall in consumption, for example, the economy falls into recession or depression, taking with it employment levels and our average level of income. Yet reducing consumption is a key to sustainability. This is evidence of a serious structural problem with the economy. Once recognised and addressed, though, we will be able to achieve a smoother transition to sustainability.

Changing the way we apply technology may offer a key: Technological efficiencies generate economic growth but reduce the number of people needed for production. Escalating unemployment is averted, however, by the expansion in jobs provided through economic growth. Thus a feedback loop has effectively developed: Growth requires more growth to maintain stability of the system. Professor Tim Jackson, whose report is referred to below, tackles this important dilemma.

We note that the major British and Australian reports on the economic costs of climate change and of mitigating it (Stern (2006 - updated 2009) and Garnaut (2008 - update due 2011), respectively) consider that GHG emissions can be sufficiently curbed within a growing but greening economy. Creating 'green' jobs and converting to a low carbon economy are, without doubt, essential steps to sustainability. However, we are persuaded by other commentary that growth is ultimately incompatible with sustainability. The landmark report by the UK Sustainable Development Commission (2009), for example, written by Professor Tim Jackson clearly elucidates the logic that an infinitely growing economy is incompatible with the reality of finite resources. Even if we use resources more efficiently, exponential growth absorbs and outstrips such efficiencies.

Significantly, Jackson's report also develops a fledgling, sustainable economic model and thereby provides a potential roadmap to a non-growing, yet flourishing, economy.

We need to remember, of course, that technological advance and economic growth tend to be the levers out of poverty for developing countries. In wealthy societies, though, increasing material prosperity has become counter-productive, according to the Australian Conservation Foundation data. The Australian Unity Wellbeing Index shows no overall improvement in our sense of wellbeing since 2001 despite a continually growing economy. These observations are repeated in other countries:

While economic output per capita has more than tripled in countries like the UK and US since 1950, data from surveys of life satisfaction reveal that people have not become any happier. When data are compared across multiple countries, an interesting picture emerges. Happiness and life satisfaction increase with income, but only up until a point. Once people's basic needs are met and they have enough goods and services, economic growth fails to improve people's well-being.

Enough is Enough Summary, p.3

steadystate.org/wp-content/uploads/EnoughIsEnough_Summary.pdf

While it may not be possible to change the macro economy through individual action (or even action at national and global levels if the current political inertia is not overcome), it is possible for individuals and households to live the kind of sustainable lifestyle and develop the kind of supportive communities that a non-growing economy would entail. To paraphrase Ghandi, we can live the change we believe is necessary. Our report suggests this as a practical and preparatory response either to planned and implemented non-growth or the creative renewal of post-apocalyptic non-growth.

A program of action

Final conclusions and prescriptive solutions are not achievable in issues as complex as those the world faces at present. Solutions must evolve on the basis of experience as issues are defined and action undertaken by government, industries and the community at large. It is imperative that we inform ourselves about problems and potential solutions and take constructive actions individually and as households according to the best available evidence.

Transformation

Sustainability action - the major aim of our organisation Sustainable Communities South Australia - involves measures to avoid ecological breakdown, and also to establish the basis for creative renewal. The combined effects of the challenges we face can be expected to cause failure of many aspects of present society which we now regard as reliable. The situation which follows breakdown will be different from that which preceded it; there will be no going back. Initial action aims to reduce risks, but to achieve sustainable outcomes there must be changes in society equivalent to transformation.

Incremental change by itself will be much too slow, but is important to be undertaken. Transformational change will be inevitable, and those who have taken some incremental personal and community steps will be much more able to adapt and transition to a new order.

The present economic system has become human-centred, in which individuals and corporations aim to control as much of the earth's resources as possible. However, a major disruption to global society is underway as we reach the limits of the earth's resources to support the growing human population. The number and severity of environmental, climate and financial problems make it improbable that actions consistent with current economic conventions will be adequate to avoid catastrophe or to allow us to adapt to the consequences. Continued economic growth of the present kind ensures destruction of the ecosystems on which all life depends.

A more appropriate understanding of the economy requires that we see ourselves as inter-related and inter-dependent with all living things and dependent on the non-living resources of air, water and soil.

The phrase *standard of living* as commonly used to mean wealth, consumption and material possessions has become confused with well-being and quality of life. (The Australia Institute www.wellbeingmanifesto.net, Appendix 2 in Douglas, B. 2006 *See-Change Centres. Grey power and hope* Published by Nature and Society Forum Canberra.) The factors that contribute to life satisfaction and a good quality of life include health, education, environmental conditions, social connections, close personal relationships, political voice, security, a peaceful society, reduction of inequalities in wealth and opportunity, fulfilling work, a range of interests and satisfying leisure activities. (Australian Conservation Foundation. 2010. *Better than Growth. The New Economics of Genuine Progress and Quality of Life* p. 5.)

The values of the market - individualism, selfishness, materialism, competition - are driving out the more desirable values of trust, self-restraint, mutual respect and generosity. ((The Australia Institute www.wellbeingmanifesto.net)

Transformation of the economy is based on a vision of a sustainable and desirable society, providing permanent prosperity within the constraints of the world in a way that is fair and equitable to all humanity and all species.

Action at national and global levels is essential, but this discussion is limited to action which can be taken by individuals, households and local communities, consistent with the objectives of SCSA and with the limitations of this report.

Possible strategies

Behaviour change

- Conduct shared learning experiences to design desirable futures as the basis for goals for action
- Develop behaviour change strategies to enable members to change from the current to the new worldview
- Facilitate a shift in human values and attitudes
- Care for the environment
- Reduce individual consumption
- Reduce private car use
- Reduce meat consumption

Community

- Join with other individuals and organisations to plan and implement transformative change, with attention to people likely to be disadvantaged
- Ensure support for those disadvantaged by changed economic conditions
- Prevent and manage inevitable political and social conflicts over values, interests and power
- Form supportive community networks

Economy

- Develop and promulgate guidelines for living with low consumption of material goods and declining availability of fossil fuels
- Continue to promote local food production, local economies and sustainable means of transport. Minimising consumption requires an economic system based, as much as possible, on local production and distribution
- Learn skills to repair items
- Share skills and abilities
- Build the costs of environmental loss into the economy
- Change the way we organize our lives, the foods we choose to eat, the way we derive our energy and the way we distribute our wealth
- Ensure employment for every person which is personally satisfying and adequately remunerated
- Demonstrate the positive benefits of an economic system that conserves non-renewable resources, promotes cooperation and allows time for relationships, creativity and leisure
- Increase local self reliance in food, energy, water and other basic essentials
- Use alternative economic systems - *See appendix 3: Complementary Currencies*
- Reduce personal and household debt
- For financial services use community banks, savings & loans societies and credit unions
- Favour local over global businesses

Energy

- Reduce household energy use
- Work with municipal councils towards councils' operations becoming carbon-neutral.

Transport

- Reduce car dependency and use

A one-planet lifestyle

Given our belief that the growth model is unsustainable economically and ecologically and therefore endangers survival of human life on the earth, we can consider how we personally might reduce our consumption and use of energy and resources. We only have one planet to supply our needs for survival and happiness. It is necessary that all of humanity achieves an ecological footprint consistent with one planet. A one-planet ecological footprint is unlikely to be achieved unless each of us has no car, does no flying, has a vegetarian diet, is growing vegetables locally if not in one's own backyard, and is almost self-sufficient in water and energy.

A one-planet lifestyle would not be perceived as deprivation. Rather it would be one of responsible frugality with the benefits of time for relationships and creativity, for friendships with neighbours, acting to enhance community spirit, practising love, friendship, generosity, understanding and compassion, choosing happiness as a goal rather than acquisition of goods.

Detailed guidelines to actions can be found in the Resource Papers and the Eco-Footprint Action Booklet on the SCSA website. Here are some examples of practical actions to be taken towards one-planet living. Talk about these ideas so that they become contagious

Community

- Develop friendships with neighbours and act to enhance community spirit
- Practice love, friendship, generosity, understanding and compassion
- Choose happiness as a goal rather than acquisition of goods

Economy

- Exchange food by sharing; barter; LETS (cash-less); or sale
- Shop at small local shops
- Employ local tradespeople for repairs and maintenance
- Engage in the informal sector of the economy – community markets; exchanging goods and services without money; scavenging from hard rubbish; giving away (as in 'freecycle'); op shops
- Work in paid employment for reduced hours and undertake other activities

Food

- Produce our own food on our own property or in conjunction with neighbours
- Preserve seasonal food
- Buy food produced locally in season

Energy

- Use manual labour unless machines are essential
- Buy appliances which can be repaired
- Repair goods in preference to tossing out and buying new ones
- Minimize energy use and use renewable energy and distributed generation

Questions for discussion

1. All governments emphasise the need for continued economic growth
Why do you think this is so?
What is your opinion about policies promoting economic growth?
What does a growing economy provide?
How could we provide for these things in a non-growing economy?
2. Economic growth depends to a large extent on consumers buying goods
However, production of material goods, including those used in conjunction with services, requires use of earth's non-renewable fuels and natural resources and produces greenhouse gases.
How can we think about consumption in relation to sustainability?
3. What would be the effects of a sudden, unexpected drop in the rate of economic growth?
4. Oil is becoming more difficult and expensive to find and extract and supplies are predicted to decrease
What effects will scarce oil have on the way we live?
How might we prepare ourselves for a world with a very limited supply of oil?
What are the alternatives to petroleum-based oil for energy including transport?
Can bio-fuels fill the gap?
5. Think about the various uses of petroleum-based products for food production
What will our food supply be like in 10 years time?
What preparations can we make to ensure we have enough food in the future?
6. What are the uses of petroleum products, other than fertilisers and transport?
What functions of petroleum products will be the most important to maintain?
Where might plant-based fuels be most useful?
7. Credit unions have been recommended by some commentators for financial services instead of banks
Are credit unions any different from banks?
What are the advantages and disadvantages of credit unions and cooperatives?
8. What gives you hope and what causes anxiety when you think about the future?
9. Think about your own way of living, about science and technology, about government policies and about business and industry
What changes would make you more hopeful?
10. Think about your municipality, make a list of its activities which contribute to sustainability and those which are incompatible with sustainability
How can SCSA assist your Council to promote sustainability in the community?
11. Combine all your conclusions to provide guidelines for the future programs for SCSA

Appendix 1

Good news stories

Tom and Ray Forsyth were among the first with an 'alternative' vision to start re-inhabiting old crofts on the remote peninsula of Scoraig, Scotland in the 1960s, where a community comprising three generations now lives: www.scoraig.com

Video about Tom's life and philosophy: scotland.stv.tv/food-drink/food-places/199592-tom-forsyth-will-soon-be-80-but-scoraig-in-wester-ross-has-everything-he-needs

Scoraig resident, Hugh Pigott, wind power expert: www.scoraigwind.com

Newspaper article about Tom:
heritage.scotsman.com/people/The-good-life-Living-in.6473262.jp

Foula, off Shetland, another revitalised crofting community, and Scoraig both show that quality of life does not require a profligate standard of living:
www.alastairmcintosh.com/articles/1991_eigg_address.htm

Appendix 2

Other organisations and activities contributing to economic transformation

Australia

Australian City Farms and Community Gardens Network
www.communitygarden.org.au/tag/south-australia

Australian Fair Trade and Investment aftinet.org.au/cms/about

Behaviour Change for Sustainability; Tim Cotter www.awake.com.au

Climate Emergency Network Australia www.climateemergencynetwork.org

Do Something - a non-profit organisation promoting positive social and environmental change - www.dosomething.net.au

Economic Reform Australia economicreformastralia.yolasite.com

Food Connect www.foodconnect.com.au

Freecycle www.freecycle.org.au

GoGet carshare www.goget.com.au

Habitat for Humanity www.habitat.org.au

Local Exchange Trading System (LETS) www.lets.org.au/salets.html; www.community-exchange.org

Permaculture Association of SA www.permaculturesa.org.au

Planet Ark www.planetark.com.au

Transition Movement www.transitionnetwork.org

Other countries

Foundation for the Economics of Sustainability www.feasta.org

Intermediate/Appropriate Technology

Practical Action (previously Intermediate Technology Development Group)
practicalaction.org

Schumacher Society has 'transitioned' to [New Economics Institute](http://www.smallisbeautiful.org)
www.smallisbeautiful.org

Appropriate Technology researchinformation.co.uk/apte.php Edited by
dixon david2@sky.com

Bevill Packer *Appropriate paper-based technology – a manual* (revised 1995) –
furniture from papier mache

London Waste and Recycling Board (LWARB) City of London www.london.gov.uk
UK's first city-wide reuse and repair service <http://ht.ly/2a6m5>

Planet Drum www.planetdrum.org

Appendix 3

Complementary (alternative) currencies

BerkShares: Local currency for the Berkshire region www.berkshares.org

Comfort Dollars: The Ingensist Project
www.ingensist.com/general-info/a-local-currency-primer-comfort-dollars.html

Fureai Kippu: Caring Relationship Tickets, used in Japan for elderly care, and used as a
complementary currency. http://p2pfoundation.net/Fureai_Kippu

Hub Culture, the 'Ven' www.hubculture.com

Lewes Pound www.thelewespond.org

Life Dollars: Fourth Corner Exchange Inc. www.fourthcornerexchange.com

Metacurrency Project www.metacurrency.org

Thomas Greco's home page www.reinventingmoney.com

Time Dollars: Time Banking. Creating social change by weaving community.
www.timebanks.org

Totnes Pound: Transition Towns Totnes www.transitiontowntotnes.org

Transactions without cash

- Swap and share
- Freecycle www.freecycle.org/group/AU
- Local Exchange Trading system (LETS) www.communityexchange.org;
Adelaide LETS: ALSA@community-exchange.org
- Barter: Between individuals; between businesses www.barternews.com
- Loyalty programs: Frequent flyer; bookshops, pharmacies and others

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