

# Devon New Economy Seminar Notes

Old Deanery Exeter Cathedral 8th July 2016

## Summary of the Day

Presentation by Stewart Wallis

### 1. Why We Need A New System

- How it has changed before & Goals Values & Principles

### 2. How A New System Might Operate

### 3. How To Make This Happen

Between these sessions there were also discussion groups that were to feedback on the presentation and offer suggestions as to what a new system might look like and might be called. Finally a plenary session discussed our role in Devon.

## WHY WE NEED A NEW SYSTEM

The current system is:

1. Unsustainable
2. Unfair
3. Unstable
4. Unhappy

The current economic system is fundamentally **unsustainable**. Our climate and eco - systems are being changed, degraded and destroyed. The basis of our global economic system is a "frontiers mentality" of human survival against nature and against each other but we are no longer in that world. It is **unfair** in the sense that fewer and fewer people own more and more of the wealth. Inequality is widening, increasingly people who have employment are in insecure jobs and absolute poverty still abounds in many countries. This makes the system **unstable** politically and financially. Technology now enables instantaneous global speculation creating currency stampedes and financial shocks such as the 2008 crash. It is **unhappy** in the sense that wellbeing does not improve with increases in GDP, most have to work hard to just stand still and even those wealthy minorities who are beneficiaries of the system are often depressed, unhappy and isolated.

In the current economic system neither the accelerator or the brake work any more! Putting our foot on the accelerator to create more growth and jobs does serious harm to the planet while applying the economic brake and slowing consumption throws more people out of work. We need a new system.

In addition we face two major future challenges in the coming years. Firstly 1.5 billion new livelihoods will be needed before 2050. Secondly Artificial Intelligence is predicted to create levels of 25 percent unemployment within 10 years or so.

We are at a crucial point in time in terms of our economic systems and urgently need to do something different from 'business as usual'. The good news is that economies are human systems and we can change them.

### **System Change Requires**

1. Values Shift
2. Positive New Story
3. Vanguard Movement

In the past we have changed our economic operating system and we can do this again. In the 20th century Keynesianism took us out of the Depression and World War II by enabling governments to intervene and revitalize economies. In the 1950's and 60's Neoliberalism – our current system - was intentionally created, designed, and planned and has since become pervasive globally.

The creators of Neoliberalism did 3 things. They created a values shift, told a positive new story and built a vanguard movement to ensure it took hold. The Powell Memorandum outlined a strategy for taking power. This involved a small group agreeing on four persuasive values as the basis of a new political economy. These focused on "freedom" and security. They were:

1. The Free Market
2. Individual Freedom
3. Small Government
4. Strong Defence

This initiative was supported and funded by wealthy individuals who were part of a cold war generation deeply influenced by the competition between capitalism and communism. University departments were infiltrated and economics faculties taken over – most famously The Chicago School. Ultimately neoliberalism eventually became official policy in the Thatcher/ Reagan administrations that focused on monetarism.

On the surface their four principles were seemingly benign. However neoliberalism's underlining message was that selfishness is normal and benefits the whole society through self-interest, self-responsibility, competition and private enterprise and that the "free" market will deal with all issues. We now know there are significant limits to unregulated markets as well as to what governments are able to achieve. In developing a sustainable, fair, stable economy that promotes personal, societal and planetary wellbeing we need to create a new story and a new paradigm by a similar process of intervention. We too need:

- 1 A values shift
- 2 A positive new story versus the old neoliberal story and
- 3 A vanguard movement

## **The Next System Goals**

1. Basic needs met (abolish absolute poverty)
2. Live within planetary & local ecological limits
3. Much Fairer (Think Denmark)
4. High Human Wellbeing

The next system goals must link human and environmental wellbeing by tackling the basic needs of all and maximizing human flourishing and functioning. Poverty is the cause of rising population not the other way round. The aim must be to create access to jobs, education, health and birth control so that we see a drop in birth rates and have a billion less people on the planet by the year 2100.

## **Values Base**

1. Human Dignity
2. Common Good (all institutions and systems designed to promote)
3. Stewardship (Planet & People)

## **Principles**

1. Planetary Regeneration (sustainability is not the right description)
2. Respect for all Life
3. Maximize human flourishing vs economic rationality
4. Fair Shares for all
5. Creative Institutions
6. Strategic Democratic Governance

Principles must be actionable, simple, distinctive, evidence based and apply to the economy as a whole. The next system must be bio-centric, systemically promoting respect for all life – 'sustainability' does not capture the idea of planetary resilience and regeneration. Maximizing human flourishing should replace the idea of economic rationality. A system of fair distribution is both practical and ethical as inequality and poverty are destabilizing. Like nature we need a diversity of creative institutions – not a monoculture of one form of corporate organization. Markets need to be managed through strategic democratic governance.

Our aim must be to delink the human creative drive from sociopathic entitlement and develop a creative, inclusive, diverse society where creativity is linked to shared responsibility for shared value (the Commons). Localism is a key part of developing a bottom up rather than top down economy that flourishes through individual and collective enterprise and community agency and engagement.

## **HOW MIGHT A NEW SYSTEM OPERATE?**

There are a number of issues that are more or less clear and uncontroversial amongst new economic thinkers. Others are less so.

### **A) Clear & Relatively Uncontroversial Issues**

#### **Food**

Currently the food system is not bearing its true cost either environmentally or socially. Industrial agriculture systems need changing to localized, environmentally sound, with fair trade practices.

#### **Energy**

Aiming at 100% renewable, community managed energy plus large commonly owned utilities & infrastructure

#### **Small Social Businesses**

Creative social entrepreneurship should be at the core of the new economy

#### **GDP**

Supplemented (or replaced) through a dashboard of indicators

### **B) Clear But Controversial Issues**

#### **Banking**

- National Currencies Created by the State Not by Banks
- A Highly Diversified Banking Sector
- Variety of Ownership, Specialization and Scale

Together these would:

- Stop private money creation for property and other speculation
- Put money into the real economy
- Reduce private debt which is more dangerous than public debt
- Diversify the banking sector
- Create a combination of national and local/specialized currencies
- Take advantage of both specialization and scale
- Develop new Regional and Infrastructure Banks
- Encourage Mutual and Private Banks with a public interest remit
- Provide a series of Local Banks for example a Royal Bank of Devon( which could be created from the publically owned Royal Bank of Scotland(RBS))
- Reduce asset prices which have been pushed up by quantitative easing

## **Industrial Policy**

A planned mixed economy for example like South Korea that strategically picks sectors for focus and support through state partnership for prioritized sectors such as technology, bioengineering and renewable energy

## **Taxes**

- Wealth Taxes including Inheritance tax
- Financial Transaction Taxes
- Land Value Tax - to stop land hoarding for development
- Labour / Value Added taxes don't work –Much better to tax Non-renewables & Waste
- Selective Consumption Taxes

## **Companies**

- Purposeful companies –creating good jobs, social value and care for planet
- Stakeholder values vs maximizing shareholder value
- Diversity of Ownership Mechanisms
- DNA = Environment & Good Jobs
- Incentives
- Social Accountancy
- Funding

## **C) Less Clear & Controversial Issues**

- **Growth or No-Growth?**
  - For what and for whom
  - As a means towards human and natural wellbeing
  - Decoupling from carbon
- **Markets vs Planning?**
  - Abolishing markets is not desirable in all sectors
  - Managed markets to rebalance power
  - Amory Lovins quote: "markets make a good servant but a bad master, and a worse religion"
- **Company Ownership? (all companies over a certain size to be co-owned or to be held by a trust)**
- **Investment Decisions?( crucial role for the State and State Investment Banks)**
- **Ownership of Land & Natural Resources? ( Arguable that these should not be owned by any person but held in trust with stewardship rights being granted)**

- **Patents? (The State should have a share in all patents reflecting state investment in education and development)**
- **Basic Income? ( Strong argument for basic income for all)**

## **MAKING IT HAPPEN**

1. Values Shift - Recognizing the humanity of all
2. A Movement with a Story

### A Theory of Change

A story towards a different & better direction through a different & better process

Others then change their norms and values

Often the vanguard needs to be only 10 - 20 % who are committed to change

Offering the right metaphors that are human, simple and understandable to the 60% who are as yet uncommitted (a remaining 10-20% are invested in the old system will be reluctant to change)

What will that movement look like?

- a global movement – national, regional and local and including
- practitioners, people doing things and showcasing and acting as a beacon for change
- key campaigners like NEON
- Research and Policy Groups
- Civil society activists
- faiths working together
- cultural sector like “What Next?”
- pioneers taking radical different approaches to business

### 3. Exemplars

- Showing what works scaled up
- Focused on the acupuncture points in the system especially
  - Measurement
  - Basic income
  - Money/banking issue
  - Housing, land value tax, financing shared equity

### 4. Economic Games

The wellbeing economy game (like Monopoly?)

A participatory quest ?

### 5. University & School Groups

- ### 6. Culture & Communications - Video / Films/ Humour / Social Media
- e.g. The Impossible Hamster – one minute video by NEF

## **FEEDBACK FROM DISCUSSION GROUPS**

### **Comments form the first group discussions**

#### 1. We need

- A sense of sacred that all can buy into – e.g. the Commons
- To redefine what success means in terms of contribution to shared value and the wellbeing of the whole
- An ethical approach that makes all stakeholders responsible.

#### 2. Is this is a marketing operation? What is the most powerful language we can use? For example the word "Free"

The NEF paper seemed to be taking some of the principles in order to look at populist metaphors.

A focus group is needed to refine our language

#### 3. Liked the concept of "flourishing"

But wanted fewer principles

Refining purpose helps identify how to achieve it

#### 4. Core concept of the common good links the human and natural together through the idea of interconnectedness/interdependence

Regenerative Economics was suggested as a better title for a new system

### **Some comments from second group discussion**

What might a new system look like? How might it operate?

Part market approach but with different values

Legally define companies as citizens

Allow local authorities to create banks and money

Create a citizens basic income

Land and key resources to be owned in common

Taking land value out of housing (Zero land cost housing)

Redefine what we mean by wealth

Abundance not materialism

Redistribution through Government spending

Projecting a new story about how 'wealth' gets created

Poverty = Unfulfilment

Wellbeing = Lives fulfilled at all levels

Virtue is not gained by working for an income but by contribution

Business doesn't vote but seems to win all the elections

Separation of powers between the state and the market

### **Plenary / Conclusion**

Stewart suggested that 'progressives' argue about the detail rather than working together to bring about change. What matters is the direction of travel. A movement for change requires our playing the same music in a larger orchestra.

Finally it was unanimously agreed to form the Devon New Economy Working Group to develop a think and do tank with the aims of

- Learning from and supporting each other in developing a new regional economy
- Developing new models of economic practice
- Demonstrating what is happening and what can be achieved
- Persuading & campaigning for policy change to create conducive conditions for a new economy
- Working towards Devon becoming a beacon of good practice in pioneering new economic programmes