

PROCEEDINGS
OF THE
ALTERNATIVE ECONOMICS SEMINAR
SATURDAY 9TH NOVEMBER 2013



www.transitionbuxton.co.uk

WELCOME AND INTRODUCTION

Jilla Burgess-Allen, Chair Transition Buxton

Welcome and thanks for choosing to come here instead of starting your Christmas shopping. Welcome to Buxton to our guest speakers. Tony Bradbury unfortunately cannot be with us after all, but we do have with us Ian Wood, Mike Riddell, Alan Budge and Robert Brown.

(Short biographies of the guest speakers are included in Appendix 1.)

It is clear that the current system is unsustainable (with pollution and depletion of resources), unpredictable (for instance energy prices) and unfair. But capitalism drives and thrives on inequity. We are vulnerable to the vagaries of the market, to peak oil, and to the obscene power of a small handful of Trans National Companies, many with assets bigger than entire nations.

When I moved to Buxton we had greengrocers, wholefood shop etc. We've fought off Tescos for now, and have an energetic and vibrant asset in Buxton's Town Team, plus new enterprises such as the Green Man Gallery and a new greengrocers. Buxton needs to be resilient, to re-localise its economy.

Today is about questioning our assumptions. What is progress? Does it have to be about growth? Or can it be about balance? Does it have to be about competition? Or can it be about cooperation? Can we have a business model that's integrated with the natural world, operating within the limits of our ecosystem, and integrated with society?

In all the current talk about the economy, this is what's missing - we need to talk about an alternative paradigm.

THE IMPOSSIBLE HAMSTER

New Economics Foundation Video

See www.impossiblehamster.org

THE CLIFF TOP BECKONS

Talk by Ian Wood

An entertaining and informative talk which included the following key messages:

- sustainability is increasingly being seen as a good thing, even if little or nothing is done about it at national level
- sustainability is not only vital, but inevitable, an idea whose time has come
- economic activity depends on trust, which is breaking down
- if we keep debasing the value of money, we debase society
- financial analysts are starting to believe that a 'terrible reckoning' is on the way
- the pressures that made it a good idea to slice and dice unaffordable loans and sell them on are still there
- bond prices (ie government interest rates) are rising in an unprecedented way, due to US quantitative easing
- stock markets are also rising, due to assets (eg housing) being overvalued
- the US economy is being sustained by a trillion dollars of invented money every year - this is not sustainable
- private borrowing (individuals and business) in the UK is at 450% of GDP and forecast to keep on rising for at least 5 years
- this is not a new situation - ancient Rome, seventeenth century Britain, post 1918 Germany, all saw debasement of the value of money - followed by civil strife, revolution, war

- traditional thinking says the only way out is economic growth, ordinary people spending money they don't have
- growth can be a good thing, but only if it is 'done well' and executed sustainably
- new money is being created to promote growth, but at a cost to pensions, risk of asset bubbles
- the UK economy is still 2% smaller than it was 66 months ago - there is no growth
- without growth, we need to think of ways to keep spending local
- we need to think about how to live without growth, because in future we might have to
- Jill Stein (almost unnoticed US 2012 presidential candidate) proposed a sustainable agenda of equality, living wage, green transition programme, economic reform and democratic reform
- New Economics Foundation in 2008 proposed low carbon economy, close down tax havens, re-ordering of the financial system
- there may be no real reform until after the next crash, which will be profound and catastrophic
- meanwhile, local communities are taking action - Localise West Midlands, the Bristol pound, workers co-operative networks in Italy and Spain, de-centralised power and public/private networks in Greece, Germany, Scandinavia
- local economic development works best where it is integrated into public strategy
- now is the time to keep money local, support local producers and retailers, do without commercial finance, reject credit-driven growth

(The full text of Ian's talk is included in Appendix 2.)

STEADY STATE ECONOMICS: IN THEORY AND PRACTICE

Presentation by Robert Brown

Steady State Manchester is a group of political, economic and environmental activists taking practical steps to a Manchester where people thrive without harming the planet. Their two common principles are:

1. Manchester is not yet ready to face the challenge of coping with climate change, and
2. traditional models of economic growth are incompatible with environmental health

The global economy is already using 50% more of the earth's resources than we can afford. The traditional view of the economy is as a circular model, but it is not circular because the economy does not exist in a vacuum - it depends on natural resources coming in, and on pollution coming out. The richest 1% of the UK population take 19% of the income, the poorest 50% take only 18%.

A healthy economy is considered to be one with a growth rate of 3% per year. The current recession is taking longer to recover from than any previous one, GDP is still well below its level at the start of the financial crash in 2008; by comparison, in previous recessions GDP regained its pre-crash level in four years or less. We are at a crucial juncture, and this is an ideal time to be considering alternatives.

The idea of a Steady State Economy was developed by Herman Daly back in the '70s. There are four principles to the idea:

1. maintain the health of eco-systems
2. extract renewables no quicker than they can be replaced
3. extract non-renewables at a rate no faster than they can be replaced by substitutes
4. deposit waste no faster than it can be assimilated

A local interpretation of that is that we need to live within ecological limits, enhance social prosperity, and have the economy serve the people rather than the other way round.

Working with Manchester City Council's Economic Scrutiny Committee, Steady State Manchester have developed practical policies that could be implemented at a local level. These are detailed in their November 2012 report 'In Place of Growth'. Four main recommendations have come out of it:

1. measure and publish a dashboard of the city's social, economic and ecological well-being
2. retrofit homes improving environmental sustainability and creating employment
3. understand that food is an economic issue and grow far more of it locally
4. reduce council and contractor working hours to 35 per week and thereby employ more people.

An Overview and Scrutiny Committee Environmental Sustainability Sub-Group has been set up, to consider the impact of what they do on the environment.

Manchester councillors are in the process of producing a final report on which of the Steady State Manchester recommendations should be adopted by the council.

(Slides used by Robert in this presentation are included in Appendix 3.)

PARTICIPATORY BUDGETING

Talk by Alan Budge

The idea of Participatory Budgeting (PB) in essence is that local people have direct decision making powers over some public spending. Rather than just voting in representatives, they can make decisions on an ongoing basis. The system has been working in Durham for the last few years, and hundreds of people turn out regularly to vote of what to spend money on.

The idea started in Porto Alegre, Brazil; there was a financial crisis, people could not believe there was no money left and demanded to see the books. There are now 200 initiatives across the UK alone. Durham is particularly strong, but there are a number of ex-mining communities; people will vote at PB events who never voted for anything before in their lives.

You can consult to death, but PB re-establishes a direct link. It creates trust both ways between the people and the provider. The traditional system is dysfunctional in that it is a culture of complaint, a parent-child relationship; PB is an arrangement of adults working together.

If we are to build resilient communities we need more control over our economic situation, and ownership over decision making. PB is more sustainable, it is also more enjoyable.

Experience shows that people are often scared of the concept, but once they try it, they like it.

LOCAL CURRENCIES AND ALTERNATIVES TO MONEY

Presentation by Mike Riddell

Mike professes to be a practitioner not an expert. He has been developing an alternative currency in Wigan. The original software based voucher system ran for three years, it achieved 6,500 members but was resource intensive and not sustainable. He is now working on its replacement.

There is nothing unusual about alternative currencies - there are 120 operating in the US, over 300 in Brazil, they exist all over Europe, India, Asia, Africa - there is a huge movement in grassroots currencies. Then there is Bitcoin, the digital currency.

As Thomas Greco said "Money is merely an accounting system, a way of keeping score". It's key functions are:

1. as a means of exchange (beyond bartering)
2. a unit of account (measure of value)
3. a way to store value (it doesn't perish) and
4. an incentive - to greed and to trafficking.

There are three basic forms:

LETS Schemes - defined as a network of people who agree to share their skills by means of a local currency that they agree to use. They decide what the measure is, it can be based on points or on time, there can be differential rates on hours. The currency is lent into existence.

Timebanks - these are similar, they are a mutual credit ledger, but they only measure time, and all hours are of equal value. The currency is earned into existence.

Local Money - There are five operating in the UK, Totnes was the first of these, followed by Lewes, Stroud, Brixton and Bristol. The technology is improving all the time, with payments electronically and by text, and the range of uses is increasing (eg business rates, council tax and bus fares in Bristol). Other cities and regions are looking into it, Liverpool's may launch in 2014. The currency has a direct exchange rate with sterling, and is bought into existence.

The common factor is community, all of these systems keep money circulating locally.

(Slides used by Mike in this presentation are included in Appendix 4.)

QUESTIONS AND ANSWERS TO THE PANEL

Q1: What percentage of a council's budget might generally be subject to Participatory Budgeting?

AB: The highest example is 17% of the investment budget (ie of the excess over what needed just to function. The largest amount in the UK would be £4.8 million over two years in Tower Hamlets, the smallest a parish council with a £500 budget. The important thing though is that it isn't just about the decision on the day, it's about ownership of the process, and the budget can be increased or decreased every year.

Q2: Is PB sustainable in a time of shrinking budgets?

AB: It can be argued that there is more of a need for it than ever, because if there is less money around it is even more important to involve people on deciding what to spend it on. Resources to help make it happen though are short, but authorities can find they make savings by involving people with knowledge and information, which streamlines the process.

Q3: How do you control the costs of initiatives for local economics?

RB: You can broaden the question out, because there is money, it is just a choice as to what we spend it on. Bailing out the banks was a choice, investing in HS2 is a choice still to be made. In Manchester the building of another runway has been proposed, this will be a choice, alternatives might be to invest in a sustainable local transport network, or to pedestrianise the whole of the city centre.

MR: You also need to invest in civic infrastructure. We need to change our behaviour and the relationships between people, business and the state.

AB: PB is successful where the CEO of a council or someone similar is keen on it. You need to look creatively for opportunities, councils often think they have no spare money until they start looking and discover that by pooling together small discretionary sums they can find a significant sum. Parish councils of course can vote to increase the precept specifically for this purpose.

Q4: Do we really need growth?

IW: If we accept where we are now, then yes, we need growth in order to repay debt. The problem is with personal debt, where the more you borrow, the more you need to earn to repay the debt. This is clearly unsustainable, unfortunately things won't change until there has been a really catastrophic crash.

Q5: How did the relationship between Steady State Manchester and the Council develop?

RB: It was opportunistic. Kevin Anderson from the Tyndall Centre gave a talk to the Environment Strategy Committee, where he made the link between environment and the economy; this resulted in a big debate within the council, which prompted SSM to produce the "In Place of Growth" report.

Q6: What are the real prospects of Manchester adopting the recommendations?

RB: Councillors are genuinely worried. One of those taking the lead is a parliamentary candidate, and is very concerned about poverty and very serious about tackling it. The council are not there yet in terms of accepting that these things can be achieved without economic growth, but SSM are confident that the final report will include things like measuring environmental sustainability and well-being and local spend.

Q7: Who can we bank with now that the Co-op are no longer an ethical bank?

Suggestions from the panel - credit unions (Manchester Credit Union has a satellite High Peak provision, there are Derbyshire ones); Handel's Bank (Swedish, extremely stable, no investment banking, high ethical standards, good for direct debits, standing orders and foreign currency transactions); Triodos (they don't do current accounts yet but aim to soon); start a time bank; call for RBS to stay in the public sector.

Q8: How can we regain control of Buxton's water?

MR: Regarding control of common resources, the genie is out of the bottle. The one resource we have left is our personal data, they can't work without it, so keep control, don't let them own that.

AB: It's part of the great insanity we are enmeshed in, the craziness where we can sell off our resources to eg China. Just as everyone in the financial services industry knew the crash was coming but were powerless to stop it. We seem to be more insane here in the UK than elsewhere in Europe.

IW: Bear in mind that if we took back our rights, we might find they weren't worth anything. Buxton Water is an example of the commodification of an essentially valueless product, its value is conferred through brand advertising.

BREAK FOR LUNCH

Followed by Singing "What Can We Do About Global Warming?"

See Appendix 8 for the lyrics.

WORKSHOPS

(1) LOCAL CURRENCIES: COULD IT WORK IN BUXTON OR THE HIGH PEAK?

facilitated by Janet Miller, based on an outline by Tony Bradbury

WHY do we want a local currency? To keep money circulating locally for longer. As money goes around it supports more people. Noted that this applies to the UK (money not disappearing to tax havens) as well as to our local area.

WHAT makes a successful local currency? Essential that:

- it has political support, and support of other local organisations
- people can use it to pay business rates (ideally also council tax)
- there is two way exchangeability so not seen as a risk

HOW big an area should it cover? Agreed the whole of the High Peak at a minimum, with possible additions of Derbyshire Dales and/or Staffordshire Moorlands.

WHERE do we get hold of it and spend it? Exchange points (eg post office, town hall, building society) plus electronic transfers, in wages and as change. Would like to use in shops, markets, pubs, restaurants, opera house, council tax and rates, local tradesmen and other services, parking, taxis, buses and northern trains.

WHAT form would it take? Ideally notes, electronic and text payment.

HOW do we get people to use it? Advertise the benefits locally. Novelty value initially. Incentives (discounts and freebies)

(Slides used in the workshop are included in Appendix 5.)

(2) EXPLORING ALTERNATIVES TO MONEY

led by Mike Riddell and Jean Ball

The group discussed the following systems for operating without money:

1. Barter schemes
2. LETS schemes
3. Time banking
4. Value in Kind

Discussion of LETS schemes included a practical exercise in exchanging credits, hence a more elaborate discussion and greater understanding of the details involved in their operation. Jean fed in her experiences of membership in a now defunct Buxton LETS.

Time Banking included showing a video about PlusMe, which Mike is involved in developing. This is a type of time bank where goods and services can be exchanged without money. The distinctive features are: a community based organisation facilitates; individuals can benefit by using credits to buy goods and services at reduced [monetary] rates from business; and teaching, giving time or learning all gain credits.

Some general points covered in discussion:

- the schemes all rely to some extent on trust and/or goodwill between those involved
- some of them are ways to support exchange between people which does not involve taxation, and in some cases does not prejudice receipt of state benefits
- taxation is not always a bad thing
- the question of whether any of them can tackle issues of sustainability remained unresolved

- there is some hope, ref Mike's experiences in Wigan, that the schemes could operate to benefit people on very low incomes, although they have predominantly been the preserve of the more affluent

Other points and queries:

- the schemes seem to have a limited lifespan, relying on key activists
- critical mass needed for membership can be difficult to achieve
- if they are more successful might they be open to subversion by big business, operating in its own interests rather than that of the scheme's members

(Slides used in the workshop are included in Appendix 6. The PlusMe video can be found at <http://vimeo.com/72985206>, password PlusMe)

(3) STEADY STATE ECONOMICS: FOOD PRODUCTION AS A LOCAL ECONOMY ISSUE led by Robert Brown

Delegates first watched part of a talk by Tom Andrews to stakeholders in Lancaster on the state of food production in the UK. Tom is director of sustainable food cities.

The group was split into two teams looking at the most promising ways forward to ensure food is a vehicle for all people and communities in Buxton to live and eat well within planetary limits. The discussions were tailored and aimed at fulfilling as many the following aims as possible:

- health and wellbeing for all
- resilient communities
- environmental sustainability
- local economic stability
- fairness in the food chain

The first group focused on engaging young people. The three small things the group thought could be done were to:

- identify local teachers with an interest in food to teach food growing
- identify local award winning young gardeners as possible role models
- start dialogue with young farmers groups locally

In terms of radical ideas the group had two:

- grow food on the old nestle bottling site; and
- start own free school!

The second group focused on how new food technologies could help develop sustainable local food sources and local create jobs. A particular emphasis was on Hydroponics and how that could be used in Buxton. The algae produced in the process could be used in turn to feed other plants and vegetables. The group explored how much (if any) of this was happening in Buxton and how practitioners could help promote the discipline in order to try and attract people into growing food in this way.

(The video shown in this workshop can be found at www.youtube.com/watch?v=dRh-x6w0DIM)

(4) PARTICIPATORY BUDGETING: DIRECT DECISION-MAKING OVER RESOURCES led by Alan Budge

Participatory Budgeting (PB) started in Porto Alegre, Brazil during the 1980s when the Workers Party sprang up. There this type of budgeting took a very large role.

Here in the UK the %Big Local+ has donated £1 million to each of 150 of the most deprived areas via the local authorities. It works by persuading Local Government, which includes bodies like the Fire Service or Police to allocate a small % of their budget for funding local community projects. The Participatory Budget team then create a steering committee to decide on procedure and voting rules. They advertise the fund and invite local people to come along to an election event. At that, one member of each project team makes a presentation describing their project and the amount of money they are requesting, then every attendee votes for their favourite projects.

As well as a PowerPoint presentation, we saw a film 'PB - The Story So Far', which showed events and speakers from several areas where participatory budgeting has taken place. It was very upbeat and gave the impression that all attendees (those allocating the money, project teams and local voters) found the experience rewarding. Even those people who had bid for funding and didn't receive any money were positive about the experience. People felt that they were actually making a difference to the way public money is spent and fund providers were surprised at the number of different projects. Where the process has run for several years, there appears to be a rise of attendees year on year.

A cautionary tale: in Mansfield the voting method consisted of allocating a score to each project, and a middle-class middle-aged ladies choir got the money by rolling up with all their friends and giving their project 10 and all the others 0. A preference system, where each voters marks projects in order of priority, is a fairer way to vote.

This scheme does seem to engage the populace better than normal consultations, however its future could be difficult as Local Government funding is cut year on year.

(Slides used by Alan in this presentation are included in Appendix 7. The video shown can be found at www.pbpartners.org.uk/category/resources/videos/)

NEXT STEPS AND SUMMING-UP

"Be the change you want to see" - how can we maintain today's levels of enthusiasm?

Arrange for Alan to present Participatory Budget ideas to HPBC.

Offer to run a Local Currency workshop for Buxton Town Team and other local organisations.

Introduce REconomy ideas to HPBC and others

Start work on a Local Economic Evaluation project

CLOSING

The seminar ended by singing "Resilience!"

See Appendix 8 for the lyrics.