

**Judith Kirton-Darling presentation  
QCEA / QPSW conference 2013**

**"How can we (Quakers) contribute to the building of a just and sustainable economy which meets human needs without destroying the planet?"**

Tomorrow I will travel to Warsaw to take part in the 19th Conference of Parties to the UN's Framework convention on climate change - or in UN jargon, COP19 of the UNFCCC.

This will be my 3rd COP. It will not be a decisive COP, but a stepping stone towards an international agreement in 2 years' time. It will be a very difficult COP: Poland is a country in which 90% of electricity is produced through coal burning power stations, the costs of transforming the energy sector are considerable and people are increasingly concerned about energy poverty and the cost of living as wages do not keep up pace with prices. It has always been my view that if we are to guarantee a just transition towards a more sustainable economy - then it is in places like Katowice in Poland or my home town of Middlesbrough, with their employment dependence on large chemical and heavy industrial bases, that a just transition must deliver sustainable jobs, a fairer economy and hope for people. It's this vision and how we get there that I would like to address today.

Our scientific understanding of climate change has taken leaps forward - last month the latest findings of the Intergovernmental Panel on Climate Change were published showing that we are heading towards a 3-4°C rise in average global temperatures by 2100 something unseen for millions of years. However, our capacity internationally to address the clear threats our species faces within this century are stalling, and largely as a result of the economic crisis, a resurgent 'business as usual' model and powerful vested interests.

Whilst climate negotiations are stalling, trade negotiations are pressing quickly ahead. Between the EU and US or TTIP as it is known, which collectively account for 50% of world output - this week saw the 2<sup>nd</sup> round of negotiations - and the apparent conclusion of negotiations with Canada for a free trade agreement. Meanwhile, within the 'Very Good Friends of Services' group in the WTO (made up of OECD countries plus some pro-trade allies) a new more radical global agreement on services is being discussed, pressing ever further for liberalisation and privatisation of services. Together these amount to a substantial increase in the power of multinational companies over our economies, democratic systems and natural resources. A new QCEA blog is online explaining the TTIP.

Therefore, it is with some nervousness that I will travel to Warsaw tomorrow - where I will be negotiating as much with mining workers as with government representatives. This is the way that I put the peace and social justice testimonies into action in my life every day - finding negotiated solutions, tackling the roots of conflict and building alliances.

Europe is in crisis on many fronts and each one presents us with fundamental challenge to creating a sustainable future. 26 million people are out of work across the EU as workers are paying for the banking crisis with deep cuts to jobs, wages,

and our public services. Over half of the young people in countries like Spain and Greece are unemployed and in turn, economic insecurity is widening the gap between rich and poor, making for a more unequal, more divided Europe. Political populism is rising and the scapegoating of migrants and minorities is fast on the rise.

In addition, economic uncertainties are playing their part in making people less concerned about the environment and climate change, at a time when we know we are pushing the planet to its limit in consuming energy and natural resources at a totally unsustainable rate.

Since 2010, we have seen a reversal of Europe's green policies: what we see is that "black austerity" where incentives and subsidies into the green economy are cut in the name of fiscal consolidation, and 'affordable energy' has taken on a false priority in the name of 'competitiveness', and become the dominant political debates across Europe.

This is short-termism in the extreme: economically, environmentally and socially.

Two contradictory ideas currently shape our mainstream political debate. First, the argument for austerity that states cannot and should not live beyond their financial means. Second, the notion that we can and must, in effect, live beyond our environmental means. This internal contradiction has enormous and long term implications for our social cohesion within and between countries.

Quoting from the Swarthmore lecture in Canterbury (2012) 'there's a saying that we don't inherit the Earth from our ancestors but rather we borrow it from our children, and their children's children. We're currently borrowing more than we can pay back, and it's not only about our carbon emissions. 'Earth Overshoot Day' is the point in the year when we've used up as much of the Earth's total resources as the Earth itself can regenerate in a year.'

Since the late 1980s, we've been going into eco-deficit each year progressively degrading the whole environment, with the overshoot day arriving a little earlier each year. This year we 'celebrated' on the 22 August. We are now back in a debt cycle, with interest rising. Obliviousness to ecological debt is characteristic of an economic system in which the interests of finance come first and which fails to recognise the environmental and social foundations of prosperity.

As a result, money flows into things that maximise short-term financial returns, rather than optimising overall value for the economy and society.

The contradiction between our approach to good financial and ecological management is stark enough, but even worse than it appears at first glance.

Our planetary boundaries are far from unlimited. In 2009, a group of 28 internationally renowned scientists identified and quantified a set of nine planetary boundaries within which humanity can continue to develop and thrive for generations to come. Crossing these boundaries could generate abrupt or irreversible environmental changes. Respecting the boundaries reduces the risks to

human society. It is the most vulnerable and least influential people in the world, mostly in developing countries, who are hit quickest and hardest at these boundaries. Since Rio in 1992, we have been committed to sustainable development, in yet in this period we have seen woefully few concrete results - making the precarious ever more precarious.

In 2011, the Carbon Tracker Initiative, a team of London financial analysts and environmentalists published a report in an effort to educate investors about the possible risks that climate change poses to their stock portfolios. They published an overview of the amount of carbon already contained in the proven coal, oil and gas reserves of the fossil-fuel companies, and the countries (like Venezuela or Kuwait) that act like fossil-fuel companies. In short, it's the fossil fuel we're currently planning to burn. And the key point is that this number - 2,795 gigatonnes of carbon - is higher than the IPCC's view on the maximum amount of carbon that can be burnt to stay within our planetary boundary of 2 °C - our 'carbon budget' of 565. Five times higher. These companies and countries are operating on the basis that their assets can be sold and burnt, although we know that they can't be. Our long term health in direct conflict with short term stock market cycles.

A sustainable economy and future for our species is only possible if we address this short-termism in our economies and financial markets.

We urgently need to address the way that environmental and social criteria are considered in financial and investment risk calculations - but more fundamentally, we have to recognise that sustainable economies cannot be based on continuous value extraction and shareholder value models. This creates mass speculation - in 2011 according to the International Bank of Settlements, over 90% of financial transactions were purely speculative. Speculation, especially in the sovereign bond markets, is essentially a transfer of wealth from public to private sector - this is what we are seeing the Eurozone crisis and why Eurobonds are so important, as well as a Financial Transactions Tax (FTT).

It is not just our financial markets that need reform but we need to address the financialisation of the entire economy.

As the financial crisis meant that risk in the banking sector was socialised through national bailouts while bank profits are privatised (through excessive executive pay and bonuses) - we can see this trend throughout the economy. This has created perverse outcomes such as leaps in share values following mass job losses with the cost falling on the workers and taxpayers affected while the dividend goes to shareholders, or the current context in which many firms engage in large scale 'share buyback' schemes to bolster their stock market position and ensure dividends... Fortune 500 companies have spent \$3 trillion in the last decade on buying back their stock. Money that should have been invested in long term interests like the workforce, capital goods, innovation and R&D acts to increase inequality in our societies. Here we can clearly see that if we attempt to address environmental protection without reforming our economic model we are just intensifying the same flaws in our system - from 2001-10 US clean tech companies bought back \$290 million worth of shares. EU figures are comparable.

All is not lost. There are alternatives to recession and austerity, to environmental degradation and social crisis - but we need to address the underlying flaws in our economic system that are creating rising inequality and undermining sustainability.

In the 1940s, after the devastation of the Second World War, the US government took a brave and important decision - the Servicemen's Readjustment Act of 1944, known informally as the G.I. Bill, was a law that provided a range of benefits for returning veterans. Benefits included low-cost mortgages, low-interest loans to start a business, cash payments of tuition and living expenses to attend college, high school or vocational education. The long term economic effects of that decision could be felt decades later. It is this imagination we need today - since 2009 together with MEPs, youth activists and others, we have been calling for a European Youth Guarantee: the right to a decent job, proper training or a quality apprenticeship within 4 months of unemployment for anyone under 25. Why not a Green 'GI' Bill for today's young unemployed to drive the new goods, services and investment needed in the next 50 years?

Time and again we see where there is political will, there is a way. In February this year, €6bn were allocated to implement a European Youth Guarantee - it's not yet enough (Eurofound's latest comparative research findings on the young not in employment, education or training (NEETs) show that the economic loss to society of not integrating NEETs is estimated at €153 billion), but it shows the power of alliances and alternatives.

This holds at all levels and I think the contribution of Quakers collectively must be to help build this political will.

As a trade union leader responsible for worker engagement in climate action and sustainable development, I often find myself remembering Rufus Jones' words before the 1937 2<sup>nd</sup> World Conference of Friends, "I have become a good deal disillusioned over 'big' conferences and large gatherings. I pin my hopes to quiet processes and small circles, in which vital and transforming events take place".

Despite my often and deep frustration about the current situation and the pace of transition, strength comes from the practical action I see at the local level in Europe and internationally. I take strength from cooperation within the trade union movement, and together with NGOs and companies working on environmental protection and social justice, aimed at changing the narrative.

There are many places to start - actions focused on changing the way we produce and consume goods and services, conserve resources, work smarter and avoid destroying vital eco-systems provided by our seas and forests. Efforts to find alternatives to fossil fuels - oil, gas, coal - and channel investment into new technologies and the jobs and skills that go with them - solar and wind power, electric vehicles and trains, capturing and storing carbon emissions, saving energy at home and at work. Remember Advices and Queries 27 "Live adventurously. When choices arise, do you take the way that offers the fullest opportunity for the use of your gifts in the service of God and the community?" What gifts can you bring to changing the narrative?

Energy- and resource-efficiency on the scale that climate change and ‘planetary boundaries’ demand will mean pushing for new models such as the ‘circular economy’ based on designing products that can be broken down and reused at the end of their life. It means reducing consumption of materials and energy, recycling much more, and reusing waste as a raw material for new production. How can we pay for all this?

Money is not like soil, or forests or fossil fuels. It is not a bounded thing in the way that a natural resource or ecosystem is. It is a social contract, a measure of trust, a promise to pay, long since separated from any underpinning finite material such as gold.

Therefore, in some senses, it is unlimited. That's why in both the US and Europe governments were able to magic hundreds of billions of dollars and pounds from thin air, through the magic of double-entry book keeping, to bail out failed banks and pull the economy back from the brink. We should be bailing out our planet with equal gusto.

Financial systems are human constructions not natural evolutions - through rules and regulations flows of money or investment and financial risk can be directed and shifted. This may be through market regulation, corporate governance rules, social and environmental criteria on public investment, procurement and R&D support, the support for alternative forms of ownership (e.g. cooperatives) and greater worker participation to balance shareholder interests.

I believe that yesterday, Trevor spoke about the need for large scale investment programmes. In the union movement, we call this the Sustainable New Deal. What can we as Quakers do to build this alternative?

‘Thinking globally, acting locally’, said the Meeting House poster when I was a young Quaker in Middlesbrough. This morning in Warsaw, some of my colleagues will be presenting what they are doing practically in their ‘small circles’ to address the challenges of climate change and economic short-termism. I thought they might inspire ideas and discussions here today:

Dominique from France will present the latest round of the National *Grenelles* on the environment and sustainable development. The development of a national roundtable with all interests represented given the task of finding negotiated policies and action. Transition towns and local community initiatives that get different interests around a table have taken place in many countries, how has your Meeting been involved?

Philip from the UK will be introducing the TUC’s GreenWorkplaces project - in which over 1,300 workers’ representatives have been trained and supported to engage in projects to ‘green’ their workplaces - these local projects range from the micro (recycling, mobility schemes) to the large scale, multinational wide changes in behaviour and consumption patterns. If you are still working, if you manage or are a trustee of an organisation, how can you engage (with others) to change its consumption patterns and behaviour? At EU level, the Commission is struggling to

get mandatory company/organisation reporting on environmental and social sustainability - how could Quakers engage to support this initiative?

Heidi from Denmark has been a strong advocate on the financing of the transition. The Danish ATP pledged €1bn to a new climate change fund for emerging economies at the COP-15 summit in December 2009, and lately is aiming at reaching 10% share of its portfolio to be allocated to climate change investment. Given its size, the pension fund industry could play a key role in raising climate change related private financing. According to analysis in November 2012, pension funds' net contribution to financing of climate change projects could potentially reach USD 301bn in 2015 - if by that time portfolio exposure to climate change reaches 5%. How are Quaker finances invested and are our monies being used to support sustainability locally and internationally?

Lisa from Germany represents the construction sector workers. In 1999, the German trade union movement was involved in the creation of the Alliance for Work and Environment - a retrofitting program serving 342,000 apartments as of March 2006. From 2001-2004, this project was responsible for creating 25,000 jobs and saving an existing 116,000. In 2006, an estimated 145,000 additional FTE (full-time equivalent) jobs were attributed to this building retrofit program as a result of increased levels of public-private spending. In the crisis, investment was increased with 380,000 jobs created in 2009 alone. The German KfW has evaluated the programme and found that for every €1 spent - €5 were generated in the economy through increased tax revenue, reduced unemployment costs and energy savings. A triple win. In Birmingham, a local group are replicating this programme. Through an alliance of the City Council, environmentalists, companies and unions, they used the Council's assets to guarantee a long term loan from the European Investment Bank worth £1.3million to help the council equip 60,000 city homes with energy-saving measures such as new boilers, improved insulation and solar panels. Energy is a major question for our economies and societies - what could Quakers do to support the energy transition?

On Monday I will be speaking on the need to use the opportunities created through the challenges of climate change and the need to invest in our economies, to create large numbers of jobs for our young people. As I said at the beginning, we face many challenges, but the loss of a whole generation of young people in Europe - economically and socially will undermine our capacity to build a sustainable economy in the long term.

In the short term, the scale of the social crisis felt by many is creating a breeding ground for nationalistic and xenophobic arguments - our peace and social justice testimonies compel us, I think, to act however we can, at whatever level or scale, to use our 'gifts' to ensure the right sharing of the world's resources.

Thank you for listening.