



Melbourne Sustainable
Society Institute

Eco-transitions: Transforming economy, church and society

Edited transcripts from the Eco-transitions
Workshop, held in East Melbourne,
December 2017.



Context

In September 2016, Catholic Social Services Victoria (CSSV) convened a symposium exploring Productivity Commission (PC) proposals to expand the role of the for-profit sector in delivering community services. Many in Australian society then considered, and still consider, that the current dominant paradigm of neo-liberal capitalism - within which the PC operates – to be breaking down, and that ‘business as usual’ cannot continue. However, it is a more vexed problem to come up with a consensus toward constructing a more viable, sustainable and just socioeconomic alternative. There are different voices, and the way forward seems less clear, but by no means impossible through dialogue.

Arising from that symposium, a process was started for collaboration to explore ways in which the churches and their agencies could assist in addressing the way forward. In response a new ecumenical research body, the [University of Divinity Centre for Research in Religion and Social Policy \(RASP\)](#) convened an initial workshop in collaboration with the [Melbourne Sustainable Society Institute](#) (University of Melbourne). These papers form the output of this workshop. RASP has three main inter-related foci for its research – ecology, economy and wellness as part of its overall research theme of ‘flourishing in a fragile world’. Fruitful seminar, conference and publishing projects on Religion and War, and A Just and Sustainable Peace are in progress, as well as a project on Meditation. RASP currently has 24 research members.

One of the seminal documents behind the workshop was Pope Francis’ encyclical of 2015, *Laudato Si’*. It calls for humanity to rethink its relationship with nature, and to find responsible ways of human wellbeing and flourishing in tune with our environment and economy. The encyclical also urgently appeals for a new dialogue about how we are shaping the future of our planet. The workshop outlined below was part of this developing dialogue.

Purpose

Through at least one workshop, to provide one means by which the ecumenical church in Australia, (including its agencies and lay Christians), may assist the transition to an economically viable, sustainable (‘carbon free’), just (equitable) and flourishing Australian society in a global ecological context.

The workshop began by first focusing on the economic dimension of this transition (although RASP hopes to foster further research in other dimensions). It was structured in the following order.

Speakers

Moderator: Prof John Langmore, University of Melbourne.

Speaker: Prof Ross Garnaut, University of Melbourne.

Respondents: Dr Tim Thornton, La Trobe University and Dr Ian Barns (formerly) Murdoch University, WA.

Acknowledgements

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Strengthening sustainable economic security

Professor John Langmore, University of Melbourne.

How can economic and social transitions be made towards building viable, sustainable, just and flourishing societies? A recent workshop sponsored by the Melbourne University of Divinity Centre for Research in Religion and Social Policy which focussed on this central question came to challenging conclusions.

The keynote speaker, Professor Ross Garnaut, University of Melbourne, began by praising Pope Francis's 'magnificent' encyclical *Laudato Si* for applying authoritative climate science and economic policy to current ethical issues. While acknowledging the necessity for a decentralised market he emphasised that 'the only sustainable democracy in the developed world is social democracy'. This is essential for achieving greater equity, an imperative for enduring political legitimacy.

Garnaut recommended maintaining open economies and large transfers of all forms of capital from developed to developing countries (including generous development assistance). In combination with good governance the evidence from Asian and now African growth is that this would likely increase developing countries' average incomes and reduce internal inequality.

He critiqued the currently declining share of total taxation being collected from developed country corporations, because this is undermining the welfare state. He proposed tax reforms which would: allow companies to immediately claim capital spending as a tax deduction; eliminate deductions for interest (large sources of tax avoidance); and remove deductibility for imported intellectual property to also minimise evasion.

Fortunately, renewable solar and wind energy is rapidly becoming less costly than fossil fuels. The speed of transfer towards them depends on policy choices such as introduction of a carbon tax. Effective, enforced anti-corruption legislation is vital, especially for minimising rent-earning opportunities for the wealthy. Setting tight limits on corporate political donations is a necessary though not a sufficient condition for ensuring political integrity in seeking the common good.

Commentator on the keynote, Dr Tim Thornton, from La Trobe University, discussed neo-liberalism and its alternatives, including 'green-growth social democracy'. He said that a social democratic system makes the role of the market more subservient to the democratic process and the common good ... by including effective social protection, work for all and economic redistribution. In a social democratic system, the economy is embedded within society.

Within a green growth social democracy environmental sustainability and economic growth complement one another. Greater efficiency with environmental inputs, recycling and reduced waste would lower production costs. Green growth is also characterised by expansion of the accessibility and quality of services, not production of more physical goods. Increasingly capital is intellectual property, e.g. digital knowledge, not physical assets.

Thornton and the second commentator, Dr Ian Barns, said that social democratic capitalism allows for a range of different property relationships: private ownership; centrally controlled state enterprises; autonomously managed state enterprises; and cooperatives owned and managed by workers. There is considerable scope for increasing the use of cooperatives beyond their three to five per cent of firms world-wide.

Barns spoke supportively about civil society, the New Economy Movement, the importance of trade union renewal, and the effectiveness of major European cooperatives economically and socially.

Thornton also explored 'steady-state economics' as another, less politically palatable alternative to neoliberalism. Whilst green growth presumes we can achieve a full decoupling (de-linking) of economic growth and environmental impact, this itself is a central and contested question.

Thornton concludes his paper by quoting Max Weber, who described politics as 'a strong, slow drilling through hard boards with both passion and judgement.'

These remarks describe aspects of a transformative strategy which participants discussed during the afternoon. The major elements were all agreed and some were amplified. There was especially strong support for setting tight limits on political donations by all interest groups including those from other countries.

There was also broad support for replacing the GDP growth rate as the principal measure of progress with a metric such as the Australian National Development Index, an Equitable Human Development Index, the Genuine Progress Indicator or another composite index measuring Australia's progress. The Sustainable Development Goals unanimously agreed by the UN General Assembly in September 2015 were recognised as just as relevant for Australia as other countries.

Like all other NGOs, churches can demonstrate that there are greater values than consumerism. Recognition of the importance of constraining population growth and of engaging young people ecologically is vital. Local ways of caring for the earth can be explored through transitional parishes analogous to transition towns.

It is clear that social democratic evolutionary change is a vital stepping stone toward an ethic of responsibility for the rights of nature and of future generations.

Sustainable prosperity and equity in Australia

Professor Ross Garnaut, University of Melbourne.

It's great to be here in a group focusing on social justice and the environment. John Langmore set the scene for my contribution with two important points of references. One is Pope Francis's *encyclical Laudato Si*, which is a magnificent contribution to thinking about today's great issues. It's authoritative in its references to climate science and to economics, and applies the best knowledge to ethical issues of our age.

The other is John's presentation on alternatives to neoliberalism. We need to be precise in what we mean by neoliberalism. It has come, too lightly, to be an all-encompassing term to describe support for the market economy. I was talking to John before this meeting of a new book, *Democracy in Chains: The Deep History of the Radical Right's Stealth Plan for America*, by American historian Nancy Maclean. *Democracy in Chains* traces the origin of the ideas and the term neo-liberalism back to the reaction against the civil rights movement in the United States. The Supreme Court decision on segregated education prompted the establishment of an economic research institute at the University of Virginia, with the mission to provide arguments that could counter progress on civil rights. This was the beginnings of a major intellectual effort, recognised in the 1980s by the award of a Nobel Prize for economics to Buchanan.

The centre's work focused on the importance of liberty for capital, which would require limitations on freedoms of other kinds. The neo-liberals said that limitations on democracy were necessary to support liberty in the use of capital - or else you would get the sort of interventions that had just come out of Washington. These ideas were later taken up by organisations funded by American big business to contest what had been a historic movement toward social democracy in the United States under Roosevelt and the immediate post-war presidents. Ironically, the neo-liberal movement had its greatest influence and success late in the period of the primacy of social democracy. Ideas influence policy over long periods of time. The greatest intellectual influence of neo-liberalism in the United States was probably exercised in the 70s and early 80s, but the greatest political influence on public policy is now. We see the influence now in the campaign to turn back the clock on action on climate change and public provision of medical care, and the far-reaching effort into wind back the welfare state. We see the influence in the contemporary policy programme of the Republican Party in the United States. The Trump administration is a chaos and noise in the middle of the campaign to turn back the clock on the successful social democratic programme of the Roosevelt and post-war administrations.

But, in rejecting something called 'neoliberalism', we go too far if we reject the role of the market economy. We have learnt over the past half-century that open markets, open international trade can be highly supportive of broadly-based development. In fact, we have learned that they are essential to it. I will weave some of those thoughts into my presentation today. I will cover some large ideas. Making rather bold generalisations, plenty of room will be left for you later in the day to pull me up on error or over-simplification or the need for qualifications to assertions.

It's pretty easy to be pessimistic at the moment. There's a lot to be pessimistic about. The biggest grounds for pessimism are the decline of the health of democracies in the developed countries, and the weakening of support for social democracy. The latter is reflected in the partially successful efforts to wind back the welfare state that emerged after the Great Depression and the Second World War. The partial success is reflected in the growing inequality of wealth and stagnant incomes of ordinary people in most of the developed world. Australia is not as bad as most of the developed world on these things, but we face large challenges in the period ahead.

It's easy to be pessimistic about democracy when you look at the failure or collapse of governance in major regions of the Middle East, West Asia, North Africa. These regions were the original home of many aspects of our civilisation in many important respects, and maintained important elements of the great civilisations until relatively recently. Institutions of government and society have fallen apart in recent times, most spectacularly in the twenty-first century. The collapse of governance has generated the largest displacement of people since the horrors of the Second World War—a large proportion of the contemporary world's sixty-five million displaced people.

Apart from these major regions which have experienced a collapse of governance in recent times, a major of the human population has not yet joined in the global rise of incomes that accompanies modern economic development. For Australians are unwise to neglect a rather small proportion of humanity, but our closest neighbours, who are suffering a complete failure of development. We see this failure, possibly most comprehensive in the largest of those countries, Papua New Guinea.

It's easy to be pessimistic about some of the environmental pressures, most urgently climate change. We are already seeing significant disruption to the climate. John made reference to today's tropical downpour in a non-tropical location. In September 2016, the South Australian electricity system was brought down by a cyclonic event in a non-cyclonic region. We're already seeing substantial climatic alterations due to human activity. We're in the very early stages of human-caused climate change. Average increases in temperature across the global so far are just under one degree Celsius, since the beginning of the industrial era the prospects are for that increase to treble and worse over the remainder of the century, unless very strong action is taken. If no action is taken, then the increase will be a good deal worse than three times what the world has already experienced.

The consequences of that for development, for stability of societies and the international order are immense. There are many particular consequences that are the focus of attention. But I think the inevitable consequence of complete even substantial failure of action on climate change, would be a collapse of international order that would put at risk all the institutions of civilised society. One only has to think of the vulnerability of a couple of hundred million people in West Bengal and Bangladesh to the combination of intensification of extreme weather events and rising sea levels, to recognise the possibility of the displacement of people on a scale we have never seen before. One would be naïve to think that any element of the established political order would survive such disruption. It's very important that we're clever about adapting to climate change. But adaptation is about policy, and it's also naïve to think of policy being relevant with a complete breakdown of international order.

Alongside the good reason to be pessimistic, we also face an opportunity this century to solve the development problem, and to make development consistent with stability of climate, and more generally conservation of the natural environment. We could, by the end of this century, see all of the people on earth enjoying living standards comparable with those of developed countries today, while there is substantial equity within countries. The success of development in the world as a whole would take away some of the sources for rising inequality within the developed countries. Labour would be scarce and valuable everywhere, and working people in the developed countries would not be threatened by competition from goods and services produced by the labour of people on low incomes in the developing world. It is quite possible that humanity could live in such a world later this century, and for those happy immediate material circumstances to be consistent with environmental stability.

Let's not be overwhelmed by the good reasons for pessimism. Let's keep at least half an eye on the opportunity. Let me say a little bit about the opportunity, and what we need to do to make good use of it. If we look at the world as a whole in the twenty-first century, we can see a very large part of the world community enjoying stronger growth in incomes than such large numbers of people ever have before. That comes from

the spreading of modern economic development to most of the developing world, most importantly numerically to the big Asian developing countries, first of all China, India and Indonesia.

In the first seven or eight years of this century, we had very strong growth in incomes in the world as a whole - developed and developing countries. We now know that a lot of the growth in developed countries was unsustainable. It was based on debt-led expansion of consumption and expenditure on housing in the developed countries, most importantly in the United States and the rest of the English-speaking world, plus Spain. The vulnerability to financial crisis was greatest in those countries, and they suffered immensely with the financial crisis.

During that first seven or eight years of the century, we saw broadly-based growth in incomes through most of the developing world. For the first-time modern economic development gathered momentum in Africa—a crucial part of the world development story.

A high proportion of the world's poor today are in Africa. Africa is the one large region that has not yet had enough incomes growth for fertility to fall by a large amount. If the world did not include Africa then we'd be on a path to stabilisation of global population, and then global population decline. Global population decline would ease a lot of the developmental and environmental problems. There's a universal close association between comfortable incomes, and with better education, especially of women, and greater self-confidence of women that goes with higher incomes. Low fertility and declining numbers of people entering the labour force follow. Africa's the one large region of the world that hasn't participated in rising incomes to levels that support a decisive fall in fertility. That failure of development in Africa has created circumstances where it is possible that great economic development success and demographic transition in the rest of the world could be consistent with the proportion of people who are well-off late in this century being no higher than it was in the beginning. This would follow simply because the countries which have been left out of global development grow exponentially in number while population in other countries declines.

Currently mid-range World Bank forecasts have the labour force of Africa larger than the rest of the world at the end of this century. Successful development is the one mechanism that we know leads to declining fertility and stability of population. Successful development is associated with growth in incomes and many things that we know go along with it., including improvements in education. It's the stabilisation of population that holds out the prospect of labour becoming scarce and valuable on a global scale in the course of sustained growth in economic output, and therefore the prospect of much greater equity in the global distribution of income. So, Africa is central to the global development story.

And the good news is that, in the twenty-first century, most of Africa did better—albeit there are still a lot of African countries suffering civil war, civil disorder—conditions under which development doesn't happen. But in the rest of Africa, there was considerable progress early in the century. One has to divide Africa between a resource-rich and a resource-poor part, with differences in natural resource endowments per person being the distinguishing characteristic. The resource-rich African countries received a huge boost early in the century from the China resources boom, but has done badly since. Resource-led growth, we can now see—as I for one did not see clearly as a general problem earlier in my professional career—is commonly associated with problems of governance that very seriously inhibit development. And so, since the change in the Chinese growth model, which has reduced growth in demand for resources in the last five or six years, those parts of Africa which relied on resource exports have done very badly. But those parts of Africa which don't have that wealth of resources have mostly performed well. Some of the most successful examples of development through this century so far have been the resource-poor countries of East Africa. Ethiopia began the century as one of the poorest countries on earth. It is a big country, with ninety million people. It has had just about the fastest average rate of growth on earth this century so far. Kenya, Tanzania, Uganda have also done very much better.

Whilst developed countries in the twenty-first century have had problems of stagnating incomes, growing inequality and problems of their democracies, in the developing world, the story has been better than in earlier periods of history.

It has been spectacularly good in the large Asian developing countries: China, India, Indonesia most importantly; but many other countries as well, including the populous economies of Bangladesh and Vietnam. The success in much of the developing world means that, over the past decade, we have seen a reversal of what has been a long historic tendency towards greater inequality in the global distribution of income. The global Gini coefficient, a global measure of inequality for all the people on earth, shows that global income distribution has become less unequal over the past decade. That's largely because people once very poor in the large Asian developing countries are now enjoying much higher incomes. The mass of ordinary people in China, India and Indonesia have, on average, the fastest rates of growth in incomes on earth. There has been very little growth of incomes of ordinary people in the developed countries, while the highest incomes have increased rapidly. But in the world as a whole, income distribution has become more equitable because of successes in much of the developing world.

The powerful phenomenon of modern economic development had its origins in Britain a quarter of a millennium ago. It was at first confined to Western Europe and the offshoots of Western Europe in North America, Australia and New Zealand. It made the early participants in modern economic growth rich and powerful compared with the rest of the world. That underpinned the amazing phenomenon of Imperialism, where a tiny proportion of the world's people governed just about the whole world. There had never been anything like that on earth. And the military capacity and the economic capacity to do that came from the very limited spread of modern economic development in the early stages.

The only major country outside those original geographic boundaries to join modern economic development in the nineteenth century was Japan. In the 1860s, the Japanese elite recognised that the alternative to joining modern economic development was not maintaining the status quo, but was being subject to colonial power. And so, in reaction, Japan embarked on far-reaching reform to adopt modern economic development. It was brilliantly successful and, within a generation, Japan was one of the imperial powers, governing Korea, Taiwan and parts of the Chinese mainland.

After that there was very little spread of broadly-based modern economic development until the post-war period, until the end of imperialism. And the early post-war period, through the third quarter of last century, was not brilliantly successful. Certainly, in the large Asian developing countries, where most of the poor people on earth lived at that time—China, India, Indonesia being the largest—there was relatively little growth in incomes of ordinary people in the first post-war decades. So, when we think of the sixties and seventies as a golden era, let's keep in mind that it was only a golden era in the West. It wasn't a golden era for economic development—it was a time of disappointment for development in most of the developing world. You began to get some adsorption of the dynamism of modern economic development into some Asian countries in the sixties and seventies, first the small economies in Northeast Asia (plus Singapore), then the larger countries in Southeast Asia.

The great developments were the joining of Asian countries in modern economic development, made possible by opening to the international economy leading to large amounts of international trade and investment. We can date the era of modern economic development in China precisely from the changes of policy in the plenary meeting of the central committee of the Chinese Communist Party in December 1978, when Deng Xiaoping got the numbers for far-reaching economic reform. China, from that time, absorbed the dynamism of modern economic development. Indonesia joined modern economic development in a few stages, but I date major changes towards a new pattern of economic development from the mid-eighties. The change in India came with the bounce-back from the macro-economic crisis of 1991. In all of those cases, we saw long periods of sustained growth of incomes. And while there was high inequality, there was fairly

broadly-based growth in incomes. In the case of China, it was clear that labour was becoming scarce in some places about ten years ago, and generally about six years ago. That was the turning point towards more equitable distribution of income.

The global story of recent changes in income distribution is not a bad one, and continuation of current trends would lead us into a better place. What might the world look like if these trends continued over a long period of time? We get some insights into that, as we do into many important things, by looking at the work of British economist John Maynard Keynes. He wrote an essay about income distribution in the long-term future of capitalist development and presented as a seminar to Cambridge students to cheer them up at the beginning of the Great Depression. It published in his *Essays in Persuasion*. He returned to those themes in the final chapter of his great book, *The General Theory of Employment, Interest and Money* (1936). He said that continuation of economic development, with two qualifications, would lead over the next century (a decade or two from now), we would have an abundance of capital. Labour would be scarce. Capital would be so abundant that it would earn no return to its owners simply because they owned capital. So, high incomes would not go to those who owned a lot of capital. Labour would be scarce and valuable, and that would give people satisfactory standards of living. People who did not own a lot of capital would face choices that were unfamiliar in his times—such as how to choose to use leisure wisely.

What were the two qualifications that Keynes introduced? He said this could all be upset by war making a mess of everything. Not long after, that qualification became very relevant. Or it could be upset by poor policy leading to unnecessary economic depressions. Of course, his general theory was all about how to avoid that second possibility.

We can contrast that vision of the future with the famous recent book of Thomas Piketty, *Capital in the Twenty First Century*. Piketty's thesis is almost the opposite of Keynes. His view is premised on the rate of return on capital always having been about five percent plus inflation. He expects that rate of return to continue—at a rate that exceeds the rate of growth of the economy. It follows from these premises that the wealth of owners of capital will continue to increase, and the incomes of the owners of capital continue to grow, more rapidly than the total economy. It follows that, in the absence of fundamental changes, we will have rising inequality. He saw that as part of the essential logic of capitalism. He saw some possibility of changing that outcome through democratic intervention. But his prescriptions were pretty weak, and they depended on international cooperation on matters of taxation of capital, which, as we know, is a good deal easier said than done.

Who's right? Keynes or Piketty? If you look at some aspects of today's world, Keynes is already right. The real rate of interest--the rate of return after inflation--on risk-free investment is now close to zero. The rate of return on government and corporate debt has been falling since the beginning of the century. Long bonds issued by the US government and the Australian government, after you adjust for expected inflation, now give a return of about zero. So, there is a sense in which we are already in a Keynesian world.

Piketty's great strength is his thorough collection and analysis of data. He demonstrates that there has been rising dispersion in the distribution of income in this century so far. So how do we reconcile the rate of return on capital being zero with the income going to wealthy people rising much more rapidly than other peoples' incomes in the twenty first century? I think we reconcile that in a number of ways.

First, some of the growing inequality we see in this century is simply a result of the falling rate of return on capital, the first effect of which is to raise the price of all capital assets-- housing, shares in the equity markets, and so on. The resulting capital gains appear as income in Piketty's data. That's a once-for-all phenomenon. It has been a very powerful source of increasing inequality in the twenty first century so far, but it won't continue forever unless the rate of interest, already zero, keeps falling forever.

Another important way of reconciling the Keynes and Piketty perspectives is through analysis of the role of rents. This is a complex matter, that is hard to analyse, and is under-analysed by economists. The rents come from regulation and barriers to entry as in banking; exclusive access to scarce natural resources as in mining; ownership of scarce land as in agriculture and more importantly quantitatively in urban housing; from oligopolistic control of markets; from ownership of natural monopolies such as telecommunications or energy networks.

The increasing effectiveness of business in investing in the political process and capturing government and policies has been increasing roles of rents in developed democracies. Rents allow businesses in oligopolistic positions to earn a higher rate of return than the competitive rate of return. If you're a greengrocer or a restaurant owner and there are twenty other shops of a similar kind within a few kilometres, then you can't expect a positive return on capital in your current circumstances. You may get it through superior provision of services, but that superiority is balanced by competitors receiving a lower than normal rate of return. But if you're a big retailer, of Australia, or if you are one of three big sellers of electricity, or if you're Google and you're the only company providing that type of network service, or Apple, or Microsoft, then you're not subject to competition. The return you get on your investment has nothing much to do with the cost of capital. Economic rent has become much more important in our economy in recent times.

So, we can see the origins of growing inequality in developed countries despite the falling to near zero of returns on capital in competitive markets. First, the once for all increase in housing costs and the value of business assets associated with falling interest rates. Second, the growing role of oligopoly rents in the economy.

The biggest threat to global development from the growing inequality in developed countries is that it's undermining support for democracy and the open economy. It's generating tensions within the democracies that are making the open policies that were important contributors to improved economic development in the developing countries, difficult to sustain. So, we're getting phenomena like Brexit and Trump, with their strong protectionist elements. If that reaction went very far, it would close off many of the opportunities that have helped the success of development in the major Asian developing countries, and which have been important to the beginnings of modern economic development in the resource-poor countries of Africa this century.

So, what can we do about it? If we were confident about maintaining open economies and large transfers of capital in one form or another from the developed world to the developing world, and if we had consistently good governance in the important countries of the world, then we could look forward to a general abundance of capital and a general scarcity of labour later this century. This would extend to Africa. This would be a world in which democracy was more secure, because you would have less tension associated with rising inequality in the developed countries.

There are several big threats to realisation of this favourable outcome. One is the collapse of social democratic regimes in the developed world, which are necessary supports for openness in global development. A second is severe environmental breakdown and failure of mitigation of climate change. A third is failure of development in Africa.

I will now suggest solutions to each of those problems. It sounds easy if I quickly run through the solutions, but it goes without saying that they are diabolically difficult problems. For continued success of social democracy in the developed world—and I think the only sustainable democracy in the developed world is social democracy—we are going to need to reform taxation in some important ways. The share of corporate taxation in total taxation has been falling under the influence of globalisation. The loss of revenue is large enough to undermine the welfare state. There is a path to a different approach to corporate taxation, that doesn't involve the Business Council's programme of simply reducing the company tax rate. We would need

to adopt a quite different approach, in which we focus on taxation of incomes generated within each of the developed countries. This is highly technical, but the elements of a successful approach would be, in my view, to include the following elements: allowing immediate expensing of all capital expenditure; denial of any deductions for interest or financing payments, which are such large sources of tax avoidance; and removal of opportunities for deduction of expenditures for imported intellectual property. That's pretty radical, but I think steps along those lines are going to be necessary for countries to be able to retain autonomy in taxation of the corporate income base.

I think that we are also going to have to make some major adjustments to personal taxation and social security regimes. The end point of that adjustment will be something like a guaranteed minimum income or a negative income tax. In Australia, we have gone so far with reduction of income tax for people on low incomes, raising of the tax-free threshold, and of extension of benefits to large categories of low-income people that this will be very much less expensive than it once would have been.

I think the third element of policy that is going to be important in the developed countries to deliver the world we want to see is going to be much more systematic development of mechanisms for transfer of capital for development in developing countries, and recognising this is going to be important in the long run for preservation of our own social democracy.

Then, for environmental sustainability, and avoiding the environmental threat to development, we've had one enormous bit of good luck that I did not expect ten years ago. The cost of the zero-emissions alternatives to generating green-house gases through use of traditional energy has fallen very rapidly. I did a lot of my work for the state and federal governments on climate change ten years ago in expectation that there would be a substantial cost in the adjustment. But through good luck, and in consequence of good policy in Europe, which has started to establish a base for large-scale production of renewable energy, we have discovered that the cost of alternative energy is actually, in the end, lower than the cost of traditional energy. We've got an opportunity for a low-cost adjustment that I did not expect ten years ago. There was never any law of nature that said it had to be that way, but now we know that it can be that way.

The question now is: will we have the policies that support the rapid introduction of the technology to achieve the rapid transformation of our economies to make economic growth consistent with stability in the climate? The technologies are there, and the policies are available and known to people who work on these things. But in many countries and, worst of all, in Australia and the United States, established interests are resisting that change that could be economically as well as environmentally advantageous in the longer term. I won't say more about that for now, I'll leave that for further discussion.

We won't get global development without the main initiatives coming from the developing countries themselves. Policy in the developing countries themselves is crucial. But the developed world has some influence over those policies. To a considerable extent, official Australian influence in recent times has been malign. International rules against corruption, corrupt practices in business relationships, are very important, but they're very weak in Australia and, to the extent they exist in Australia, they're not enforced in Australia. While they're not strongly enforced in many countries, we seem to be an outlier in poor performance on those matters. That affects the prospects of good governance in developing countries.

And there are many opportunities for influence in favourable directions in policy and institutions in developing countries. Ours is strongest in the countries with dreadful development problems in our immediate neighbourhood, most importantly Papua New Guinea. We have to make sure that, whenever we have a chance for influence, our influence is exercised in a positive and not a malign way. We have not met that test over the past half dozen years at least.

What pathway to environmental, social and economic sustainability? An analysis of four options

Dr Tim Thornton, La Trobe University.

Preface

On the 1st December 2017 I was invited by the Centre for Research in Religion and Social Policy and the Melbourne Sustainable Society Institute to participate in a one-day seminar entitled 'Eco-transitions: Transforming economy, church and society.' Professor Ross Garnaut gave the Keynote Address and Dr Ian Barns and myself were respondents. The following discussion paper has been developed as a way of continuing the conversation on some of the key issues that were discussed at the seminar.

Introduction

This paper analyses four different, competing, political-economic systems: neoliberalism, green-growth social democracy, steady-state capitalism and market socialism. In particular, it offers an assessment of their capacity to deliver a politically, socially, economically and environmentally sustainable society. The analysis is exploratory in nature and some of its conclusions are tentative. It is the first-step in a much larger and longer research programme by which more certain and satisfactory assessments may be provided. It is hoped that the paper offers some illumination to its target readership and can assist further discussion, reflection and learning. The paper adopts a simple structure whereby each of the four political-economic systems is described, analysed and assessed.

1. Neoliberalism

If we wish to properly consider where we should take our society and economy then it is prudent to start by understanding our current situation and how we have arrived here. We should therefore start with an examination of contemporary neoliberalism.

What is neoliberalism? Neoliberalism is subject to multiple definitions (Birch 2017). Indeed, it often gets used as an umbrella term to cover any criticism of modern society (Thorsen 2010). The definition used here views neoliberalism as both an ideology and a practice that posits that:

all, or virtually all, economic and social problems have a market solution, or a solution in which market processes will figure prominently. Proponents of neoliberalism do not always regard markets as perfect, but they negate their recognition of market failure by arguing that state failure is typically far worse. The practice is the continuing application of this doctrine to an ever expanding area of life in the real world, through the privatisation of state companies and public services, loosened regulation of private activity, and the elimination of 'dependency cultures' through the [so-called] reform of welfare programmes and taxation systems, and the introduction of market mimicking arrangements to those areas where genuine markets are inappropriate (Howard & King 2008, p. 1).

Neoliberalism as a practice is a political and economic system that has gradually replaced the social democracy of the 1950's and 60's. A range of explanations has been put forward to account for the transition to neoliberalism (Judt 2010; Stretton 1999). It is difficult to satisfactorily summarise what occurred, though Howard and King (2008, pp. 208-09) offer a useful summary of the key drivers:

- a significant reduction in productivity growth and in profitability in the 60s and 70s fuelled growing dissatisfaction within the business sector.
- The exhaustion of efficiency improvement possibilities within Fordist production technologies (i.e. factory-based mass production) became an increasing issue.
- There was a marked increase in the militancy of the working class, and consequently an increase in wage demands during the boom years.
- Organised labour could not maintain its power after the boom years and this encouraged employers to view intensified market discipline as a much more viable option.
- Computers and information technology have been far more market-promoting than the once dominant Fordist production technologies.
- The need to limit the role of markets in the interests of promoting defence and warfare started to wane.
- The breakdown of the Bretton Woods financial and trade system.
- In general, the development of both productive and destructive technologies favoured that greater use of markets.

As an ideology, neoliberalism is different to the classical liberalism of the 19th century in that it is less comprehensive (Howard & King 2008). The classical liberalism of this earlier period not only encompassed individualism, small government and voluntary contracting but also the rule of law, civil rights and civil society. By contrast, neoliberalism is narrower, being focused on championing the efficiency of markets via their coordinating and disciplining capabilities (Howard & King 2008). Indeed, one could argue that it is the 'liberty of capital', rather than the liberty or rights of the individual that has primacy under neoliberalism (MacLean 2017).

Neoliberalism is often associated with the idea of small government. Indeed, at an ideological or aspirational level it is associated with small government. However, in practice neoliberalism is not, or at least has yet to be, a system that is actually characterised by small government:

Classical liberal states [of the 19th Century] were strong but small. By historical standards, they had immense power, but they treated their public responsibilities restrictively, expenditures were modest, and the administrative reach of the states was still significantly limited. In advanced capitalism today, states are very different and are likely to stay that way. They too, are strong states, but they are considerably larger, raising between a third and two-thirds of GDP in taxation, which is used to finance a huge range of services, and states in advanced capitalism administratively penetrate their societies to an unprecedented degree. Neoliberalism is unlikely to change this dramatically, because most of what is provided by states has pronounced public-good features and is crucial to the operation of modern capitalist economies. And mass democracy, itself functional to advanced capitalism, provides majoritarian political support for this to continue.

Unlike classical liberalism, neoliberalism recognises that political agencies must frequently act as financiers, supervisors and regulators of markets and marketisation. Thus neoliberalism does not entail a massively reduced 'weight' for states or a reduction in their core powers. What is emphasised by neoliberals is that state activity must be significantly restructured and redirected. Political authorities will continue to raise substantial amounts in taxation to finance, supervise and regulate a very broad range of goods and services. But the goods and services will be provided more by private corporations, and if provision remains public, will be delivered through markets or market-mimicking mechanisms. (Howard & King 2008, pp. 2-3)

One could argue that the rise of the Tea Party in the US, and its obsession with 'small government' challenges the analysis above. One could also point out that many neoliberals often praise the *ideal* of small government. However, for the reasons described above, the pursuit of small government in the 21st century is unlikely to be achieved, and is likely to be disastrous to the extent that it is achieved. As stated previously, neoliberalism is

primarily concerned with the liberty and interests of capital and a small state does not generally serve that interest¹.

Neoliberalism is a continuing process, and there is currently no fully realised neoliberal society anywhere in the world (Howard & King 2008). However, the contemporary Australian economy could be fairly described as being largely (and increasingly) neoliberal, as could most OECD countries. A short list of the key economic, social and environmental problems with this system of capitalism is as follows:

- Corporate power, donations and lobbying increasingly infect politics and the policy making process.
- Neoliberal capitalism produces increasingly unequal societies, particularly if measured in terms of wealth rather than just income.
- Neoliberalism has contributed to increasing levels of political disengagement and decreasing political literacy. This has led to the rise of more extreme political parties and policies with little basis in reason or evidence.
- Neoliberal societies have made little progress on environmental sustainability. In particular, they are moving too slowly on climate change.
- Neoliberalism is economically unstable due to its tendency to deregulate the financial sector, its reluctance to properly manage aggregate demand via fiscal policy and redistribution of income, and its overly conservative approach to monetary policy.

The first problem listed above (corporate power over policy) is in many ways the most serious problem. In some ways you could argue that it is the *master* problem in that it badly constrains or prevents the resolution of so many other problems. Increasing corporate influence is, in significant part, the product of a vicious circle of causation whereby wealth and political influence feed upon another (Stiglitz 2012). It is well described as follows:

Neoliberal policies increase inequality in both income and wealth; the power of the very rich grows at least as rapidly as their bank balances; public policy is biased even more in the interests of the wealthy; and so inequality increases further. In this way plutocracy and neoliberalism become mutually reinforcing phenomena. The tendency can be seen most clearly in the United States, where all types of election (state and federal, and for the executive and the legislative branches of government) have become ever more costly, and thus place a premium on attracting rich supporters, so that lobbyists for corporate interests can exercise influence over policy to a degree that would have been inconceivable to those political scientists who studied the emergence of 'pressure group politics' in the early decades of the twentieth century. But it is apparent, to a greater or lesser extent, across the whole globe (Howard & King 2008, pp. 226-27).

Intellectually, neoliberals' championing of markets rests on two strands of thought within economics. The first is the neoclassical school (which is the currently dominant or mainstream tradition within economics). Neoclassicism offers a quite limited and uncritical perspective on markets which arises from a series of unrealistic assumptions that form the base of nearly all its theorising: fully informed, hyper-rational, self-interested agents, with given preferences, interacting in a situation of complete contracting, who are able to make optimum decisions. Real-world markets rarely even approximate such circumstances (Bowles & Gintis 2000). The second intellectual tradition is Austrian economics. This school rests its analysis on a highly individualist, subjectivist and libertarian view of the world that essentially posits that government is always the problem and the market is always the solution (for an overview of Austrian economics see Boettke 1998).

¹ For further reading on this point see Galbraith, J K (2008) *The Predator State: How Conservatives Abandoned the*

The limitation of these intellectual traditions, and of neoliberalism in general is they adopt an overly celebratory assessment of markets. Such boosterism is now unnecessary: the Cold War is over, command socialism clearly and deservedly lost. Given this, we can now afford to have a more honest intellectual engagement with the strengths and the weaknesses of markets and of capitalism itself; indeed “only an economics that is critical of capitalism can be a guide to successful policy for capitalism. . . There is no simple answer to the problems of our capitalism; there is no solution that can be transformed into a catchy phrase and carried on banners”(Minsky 2008, pp. 369-70).

Let us consider markets as a form of *governance*. Governance is defined here to be a particular way in which we interact, coordinate, negotiate and solve collective problems. For example, markets help us to solve the problems of what to produce, how to produce it and for whom. However, to achieve this, market governance is always reliant on state governance (i.e. government) and social governance (informal rules, customs, networks and relationships) in order to get the job done. For example, if you want buy yourself a cup of coffee (market governance) it cannot occur without a recognised currency and the upholding of property rights and various forms of consumer protection (state governance). Furthermore, various aspects of social governance will be important as well (for example that you should wait patiently in a queue if there are other customers). This is a trivial example, but even so it captures the reality that governance is polycentric (poly = many) in reality and that a ‘free market’ is essentially a nonsense. Enlightened policy making involves understanding the strengths and weaknesses of all three forms of governance. This includes understanding the appropriate domain of applicability for each form of governance, and in understanding how each form of governance can complement (rather than undermine) the other forms. This is the essence of polycentric governance (the best and most succinct exposition of polycentric governance is provided by Bowles 2005, pp. 473-501). A polycentric approach to governance offers a much more secure foundation for analysis and policy thinking than the neoliberal assertion that market are always the better option. It also transcends the traditional market versus state dualism that is blind to the important role played by social governance in a very wide range of economic and social phenomena.

Markets are likely to have a major role in any sustainable society. They can have a high degree of efficacy in certain contexts. For example, putting a price on carbon is an effective means to reduce carbon emissions. If we can more accurately approximate² the true cost of what is extracted from the environment and what is put back into the environment then this is generally a desirable thing. Better costing of environmental services and natural capital (for example, fresh air and clean water) could result in better policy making.

Whether the rise of neoliberalism, or something like it, was an inevitable development that reflects capitalism's inherent dynamics and character is a more controversial idea. Taking a position in regards to this question is significant as it will tend to inform one's perspective on what should be done now. For example, if you feel that capitalism's 'magnetic north' is always towards the concentration of power and wealth by the capitalist class (i.e. any change reflects the inherent structure or nature of capitalism itself) then one is more inclined to look to some sort of 'eco-socialist' or 'post-capitalist' system that is significantly different to both neoliberalism and our established conceptions of social democratic capitalism. By contrast, if you feel that the rise of neoliberalism reflects a failure of *agency* (initiative, organisation and knowledge) on the part of individuals and groups, or if you just see neoliberalism as an historical accident, then you are probably more inclined to look to the reinstatement of some form of updated social democracy.

² It is to be emphasised that there is no objective or precise way to value many environmental assets and any estimate of prices reflects particular values and interests.

Whilst considering possible structural constraints on agency is important, no emphatic adjudication of capitalism's inherent malleability (or lack thereof) is offered at this point. However, it still seems relevant to note that even some of the most thoroughgoing materialist analysis (which emphasises the primacy of the economic in shaping the trajectory of society) still concedes that "some of the most important determinants of economic phenomena are themselves subject to change in ways that are difficult to anticipate" (Howard & King 2008, p. 221). The uncertainty, complexity and ever-evolving nature of the world tends to militate against either entrenched pessimism or optimism about the prospects of achieving a wide range of objectives. What it does emphasise is the value of *opportunism* – that is, trying to recognise, capitalise on, and learn from, opportunities that present themselves to us in the here and now (Green 2017).

2. Green-growth social democracy

A social democratic system is one in which the role of the market is far more subservient to the wishes of the democratic process and the common good, and where there is a systematic safety net, employment protection and redistribution. Macroeconomic management is also far more activist with priority given to the maintenance of aggregate demand. The Scandinavian Welfare States of the 50's, 60's and 70's represent the most substantial example of social democracy in practice; indeed, it can be argued that these societies are still significantly social democratic today and offer a range of progressive policies that could be easily emulated in Australia (Scott 2014).

A social democratic economy is capitalist in that it is primarily under private ownership and reliant on market governance. However, under social democracy the domain of the market is more restricted. Where market governance is employed it is under greater influence and control of state governance and social governance. This is one of the reasons people often talk in terms of a 'social democratic system', 'social democracy' or a 'social democratic society' rather than a 'social democratic economy', as it captures the fact that the economy is more socially embedded than under neoliberalism.

One could argue that a steady-state economy (the political-economic system discussed in the next section) would *necessarily* have to be also social democratic in nature. Given this, the steady-state and social democracy are not necessarily competing systems for the future. However, the focus here is on a particular *type* of social democratic system: green-growth social democracy which would not be compatible with a steady-state system. What then would be unique about 'green growth' social democracy?

Green growth is closely related to the idea of ecological modernisation (which is the idea that environmental sustainability and economic growth are complementary to one another). It can also be related to the vaguely defined and contested concept of sustainable development (for an analysis of sustainable development see Borowy 2013). It is also closely related to the idea of a 'Green New Deal' whereby state investment and industrial planning drive a rapid transformation of both economy and society. The essential idea across all these concepts is that economic growth is compatible with, and may even be conducive to environmental sustainability. The reasoning behind the argument is that greater efficiency in the use of environmental inputs and the lowering of environmental waste will lower the costs of production for business. For example, moves to create a more 'circular economy' where outputs are fed back into the system as inputs, could potentially lower business costs in many instances (Benton, Hazell & Hill 2014). Furthermore, demand by consumers for more environmental products offers a business opportunity for firms.

Green growth can be counter-posed against industrial growth (think 'smokestack' industries) that have seldom been willing or able to take environmental considerations into account. By contrast, green growth has a lighter ecological footprint that is characterised by the growth of services industries rather than goods industries. Furthermore, some have recently argued that in the 'new' economy, capital is increasingly weightless and thus of less environmental impact. For example, for a company like Microsoft, its fixed capital

assets are only a tiny proportion of what makes it valuable. The majority of its value is in its knowledge, processes and relationships (Coyle 1998; Haskel & Westlake 2017).

An attractive aspect of green growth economy is that it is far more politically palatable than a steady-state economy. If we understand the steady-state economy as zero growth economy, it is immediately suggestive of a crisis economy of stagnation and high unemployment; at least under any existing economic system. Green-growth social democracy is consistent with the 'jobs and growth' agenda of governments of all political persuasions across the world³. However, its soothing message that economic growth and environmental sustainability are complementary is really a bit too convenient and it is surely only true some of the time. One of the obvious dangers with a green growth strategy is that it can function intentionally or unintentionally as nothing more than a defensive move to prop up business-as-usual capitalism. In other words, green growth is about the sustainability of unsustainability. This is a problem, given that modest or tokenistic gains on issues like greenhouse gases simply won't stabilise the climate.

Another seeming limitation of green growth is that it still requires the increasing production of *something* and the 'weightlessness' of the 'new economy' and the growth of services will likely still require some rather conventional goods underneath them all. What this means is that for such a system to be environmentally sustainable we must achieve a *full* decoupling (de-linking) of economic growth and environmental impact. Whether this is a realistic hope is perhaps the most central question. Certainly, there has been a small amount of relative decoupling – that is, the environmental impact per unit of growth is slightly less than it used to be. However, absolute decoupling (increasing growth having zero environmental impact) is not something we have got anywhere close to thus far. As a consequence of this, some argue that full decoupling is unrealistic for it involves outlandish assumptions about rates of technological progress that do not have any historical precedent (Ward et al. 2017).

Can we count on technology to allow decoupling of economic growth and environmental damage, or should we look to stop economic growth? Perhaps we should provide more support for technological innovation and also slow down (but not stop) economic growth? It is difficult to provide a sure-footed answer to these types of questions at the moment. However, it is true that our capacity to innovate and invent has often proven surprising and exceeded early assessments about what is possible. It may prove to be so again in the future. For example, it now seems plausible (though not certain) that advances in renewable energy and battery storage may, in the near future, simply kill fossil fuel energy generation despite the power that vested interests have been exerting in the political sphere. In other words, technological strength may, in the end, trump political policy weakness.

History suggests that we should not get overly pessimistic or optimistic in regards to what technological progress can deliver. When, and to what extent, and in what form, technological change occurs is usually unclear and the impact of some technical change can be ambiguous and even outright negative. For example, efficiency improvements can lower costs and then simply lead to more consumption of the good in question (or other goods). This so-called 'rebound effect' is well recognised. Obviously, we would do well to encourage particular types of technological progress (e.g. renewable energy) and limit others (e.g. military technology), but we are not particularly effective, thus far, in this regard.

³ That said, we can still see in an Australian and US context that even green growth seems beyond the pale for some politicians. In such instances the aversion to environmental sustainability seems to have cultural, tribal or emotional origins that seem, thus far, highly immune to the forces of reason and evidence.

Capitalism, and in particular, social democratic capitalism can allow for a range of different property relationships:

1. Private ownership
2. State enterprises that are centrally controlled
3. State owned (or socially owned) enterprises with full autonomy and management responsible to the workforce
4. Co-operative enterprises (that are worker owned and managed).

A pragmatic, reformist pursuit of a renewed and updated social democracy is a legitimate and reasonable strategy. Indeed, even if one believes that ultimately something more ambitious and radical than green growth social democracy is required, then the transition to such a system has probably got to be via green growth social democracy. Given this, reformists and revolutionaries should be able to find much common ground on which to work together and many interesting topics for co-informing dialogue. For example, within each of the four types of property relations listed above there is a level of flexibility and diversity in the precise form that the property relationship can take, as well as diversity in how each type of property relationship is understood. More specifically, within the literature on worker-owned and managed enterprises (cooperatives) there is the work on 'distributism' that is linked to Catholic social thought (see in particular Matthews 2017), practical guides on how to establish cooperatives in practice (NCF 2006) and more theoretical and historical work (see for example Altman 2010). Furthermore, cooperatives are a topic that cuts across the ideological spectrum, being of interest to neo-liberal reformists (see Rahilly 2012) through to those who view cooperatives as the foundation for a post-capitalist or socialist system (see Jossa 2014). Given that co-operatives constitute about 3-5% of firms worldwide, and that recent research has established we are indeed the 'cooperative species' (Bowles & Gintis 2013), there appears to be considerable scope to increase their presence in the economy.

3. The steady-state economy

The inevitability and/or desirability of a society reaching a steady-state whereby the economy is neither growing nor declining, is a concept that has a long history in political economy, having been discussed by Adam Smith, John Stuart Mill and John Maynard Keynes. It has come back into focus in recent decades because many people have argued that increasing economic growth is incompatible with environmental sustainability due to the fact that increasing growth means increasing demands on the environment - both in terms of what we take from it and what we put back as waste. Steady-state proponents argue that we cannot have infinite growth on a planet of finite resources. Some also look to a steady-state as an alternative to an increasingly consumerist and unequal capitalism that appears to have no option but to keep growing (whatever the costs involved) to generate employment.

The early work on the modern steady-state was done by Daly (Daly 1971, 2015) who is one of the founders of ecological economics⁴. More recent and developed work has been done by Tim Jackson, for example *Prosperity Without Growth* (2017). There has been a range of formal models of steady-state economies (Hardt & O'Neill 2017). Notable examples include those of Victor (2008) and Sawyer and Fontana (2016) who have blended ideas from Post-Keynesian political economy and ecological economics. These models deserve to be taken far more seriously and to receive far more attention than they have to date.

The idea of a steady-state economy immediately confronts the critique that a zero-growth economy never has been and never will be a viable proposition. Zero growth, thus far, is correlated with economic stagnation or even crisis. Problems like high unemployment, and balance of payments crisis are not the type of thing any

⁴ However, Daly's work on the steady-state has recently criticised as being essentially orthodox (neoclassical) in nature (see Pirgmaier 2017)

democratic society is going to sign up for, or tolerate for any period of time. Indeed, the connotations of a 'steady state economy' are perhaps suggestive of an industrial and technological museum. Green-growth advocates would argue we need economic growth to drive industrial and technological innovation (they also argue that this innovation will in turn drive growth) if we are to lighten our ecological footprint. The relevant metric to focus on is whether we are lowering our environmental impact (or environmental throughput), not on whether we are lowering the rate of economic growth to zero, or indeed even reducing it below zero (that is, undertaking De-Growth).

A *stagnant* economy would likely continue to have a very large and unsustainable ecological footprint and would also seem very poorly placed and ill-resourced to engage in any technological, social or economic innovation that might significantly lower its environmental impact. Furthermore, it seems difficult to see how this type of system could maintain electoral support. Indeed, it could easily give rise to social disintegration and extremist political movements.

Another consideration is that nearly all of the forecast global population growth will occur in developing countries. It is going too far to say that 'development is the best contraceptive' – the relationship between population, development and economic growth is not quite as simple or as constant as this⁵. However, it is reasonable to argue that a failure of these countries to develop is likely to lead to the increase or maintenance of high fertility levels in these countries. Given this, we have to be particularly careful in concluding that we should, on environmental, or any other grounds, encourage all developing countries to slow their rate of development. It should be noted that most proponents of the steady state recognise the point just made and they would generally agree that developing countries do need to be allowed to increase their rate of economic growth even though this will involve increasing their ecological footprint. However, their response to this is to argue that developed countries have to *reduce* rate of economic growth to allow for developing countries to increase their rate of growth. This amounts to a strategy of 'de-growth' for the developed economies. How prudent would this strategy be?

Pollin (2015) provides us with an example that suggests that reducing the rate of economic growth can be far less environmentally friendly than increasing investment. He begins by making the point that CO2 emissions need to fall from 33 billion tons to 20 billion tons within twenty years (a 39.4% decrease). To get there by actively shrinking the economy (following a de-growth strategy) does not seem prudent. Why so? Say we get global GDP to contract by 10 per cent over the next two decades (i.e. induce a major recession or depression and causing mass unemployment), that would only push emissions down by around 10 per cent. The viable way to get the required 39.4% cut is a huge *expansion* in energy efficiency and clean renewable energy investments and correspondingly massive cuts in the use of fossil fuel energy sources. It is investment that will get the job done, and any reductions in overall economic growth will be only a minor sideshow. Indeed, reductions in economic growth may well slow down the necessary investment in renewable energy. The only complicating factor in Pollin's critique is that he is not only arguing for an increase in investments in renewables, but also a decrease in investments in fossil fuel. If the decrease in the latter, was matched by the increase in the former, a proponent of the steady-state economy would argue that Pollin's example is potentially an argument in *favour* of a steady-state economy in that a pro-environmental investment is matched by a reduction in anti-environmental investment.

⁵ An exposition on the relationship between economic growth, 'development' broadly conceived, and population is a bit beyond this scope of this already long paper. For a better discussion of these issues as they apply to developing countries see Todaro and Smith (2014).

Advocates of a steady-state economy reject the idea that the economy they advocate is stagnant or fixed. For them, this critique reflects just one of a number of misrepresentations of their thinking. What they are ultimately seeking is for 'environmental throughput' to be capped at a level whereby the state of the environment is not being eroded. As a basic principal this seems entirely sensible. What is less clear is what this means in operational terms. My inability to answer this question reflects, in part, a lack of deep engagement with the literature on the steady state (for example Washington 2017). However, it could also potentially reflect some problems with the whole idea of a steady-state economy, and whether targeting a rate of growth (rather than a sustainable level of environmental throughput) should be the principal focus.

4. Market socialism

An unstated assumption throughout the analysis thus far is that a sustainable economic, social, political and environmental system is a capitalist⁶ system. This has been the case regardless of whether we are talking about a social democratic system, a steady-state system or a de-growth system. Are we not also obliged to at least consider non-capitalist systems? Yes. Whilst some social, economic and environmental indicators are moving in the right direction, many are not. The view that capitalism (at least in the various forms that we know it) is inherently problematic is not an unreasonable position to hold, and certainly it is an idea that has a long and substantial intellectual lineage in the social sciences.

A particularly relevant issue is whether a steady-state economy would need to be socialist in nature. In recent years, 'eco-socialists' have criticised ecological economists such as Herman Daly for not being sufficiently clear on this question (see in particular Smith 2010, 2015). For eco-socialists a steady-state economy is definitely required, but it has to be socialist in nature (though the precise form of socialism is not agreed upon). Perhaps it is necessary to get beyond capitalism if we are to make genuine and lasting progress in building a better and more sustainable world? Hahnel (2014) argues that competition and greed are intrinsic to capitalism. Whilst he acknowledges the diversity of capitalism in practice, and proposes an excellent suite of social-democratic reforms for the here and now, he nonetheless argues that:

Even the most efficient and equitable capitalist economics cannot restore the environment, provide people with economic self-management, distribute the burdens and benefits of economic activity equitably, and promote solidarity and variety while avoiding wastefulness. That is one reason we must go beyond capitalism to build the economics of equitable cooperation. Another reason that has become painfully apparent over the past forty years is that reforms to humanise capitalism are always at risk of being reversed. If we leave private enterprise and markets in place the economics of competition and greed will always threaten reforms and lead to renewed attempts to weaken restraints they play on capitalists (Hahnel 2014, p. 229).

The obvious question is what would such a system look like? Furthermore, it is hard to see how any type of post-capitalist system would not necessarily be some form of socialism⁷, and how would a 21st century socialism transcend the various serious problems that afflicted 20th century socialism? The theoretical critique of command socialism (see in particular Hayek 1945) and its empirical record (see in particular Nove 1992) mean that command socialism will never be a viable, and in particular, a desirable way to organise a society and economy. Such a system simply requires the centralisation of too much information and too much power. However, there are other types of socialism, and interesting and sometimes surprising⁸ work has

⁶ When I say a capitalist system I mean an economy that is characterised by private property and market relations; where owners of capital seek to make a profit and employ wage labour to this end. For a slightly different competing definition of capitalism see Hodgson (2015)

⁷ Socialism is understood here to be any type of economic system that is largely characterised by the presence of state-owned or worker-owned property relations. It may or may not utilise markets.

⁸ See for example Burczak (2009) who argues for an 'Austrian Socialism' that responds to Hayek's critique of command socialism via a blue-print for a worker-owned market-based socialism.

occurred in the area of socialist systems (Burczak 2009; Hahnel 2005, 2014; Nove 1991). For example, there are various types of 'market socialism.' Typically in such systems workers own and manage the firms and productive enterprises, with market relations governing production and distribution in general, albeit with the oversight of a democratically elected government instituting various social-democratic type oversights and corrections.

There is a general point to be made about socialist systems, namely that there is no theoretical and empirical basis for viewing the relationship between capitalism and socialism as a sharp dualism between two singular and homogenous entities. In particular, social democracy and socialism have a very fuzzy boundary. It may turn out to be the case that a truly sustainable social, political, economic and environmental system might transcend or triangulate over our conventional understanding of socialism and capitalism. At the very minimum, thinking about socialism functions as a very effective means to better understand capitalism and as a trigger for more creative thinking about how capitalist systems can be better managed.

Conclusion

Both society and economy ultimately have to exist within biophysical limits, and increasing levels of inequality and injustice are also ultimately unsustainable. It is prudent for societies to be thinking about alternative ways they can run their social, political and economic systems. There is an enormous amount of analysis needing to be done on these issues and much of this analysis needs to be political-economic rather than just being narrowly either economic or political in orientation. However, it should also be emphasised that much of what needs to be done at the moment should be reasonably obvious to all progressive thinkers, regardless of their preferred vision for society. For example, working to more quickly phase out fossil fuels, increase investment in renewables, limit the role of corporate donations, and reform taxation are all causes on which nearly all of us would agree. We should work together on these most obvious tasks whilst also applying our minds to work out what should be done in the mid-term and long-term. Indeed, undertaking obvious measures like those just described may sufficiently change the system so that we will find it necessary to significantly reevaluate our assessments of what is possible and how it might be achieved. In other words, an 'action-reflection' approach is not only desirable, it is probably necessary if we are to meet the substantial challenges of our age. The sociologist Max Weber famously described politics as "a strong, slow drilling through hard boards with both passion and judgment". This reminds us that whilst we should continue to think about our future political, economic and social systems, progressive change will likely continue to also be driven and defended by our own agency and the work of campaigning on particular causes and in pursuit of particular policies.

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Eco-transitions: Transforming economy, church and society

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As each year passes, the global task of enacting the massive system changes needed to deal with the consequence of a deepening ecological crisis becomes ever more challenging. At best it means learning to live within 'safe' planetary boundaries and in the process adapting to the more disruptive conditions of the emerging anthropocene epoch. At worst, it could involve what James Howard Kunstler called 'a long emergency', the cascading breakdown of the very infrastructure of our inter-connected global civilisation.

Perhaps there are reasons to be hopeful as, despite the best (or worst?) efforts of our leaders to protect the interests of those with vested interests in fossil fuel energy sources, the world is in the early stages of a transition to clean energy systems based on renewable energies. Yet a successful transition to an ecologically sustainable world will require much deeper changes than a technological fix to maintain our addiction to high-energy forms of living. The transition needed is more profound and systemic. It will involve revolutionising the way we produce, consume and dispose of material goods: moving from our present take-process-consume-dispose systems to what's called a 'circular economy'; all in a way that also addresses problems of inequality and exclusion. Beyond that the transition will require institutional changes that deal with the major societal disruptions resulting from ecological changes already built into the climate-affected earth-system.

In this paper I focus on three aspects of the societal transformation needed to bring about this major 'eco-transition': of the economy, of society and of the church. My comments are aimed at opening up some fundamental (albeit broadly stated) questions about what such transformations might involve: in relation to the economy, whether an effective eco-transition can happen within the present order of global capitalism; in relation to society, whether or not a post-capitalist re-ordering of contemporary societies can be achieved through what's described as 'the new economy' movement; and thirdly, how the church (or better the 'Christian movement') might respond to the challenge of socio-economic transition.

1. Can an effective eco-transition be achieved within the order of late modern capitalism?

Since the collapse of the Soviet Union in 1989 and the parallel shift in western liberal democracies away from the postwar social democratic consensus, economic life in much of the world has been dominated by the order of free market capitalism. In many societies capitalism has become simply taken for granted as the natural and most rational way of organising economic life. And yet, despite the unprecedented levels of wealth production and opportunities for human flourishing it has enabled, it is a system which faces a deepening multi-dimensional crisis: economic, political, societal, ecological and cultural/spiritual. In part this is a result of unintended consequences, of the very success of capitalist development (for example: in the exponential population growth resulting from improved food production and medical care, or in the climate crisis resulting from the deployment of fossil fuels as the energy base of industrialisation). In part it reflects the unwillingness of powerful interests (for example in the fossil fuel and associated industries) to deal with these consequences. Most seriously, it reflects the structural orientation to expansionary economic growth integral to the continued viability of capitalism.

As Naomi Klein (*This Changes Everything*) has observed (along with many others) this crisis of capitalism has been exacerbated by the adoption and diffusion of the neoliberal framework that has made the market-oriented pursuit of corporate and individual wealth the primary drivers of a capitalist economy. This has led to the re-orientation of state action towards the facilitation of corporate-led growth in ways that have weakened

their willingness and capacity to act for the local, regional and global common good. This is evident in the glaring problems of 'market failure', a concentration of wealth and power not seen since the gilded age of early industrialisation and the erosion of 'common wealth' embodied in the effective management of public goods: education, health and civic infrastructure. Most alarmingly, it embeds a trajectory of ongoing appropriation of 'natural resources' in the pursuit of short-term economic growth that denies the reality of the global ecological crisis.

Of course, it is important to recognise that what we call 'capitalism' is a diverse and extraordinarily adaptive form of wealth creation.

Over the centuries the systemic ordering of economic life around profit oriented economic enterprise has given rise to an amazing and historically unprecedented levels of human material, social and cultural development. In the process, the system of capitalism has proved to be impressively adaptive, particularly in relation to the often-disruptive impact of the long-term processes of socio-technological change.

So can the system of global capitalism adapt to the multiple pressures of economic inequality, societal upheaval, political instability and deepening ecological disruption? Notwithstanding these daunting challenges, there are many people in government, inter-government and non-government agencies and private companies that are involved in impressive efforts to change existing policy approaches and to reform the present system, either through market processes, government action or civil society initiatives. These include, for example, the endeavours of people like Joseph Stiglitz, Jeffrey Sachs, Bill Gates, Nicholas Stern, Ellen MacArthur, Mary Robinson, agencies such as the IPCC and a host of international NGOs. Central to such efforts is the development of policies to address inequality and social exclusion, to strengthen democratic institutions and extend the reach of the rule of law and the defence of civil rights, including freedom of expression.

For many of these reformers, a crucial challenge is to recognise the central role of the state not only in facilitating markets but ensuring that capitalist enterprise is steered towards basic social ends. The increasing influence of people like Mariana Mazzucato (author of *The Entrepreneurial State* and (with Michael Jacobs) *Rethinking Capitalism*) encourages the hopeful view that the time of neoliberalism has passed. Mazzucato et al highlight the central role of the state in orienting a capitalist economy towards the common good through strategic technological innovation. As an example of this the present remarkable advances in renewable low-carbon energy technologies could contribute to the recovery of a more social democratic framing of capitalist economy.

However, as I've already noted, the energy transition taking place across the world only addresses part of the problem. A capitalist economy is still structurally oriented around expansion and the continued throughput model of material production: a model which will sooner or later collide with the limitations of resources (e.g. of the metals upon which renewable energy systems and electric cars depend) and the assimilative capacity of ecosystems to absorb industrial waste. It's hard to see the present socio-technical systems of global capitalism moving towards a steady state economy (based on a metric of 'growth' different from GDP) and to forms of 'circular production'. Transitioning to this more ecologically sustainable future (whether it's ultimately structurally achievable) is proving to be politically enormously difficult. The malign effects of the neoliberal ordering of economies and societies are still with us, particularly at the level of governance (evident in the hollowing out and politicisation of public services) and civil society (where there has been a significant erosion of the social capital or civic virtues associated with the hitherto dense networks of families and communities).

2. The significance of the 'new economy' movement

In the light of the deepening crises of contemporary capitalism, in recent decades there has been a remarkable upsurge of grass roots initiatives around the world (in both developed and developing economies) that come under the rubric of 'the new economy'. This largely below-the-radar movement (which Paul Hawken has described in his book *Blessed Unrest*) includes a wide diversity of enterprises ranging from worker, producer and consumer cooperatives, to more recently formed networks such as The Transition Network, the Commons movement, the Solidarity economy, the Regenerative Economy, the Shareable Economy as well as specific organisations such as the Post Carbon Institute, The Next System Project, The New Economy Coalition and many others.

In many cases these have emerged as practical responses to the failures of the mainstream economy, particularly in countries suffering from economic mismanagement and consequential austerity measures, which have resulted in high levels of unemployment, the collapse of basic services, and increasing poverty. Indeed, the emergence of the modern cooperative movement and its growth and decline over the last century reflect the changing fortunes of the wider economy. Thus the largest contemporary 'flagship' cooperative, Mondragon, was formed in the Basque region in the 1950s in the aftermath of the devastation of civil and global conflict. Similarly the producer cooperatives formed in Argentina in the 1990s and the network of cooperatives established in Cleveland, Ohio in recent years were both in response to circumstances of severe economic downturn.

However many 'new economy' initiatives have arisen out of a deeper disaffection with the dominant modes of capitalist production and its malign effects even within consumerist abundance: its ecological unsustainability, political de-democratisation, erosion of community, and spiritually corrosive consumerism.

The desire to live and produce differently is reflected in the emphasis on 'commoning', living simply, growing and producing locally in the Transition Network, and Eco-village and Commons movements. Of course not all the initiatives that could be included within the 'new economy' are characterised by these anti- or post-capitalist aspirations. Many cooperatives operate as more or less successful businesses within the wider ecology of a capitalist economy. Indeed, the extent to which cooperatives can operate on new economy principles is a vexing challenge for leaders such as Gar Alperovitz and Joe Guinan. Also, the most prominent examples of the so-called 'shareable' economy (such as Uber and Airbnb) are arguably better seen as embodiments of the emerging logic of a digitally based capitalist economy.

Nonetheless, many people become involved in one or other forms of the new economy because they believe that the dominant capitalist system is ecologically, politically and morally unsustainable. Their 'utopian' aspiration is to contribute to the creation of a renewed 'moral economy' based on very different principles from that of corporate capitalism: on equitable, sustainable and spiritually nourishing collaboration in the production of goods and services based on genuine need rather than commercially inflamed consumer desire. The movement can be viewed as a resurgence of utopian socialism: however, one that expresses a dispersed, associational form of socialism that has deeper roots than Marxist-Leninism (what Eugene McCarragher calls, quoting John Ruskin, 'communism of the old school').

How significant is this 'new economy' movement in contributing to the needed eco-transition and associated transformation of economy and society? At present, it remains on the margins of mainstream economic and social life, notwithstanding the surprising size of the global cooperative movement. As long as the systems of global capitalism continue to generate wealth, profits, investment, jobs, consumer goods and mass entertainment it will continue to do so.

Even so, it already plays a significant role in offsetting some of the malign affects of consumer capitalism. Importantly, as well as providing jobs and incomes for displaced peoples, it also restores a sense of community and social identity. It helps to develop a reservoir of skills development, some experience of civic

engagement and political participation, thus having a leavening influence in politics at the level of community action, union representation and even electoral politics. Examples include the wider impact of the 'local food movement', the growing collaboration between industrial unions and cooperatives, and the development of new forms of welfare provision.

It might become a different story if and when mainstream systems start to unravel and enter Kunstler's 'the long emergency'. In such circumstances (already evident in the development of various grass roots producer, consumer and welfare cooperatives in Barcelona and elsewhere), the new economy initiatives may represent the seedbeds for the development of a genuinely different society 'beyond capitalism'. Indeed, in his recent book, *Postcapitalism*, Paul Mason expresses the hopeful view that the conjunction between the continuing diffusion of information technologies and the growth of these movements does represent hope for a new economy and society that can support the eco-transition we need.

However, there are less benign scenarios. One is the rise of more authoritarian forms of social ordering that will do away with many of the practices, institutions and freedoms of liberal democratic politics and civil society. In that scenario the anarchic character of new economy initiatives would probably provoke their suppression. An even bleaker scenario is the collapse of the institutions of global capitalism happening more severely and rapidly than any regime, liberal democratic or authoritarian, can handle. In this scenario it seems doubtful that the new economy movement would make much difference, since they depend upon the continuing functioning of the infrastructure of urban industrial society. There are some within the new economy movement that take seriously the implications of collapse, most notably the Dark Mountain Project associated with the writer Paul Kingsnorth.

3. What about the church?

Despite the evidence of decline in advanced economies, 'the church' – better understood as 'the Christian movement' - continues to be an influential force shaping responses to a needed eco-transition. The contemporary Christian movement is difficult to characterise: it is increasingly global and southern in nature (and likely to become more so). It is incredibly diverse in its institutional forms, communal practices, theologies and socio-political engagement: ranging from the globally extensive Roman Catholic church with its ongoing struggles between conservative clericalism and expressions of renewal and political engagement including, though not limited to, Latin American liberation theologies, to global evangelicalisms, encompassing expressions as diverse as the Lausanne Movement, the mega churches emerging in Asia and Africa, and the politically influential and Republican oriented conservative evangelicalism in the United States.

The responses of this globally diverse Christian movement to the challenge of eco-transition have been mixed, to say the least. The church in the West still lives in the twilight of Christendom, a legacy that has profoundly influenced the orientation of mainstream traditions towards material life including the spheres of politics, economics and technology. A core element of the 'Constantinian compromise' between the church and the dominant structures of an ostensibly 'Christian society' was the separation between the spiritual nature of the gospel of salvation and the ordering of political and economic life based on ostensibly more universal principles of natural law, creation and providence. Even though we no longer live in Christendom this split between gospel spirituality and (increasingly secularised) materiality still pervades the practices, institutions and discourses of much of the church in the West.

Thus on the one hand, in the congregational life of many (most?) Christian communities, the gospel continues to be understood in terms of personal spirituality: whether that be the path of conversion and an ongoing relationship with Jesus in evangelical traditions or practices of contemplation and liturgical worship in more 'catholic' traditions. It is generally assumed that the ordering of the wider political economy of material life is peripheral to the gospel.

On the other hand, although there are active traditions of Christian engagement with questions of economic policy and political economy these tend to be characterised by the application of Christian principles, values or 'perspectives' to the taken for granted domain of secular disciplines, practices and institutions. That's an over-generalisation of course and there are important exceptions, such as the traditions of Catholic social teaching on economic life (which I will comment on in a moment) and also of Kuyperian or neo-Reformed thinking on economics (particularly associated with the Institute for Christian Studies in Canada).

The challenge of recovering a vision of the gospel that overcomes this entrenched dualism between gospel spirituality and secularised materialism has been taken up by a diverse movement of theologians and church reformers coming under such labels as post-liberalism, radical orthodoxy, neo-evangelicalism and ressourcement Catholicism. In broad terms, it challenges the dominant spiritualised and individualised conception of the gospel through a recovery of the inherently (theo-) political nature of the gospel proclaimed by Jesus and the apostles.

A seminal figure contributing to this recovery was the Mennonite theologian John Yoder in his book, *The Politics of Jesus*. More recently, the English New Testament historian and theologian NT Wright has been a major influence in re-shaping our understanding of the New Testament gospel in terms of the inauguration (through Jesus' death, resurrection and ascension) of the 'kingdom' longed for by the people of Israel: an inauguration that transformed the ethnically and geographically centred covenant with the Hebrew people into a globally inclusive 'people of God' now called to live in covenant community within the gift of the created world. Moreover, as Wright repeatedly emphasises, it is a story oriented not to the telos of individual sinners escaping the wrath of God and going to heaven after they die, but to the telos of 'heaven coming to earth' in which, in the fullness of time, the glory of God will cover the earth as the waters cover the sea (Wright, *Surprised by Hope; The Day the Revolution Began*).

Understanding the gospel within this larger theo-political imaginary leads in turn to contesting the assumed secular autonomy of modern economics and political economy. In a review of the contribution of three key representatives of this post-secular approach to economic globalisation, William Cavanaugh, D Stephen Long and Graham Ward, James KA Smith comments:

The ecclesial critique of globalization argues that too much of what traffics under the banner of "Christian economics" has been merely a concession of economic life to a so-called "natural" or "secular" sphere which is then taken to be ordered and arranged by "natural" principles but which are, in fact, very contingent arrangements that run counter to the way of life envisioned by the practices of Christian worship and discipleship. "The church" then, is not just that institution which pertains to some "spiritual" aspect of our lives while other compartments and sectors are governed by "secular" or "natural" principles; rather, "the church" names and embodies an institution and way of life that contains within it, so to speak, an alternative economics and politics. So "the economic" is not simply a given, a common sphere of human life; it is a contested aspect of human social life that is and can be organized otherwise. (Smith, 'The ecclesial critique of globalization')

Recovering the theo-economic vision of Christian faith

In the theo-political perspective of Smith et al, Christian engagement with economics and political economy is thus primarily not a matter of how to bridge the gap between the spheres of 'religion' and 'economics' through the application of Christian principles, but of recovering the distinctive politics and economics integral to the ecclesial embodiment of the gospel of Christ's kingdom.

In this perspective an ecclesial economics should be framed by the narrative vision of the gospel: the grand story of God's kingdom centred in the person of Jesus, grounded in the 'creation project' of the unseen creator God and oriented towards its ultimate fulfillment in a renewed or perfected creation. What this means

in practice is not easy to determine, both in relation to the 'economics' of the gospel within the Bible itself and in relation to living that out within the vastly different contexts of global informational capitalism.

With respect to the first, the key starting point to understanding the economic vision integral to Biblical faith is the Torah-based covenant economics of the Old Testament people of God. In the story that unfolds in the pages of the Old Testament, Israel's agricultural economy in the land that Yahweh had given them was ordered around the communal liturgical practices centred on the Temple in Jerusalem. This liturgical order governed the ways in which the fruit of the land was produced and distributed, with detailed guidelines relating to the distribution of land, the regular festivals marking the seasons of the year, the weekly rhythm of the Sabbath. It was an order that embodied a covenant of faithfulness to their liberating Lord (Yahweh) upon whose gift and grace their well-being depended. This communal ethos of reciprocity and care applied not only to community members, but also to strangers in their midst, and respect for the gift of fruitful land.

Of course with the coming of Jesus and the tumultuous events surrounding his ministry climaxing in arrest, crucifixion, resurrection and ascension, this land- and nation-based covenant gives way to a new covenant. In his transformative fulfillment of Israel's hopes for liberation from continued 'exile', the risen Jesus inaugurates a new set of relationships no longer centred on a particular nation or form of political administration. Jesus himself becomes the focus of this new covenant encompassing both Jews and Gentiles. It is no longer centred on Torah, land and Temple but on the exalted reign of the risen Christ over all things.

Yet rather than displacing the materiality (and hence political economy) of the old, the new re-locates the materiality of covenant life within the wider horizon of God's creation project and in which the people of God, no longer a geographically defined nation, takes the form of a diaspora within the pagan world. As such the re-defined vocation of the renewed people of God is to live as a 'contrast society' in the ordering of their communal life within the many and varied polities in which the 'good news' takes root and thus to act as a sign of God's inaugurated kingdom.

The political economy of a transformed church in eco-transition

That was then; this is now. We live in circumstances vastly different from those of the first Christians, particularly in terms of dealing with the mixed legacy of the entanglements of Christendom and in the context of a globalised urban industrialised world. How the nascent New Testament vision of political economy is interpreted within the many and varied economies of our present world is a huge challenge. In these brief reflections I will simply identify what I think are three key elements that need to characterise contemporary Christian theo-economic improvisation.

* The sacramentality of material and economic life; The first is to recover the sacramentality of material life: the sense that the material world of which we are a part is neither just 'stuff' nor a world of self-sufficient complexity, but the gift of a dynamic triune Creator God, in whom 'all things' have their being and ultimate meaning and purpose (Colossians 1: 15 -20). A sacramental vision of the whole of life (not just a specific set of defined 'sacraments') entails a materialism very different from both the reductive materialism and industrial practices of capitalist modernity and the reactive re-sacralisation of the natural world advocated and practiced by dark green ecologists. Instead it sees and acts within the various domains of material life with a sense that all things have their deeper meaning (their 'inscape' Gerard Manley Hopkins) in relation to the outgoing love and purpose of the unseen Creator. That does not preclude the appropriation of the economic possibilities of the natural world, but rather doing so within the constraints of divine ordering and purpose. (American Catholic theologian Eugene McCarragher provides a good example of this sacramental sensibility in his essay on Ruskin et al mentioned above).

For theologians such as William Cavanaugh this sacramental materialism is paradigmatically enacted in the celebration of the eucharist: the communal meal of thanksgiving which David Ford has described as a 'condensed enactment of the Christian habitus'. Yet in my view there is nothing inherently efficacious in the

rite itself. It depends on what narrative it enacts and whether communal enactment is linked to the existential, practical and political outworking within the circumstances of everyday life (the enduring lesson of Isaiah 58). This, I suggest, requires a deep shift in the way the eucharist (or the Lord's Supper) is practiced in most contemporary churches, where it is interpreted in individualistic and excarnate or disembodied ways.

* The social relations of ecclesial community: The second is in relation to the social and political relations within the life of ecclesial community we call 'the body of Christ'. Here the problematic legacy of ecclesial hierarchy and social control bequeathed from the Christendom era is particularly apparent. Despite the clear reference to the ethos of humility, equality and mutual service (Phil 2), much of contemporary church life is deeply embedded within the institutionalised matrix of the Christendom church and its systems of hierarchical control.

To be sure anarchistic or congregationally governed forms of church community have proven to be unstable and prone to schism and fragmentation. From the very beginning the apostolic people of God was afflicted by the sins of human rivalry and desire for power. Christendom provided some measure of institutional stability in institutionalising and legitimising hierarchical forms of 'Christian order' at the expense of the radical sociality of the gospel.

Perhaps the best pathway forward is for hierarchically ordered church traditions to be 'always reforming' and to take seriously the paradigm of Christ's own servant leadership. In particular there needs to be a recovery of the role of ordained leaders in 'equipping the saints for the work of ministry' not just in church-centred spiritual activities, but in negotiating the challenges of being a contrast polity within the wider world. It is discouraging that John Stott's vision of being 'one people' with many gifts and Lesslie Newbigin's observation that the mission of interpreting the gospel as public truth takes place through the theologically formed work of lay Christians in their worldly engagements, seem to have fallen on deaf ears as far as ministerial training and church development are concerned.

* The forms of material production: A sacramental imagination and egalitarian social ethos can only flourish in concert with the theological re-imagining of material practices within which our lives are embedded. Although it is true that in large part we are born into and live within material circumstances not of our choosing; in our case a world of hyper industrial consumption, these conditions also actually open up the possibility of doing things differently – as the advocates and practitioners of the new economy amply illustrate.

An important part of the theological reimagining of economic life is a deeper understanding of the dynamics of technological development. Sadly, Christians generally assume an uncritical instrumentalist view of technology, unaware of the ways in the things we call 'technologies' (from the printing press to electric grids to automobiles to contraceptive pills to mobile phones) are freighted with social, political and theological meanings. This means that technologies should not be seen as neutral devices but as key sites for contesting what James KA Smith describes as the heretical liturgies of our late modern times (Smith, *Desiring the Kingdom; Imagining the Kingdom*). We need to take up the challenge of re-imagining our 'technological milieu' (in the spheres of domestic life, consumption, work, finance and entertainment) in ways that better express the sacramentality and sociality of the kingdom.

These ideas may seem farfetched and beyond the capacities of ordinary Christians in their everyday lives. Yet the creative endeavours of many in the secular new economy movement and indeed examples from past and present of Christian practice, from Benedictine monasteries through to Amish communities, EF Schumacher and Ivan Illich, show that it is possible for technological innovations for the common good can happen within 'grassroots' communities. To be sure, as I've already suggested, to move in this direction would require a major mindshift at all levels of church life: from congregations to the forms of clerical leadership and pastoral ministry through to the operation of ecclesiastical structures and most importantly theological seminaries charged with ministerial formation.

Hopeful examples of church transformation in eco-transition

Much of the ferment of the new economy bubbles away under the melting iceberg. Yet there is considerable activity across the planet by Christians groping towards a more authentic, incarnational way of being church and in so doing responding creatively to the challenge of an all-encompassing eco-transition.

One of the most hopeful signs of a potentially transformed church engaged in eco-transition is that of Pope Francis. It is most obvious in his pastoral letter, *The Joy of the Gospel* and papal encyclical *Laudato Si*, but also in proposing deep changes in the structures of the Roman Catholicism itself.

Laudato Si has been recognised as a landmark contribution not only for dealing with the threat of disruptive climate change but also in challenging the deep scandal of global inequality. Most significantly Pope Francis framed these challenges within a sacramental vision radically different from the taken-for-granted instrumentalism of mainstream industrial development and even of the mainstream environmental movement. It was a vision which highlighted the baleful dominance of the 'technocratic paradigm' and invited his readers, Christian or otherwise, to see the world not as a complex biophysical system but as God's good creation and as our 'common home'.

It remains to be seen what the longer-term impacts of Pope Francis' endeavours will be. Importantly, *Laudato Si* was not produced out of the blue by unrepresentative Catholics infected by Marxist-inspired liberation theology (as The Australian's Paul Kelly claimed rather hysterically). In fact *Laudato Si* belongs to a tradition of 'Catholic Social Teaching' in relation to economic life that builds on the landmark 1891 encyclical of Leo XIII, *Rerum Novarum*. It is this tradition that has been having a significant catalytic impact on faithful Christian action in recent decades. I shall conclude these reflections by briefly mentioning a few examples.

Christian agrarianism and the liturgical movement in the US: One of the crucial challenges in making a peaceful and equitable eco-transition will be in relation to how food is produced and distributed. At present the world food system is dominated by the paradigm (and major corporate interests) of industrial agriculture. Its defenders point to the remarkable success of this system in meeting the food requirements of an expanding global population. And yet there are serious questions about its long-term social and ecological sustainability.

Critics point out that it is a system that is heavily dependent on a continuing supply of oil for energy, fertilisers and pesticides. Intensive agriculture (increasingly oriented to the production of animal products for middle class consumers) is leading to the depletion of soil fertility and freshwater as well as contributing to land and water pollution (for example in the expansion of anoxic 'dead zones' in several coastal regions).

There are many (such as Olivier de Schutter (2015)) who argue that sustainable food production needs to be based on an altogether different paradigm: one based on the activities of small landholders engaged primarily in the production of a diversity of crops for subsistence purposes: forms of food production which are actually more productive on an overall basis, even though they may not be able to match the outputs of intensive agriculture.

In the United States, the nation which is most 'advanced' in terms of industrialised agriculture, there has been a significant agrarian tradition with an important Christian contribution. The best known figure in the new agrarian movement is the farmer and poet Wendell Berry, whose work has inspired a movement among Christian agrarians and important theological contributions by Ellen Davis (*Scripture, Culture and Agriculture*), Norman Wirzba (*Food and Faith*) and Fred Bahnson (*Making Peace with the Land*).

As Brian Kennedy documents in a recent essay (Kennedy, 2017), another important strand in this agrarian movement has been the efforts of leaders such as Dom Virgil Michel in the National Catholic Rural Life

Conference and the Catholic Worker movement associated with Dorothy Day and Peter Maurin. Kennedy suggests that the vision of 'ecological conversion' and integral ecology advocated by Pope Francis has long been a feature of these Catholic agrarian traditions: traditions that Francis' encyclical will hopefully encourage and strengthen.

The cooperative movement in an age of informational capitalism: A distinctive feature of the tradition of Catholic Social Teaching, especially since *Rerum Novarum* has been its active support for cooperativism as a primary mode of economic organisation (Sekerak, 2016). This support was particularly evident in Pope Benedict's 2009 encyclical *Caritas in Veritate* that argued for the renewal of forms of cooperative or civic economy as a genuine alternative to capitalism or state socialism. (Pabst, *The Crisis of Global Capitalism*)

The influence of this papal support for cooperativism was explored recently by Nathan Schneider, a key figure in the development of 'platform collaborativism' in an unpublished essay with the intriguing title 'There is Much to be done': Cooperative Economics from the book of Acts to *Laudato Si'*. Schneider (2017) highlights the historical depth of Catholic involvement in the fostering of cooperativism (including a recent encounter in Australia with Race Mathews, author of *Jobs of Our Own* (2009) and *Of Labour and Liberty* (2017)). Simultaneously he laments the diminishing of this long tradition within contemporary US Catholic congregations just when the theoretical or official neutrality of all players, big and small in digital economy is being abandoned.

Catholic Social Teaching and the encyclicals produced by Popes Benedict and Francis have also had an intriguing influence in British politics, particularly in the efforts to develop forms of political representation that offered a genuine 'third way' alternative to the corporatised 'free' market and the administrative state. One expression of this has been the formation of 'London Citizens', a cooperative alliance of churches, mosques and other community organisations that lobbied successfully for the establishment of a 'living wage'. A major figure was Maurice Glasman who has paid tribute to the importance of Catholic Social Teaching in the efforts of London Citizens. One of his key collaborators was Luke Bretherton, who tells the story of the movement in his recent books, *Christianity and Contemporary Politics* and *Resurrecting Democracy*.

Along with Glasman, the Anglican theologians John Milbank and Adrian Pabst (organiser of a 2009 conference on *Caritas in Veritate*, with contributions published as *The Crisis of Global Capitalism*) have also been active in seeking to revive the 'dense spaces' of civic life and what Pabst describes as 'the civic economy'. They defend the positive role that the local focus of the parochial system of the Anglican church could – and does – play in such renewal:

Key to the life of the Church is the social and civic action promoted by the majority of churches, above all the Church of England through its unique parochial system – whether more social events such as youth groups, dinners for the elderly, mums and toddlers groups and coffee mornings or economic and welfare services like food-banks, homeless shelters, debt counselling, credit unions and health services. In events such as these, people from many different backgrounds come together, and the Church can reach a greater diversity of persons and groups than in virtually any other activity or form of human association – except perhaps certain popular sports like football.

For many communities, where in recent years places like pubs, working clubs and community halls have been closed down, the church and its connected buildings provide the only visible focal point in which people can come together. As such, many events organised through churches involve persons of other faiths and of no faith, broadening the diversity achieved through the focal point. As the established church, the Church of England has a unique position in the communal life of the country today, often filling the gaps left by both state and market. Since it provides help universally and unconditionally, the Church makes a distinct and invaluable contribution to society as a whole.

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