



NEW ECONOMY JOURNAL

Official Journal of the
New Economy Network Australia

THE CONTOURS OF A REVOLUTION

Brexit, Corbyn, Sanders and the New Left Economists

FINANCE IN THE TIME OF OPPRESSION
Share Buybacks and a Workers' Dividend

FEEDING OUR CITIES
Opportunities for Planning Reform in a New
Economy

OVERPOPULATION IS NOT THE PROBLEM
The Misanthropy behind I=PAT

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Sophie Lamond

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***New Economy Journal acknowledges
that we work on Aboriginal land. We
recognise that this is stolen land and that
sovereignty was never ceded. We pay our
respects to their Elders past, present and
emerging. Treaty and reparations now!***

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Welcome from editors

Welcome to the first ever print edition of the New Economy Journal!

Launched in April, we are the only Australian publication (and one of few world-wide) whose focus is the movement to build a new economy –

an economy based on sustainability and social justice, rather than greed and destruction.

Our aim is to highlight, document and disseminate information about what is happening in the new economy movement in Australia and around the world; encourage discourse and debate; facilitate connections; and produce a historical record in the process.

As the Journal is a forum for debate, we hope you'll disagree with some of the articles in this issue. We believe that through respectful disagreement and engagement, we can sharpen our learning about how to build a new, just and sustainable economy. We also aim to give hope by highlighting the hugely positive activities and ideas being carried on here and around the world.

It is, in many ways, a very exciting time for the new economy movement – and that excitement needs to be shared.

Happy reading!

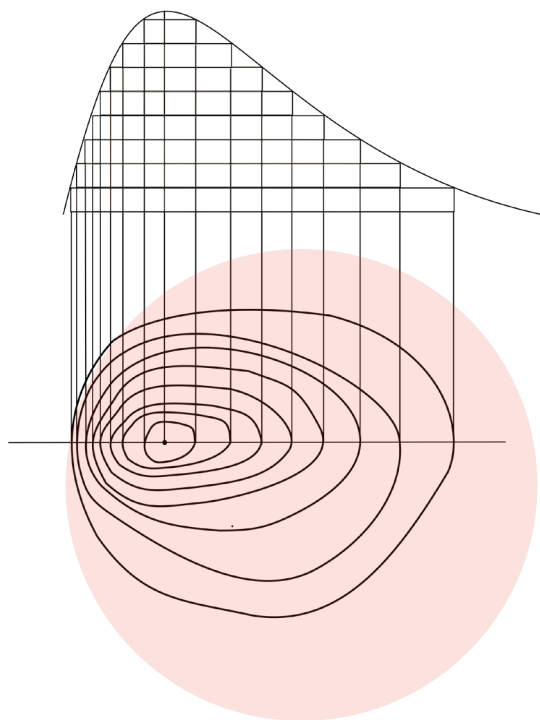
The Editors

The Contours of a Revolution

Brexit, Corbyn, Sanders and the New Left Economists

by Duncan Wallace

It's good to have hope, and even better to have good reasons your hopes will be realised.



We haven't had good reasons for hope for a long time. Since the GFC, we have lurched from one disappointment to another – we've felt let down by what we thought were progressive forces; we've experienced the imposition of austerity, essentially world-wide; we've seen people become political leaders for whom it might previously have seemed unimaginable – Bolsonaro, Abbott, Trump, Boris Johnson. There has not been much good news, and the bad news has been really bad – the worst pertaining to the higher and higher rate of the destruction of life on earth.

It is time we had some good news, and this article will outline the reasons we have to expect some soon. More than good news – this article will suggest we have reason to feel great excitement. We are slowly seeing come into alignment a potentially strong coalition of left-wing governments, committed to equality, industrial democracy, massive investment in greening the economy, and climate justice. We may be about to witness the beginning of a radical, internationally coordinated

effort by some of the world's largest economies to tackle climate change and the social and economic structures which have created it. It's a quiet revolution, but it is momentous.

In the following I'll outline the contours of this revolution, with a focus on the biggest and the fifth biggest economies in the world – the United States and the United Kingdom. We'll look at the latter first.

UK Labour Party



The London Financial Times, says Chomsky in the documentary *Manufacturing Consent*, “is the only newspaper that tells the truth”.

Given that, it is interesting to note the Financial Times (or the FT) seems to be preparing for a potential Corbyn government in the UK, recently running a series titled “The Corbyn Revolution”, which includes five in-depth articles regarding his policy agenda and his key inner circles.

In the series are detailed only those policies already announced, but even these, says the FT, “are breathtaking in scope”.

They include “the nationalisation of rail, water, mail and electricity distribution companies; significantly higher taxes on the rich; the enforced transfer of 10 per cent of shares in every big company to workers; sweeping reform of tenant rights; and huge borrowing to fund public investment.”

“But this”, reports the FT, “may be just the start.”

“The leadership is also studying an array of even more radical ideas, including a four-day week,

pay caps on executives, an end to City bonuses, a universal basic income, a “right to buy” for private tenants and a shake-up in the way that land is taxed to penalise wealthy landlords.”

This is by far the most radical set of policies put forward by a party on the cusp of government in the Anglo world in my lifetime – perhaps even since WWII. The only comparable example in Australia’s history is the Whitlam government, and even that may pale in comparison.

How can a party with that kind of program expect to be anywhere near government? The history is

UK Labour Party policy agenda

Announced

- the nationalisation of rail, water, mail and electricity distribution companies;
- significantly higher taxes on the rich;
- the enforced transfer of 10 per cent of shares in every big company to workers;
- sweeping reform of tenant rights; and
- huge borrowing to fund public investment in greening the economy;

Under consideration

- a four-day week;
- pay caps on executives;
- an end to City bonuses;
- a universal basic income;
- a “right to buy” for private tenants; and
- a shake-up in the way that land is taxed to penalise wealthy landlords

deeper and will be explored below – but the more immediate explanation is Brexit.

Brexit

Leaving the EU has been a strange obsession of a small subset of the population in the UK for many years, mostly among elites in the Conservative Party. They managed to push former PM David Cameron to agree to a referendum – and that would have been as far as it got, but for the reckless way the referendum was allowed to be carried out (as detailed by author and award winning columnist for the Irish Times, Fintón O’Toole).

Cameron resigned after the Brexit vote and was replaced by Theresa May, who immediately called a general election in an attempt to entrench her power. Corbyn’s Labour Party, however, – despite the extraordinary attacks they faced from across the media spectrum – forced a hung parliament. May lost her majority, though through a coalition with extremist protestants from Northern Ireland she just managed to form a government.

What has then followed is perhaps the most extreme discord between the House of Commons and the Executive since the period of the English Revolution in the 1640s.

Theresa May managed to negotiate Brexit deals with the EU, but the House of Commons would not pass any of them into law. One Brexit deal put to the Commons caused the biggest defeat ever inflicted on a government, by 230 votes. After two more defeats May resigned. The most extreme wing of the Conservative Party Brexiteers then took over, in the form of Boris Johnson.

The UK is due to leave the EU – deal or no deal – at the end of October, unless they agree to an extension. The EU is willing to grant one – it only requires the UK to request it.

But Johnson is set on leaving, even without a deal, on the currently agreed date. This is extremely contentious. A no-deal Brexit, it is commonly recognised, would be disastrous on all fronts. The majority of the House of Commons do not want a no-deal Brexit; they say the referendum result should not be interpreted as endorsing Brexit without a deal; and they have the votes to stop Johnson from carrying one out. The only way Johnson can secure the exit he desires is to escape his accountability to the Commons.

The Commons has a tradition involving a figure called Black Rod. When the Queen is giving a speech or giving assent to a bill, Black Rod goes to the Commons to ask for the attendance of MPs. Black Rod, on their approach to the chamber, has the door slammed in their face. After knocking three times with their staff, they’re finally admitted. This piece of ancient theatre dates back to 1642, and symbolises the independence of the Commons from the executive. It is a reminder of Charles I and his attempts to stop the Commons from sitting, attempts which culminated in his beheading. It is a reminder that the Executive is responsible to the Commons, and not the other way around.



Black Rod knocks on the door to the Commons

Boris Johnson is engaged in an extraordinary attempted subversion of this tradition.

He has planned for a Queen's Speech to mark his takeover from Theresa May. It is normal in the case of a Queen's Speech for parliament not to sit for a week or two preceding it – this is what's called prorogation. But Johnson has prorogued parliament for five weeks. When the Commons' Speaker, John Bercow, was summoned by Black Rod for the start of the prorogation in early September, he called it "not a normal prorogation... it represents an act of executive fiat". The Editorial board of the FT published its view that "Boris Johnson's suspension of parliament is an affront to democracy". At the time of writing Scotland's highest court had deemed it unlawful, though the UK Supreme Court has yet to rule.

Just before the start of the prorogation, however, the Speaker allowed the Commons to take control of the agenda and pass emergency legislation, requiring Johnson to ask the EU for an extension on Brexit. Twenty-one Conservative MPs voted against Johnson in favour of the legislation, and were promptly booted by Johnson from the party. This means he has lost his majority in the Commons. Indeed, since taking over the Prime Ministership, he has experienced six out of six Commons defeats.

At the time of writing, Johnson is attempting to call an election, but the Commons has so far refused – insisting that the extension on Brexit first be confirmed. Though there are rumours Johnson will refuse to act as required and may ultimately have to be forced into complying with the law by the Supreme

Court, sooner or later he must ask for the extension. Once this is done, there will be a general election.

It looks extremely unlikely that a majority of the House of Commons could agree on a preferred Brexit deal, so if Johnson was re-elected with a majority a no-deal Brexit would likely result. Corbyn has promised another referendum on Brexit which, if done responsibly, would likely yield a stay vote. For this reason, the FT recently reported the "markets are warming towards Jeremy Corbyn."

"Yes, you read that right. In a sign of just how unpredictable UK markets have become, analysts are starting to believe that the diehard socialist leader of the Labour party could be just what sterling needs in this, its darkest hour."

In other words, with the backing of capital, Corbyn looks likely to be elected as the next Prime Minister of the UK.

It is almost unbelievable. A Party which has said it will make all businesses with more than 250 employees at least 10% employee owned; a party committed to a form of nationalisation where the government agency is under the control of "the people who use and work in them"; a party which has committed to \$250 billion investment in the transition to green energy; a party which is dedicated to international peace and non-proliferation – this is the same party that looks like it will be backed by capital. And all thanks to Brexit.

So that is how Corbyn is on the cusp of Prime Ministership. But how did he become leader of the Labour Party in the first place, and where do his policies come from?

"Corbyn's inner circle"

In 2015 the UK Labour Party lost an unlosable election under Edward Miliband, with similar policies and approach to those which recently lost Bill Shorten the election in Australia. Miliband resigned, as Bill Shorten did, and an election for Labour Party leader was held. As an act of generosity, Corbyn was put forward by a handful of MPs as a left-wing alternative to the centrist, more Blairite candidates. Fortunately, the party, in order to attract funding, had recently relaxed the rules on membership and eligibility for participation in the leadership vote. Hundreds of thousands of people signed up in order to vote Corbyn in and so, with a majority of Labour Party MPs hostile to him, Corbyn became leader.

Since then, activists around the country – most obviously through the group Momentum – have been working to entrench Corbyn’s position. With Corbyn and his allies in the Labour Party, they have worked quietly and steadily to take over the important agencies in the party. They have taken control of the National Executive Committee, for example, which decides Labour’s policies and overall direction. In the last round of elected positions, all the positions were filled by candidates running on a Corbynite platform.

Other than Corbyn, the most significant figure in this is the MP John McDonnell, the shadow chancellor. The FT labels him “the intellectual power behind Jeremy Corbyn’s throne”. He recently edited a volume titled *Economics for the Many*, and on the front cover it provides the following statement:

“We are seeking nothing less than to build a society that is radically fairer, more democratic, and more sustainable, in which the wealth of society is shared by all.”

This leads us to one of the important groups identified within “Corbyn’s inner circles” by the FT. They are what the FT calls “policy makers” – the “small number of influential academics and think-tank members who formulate the basis of Mr Corbyn’s economic and social policy agenda.” Many of them had essays included in McDonnell’s book. There is an excellent account of this group of people written for *The Guardian*, called “The new left economics: how a network of thinkers is transforming capitalism”. It documents the academics, activists and policy makers; and the organisations they’ve set up or influenced, like the New Economic Foundation, Novara Media, openDemocracy, Stir to Action, Preston City Council, and Common Wealth. It’s easy to see their influence on the Labour Party in the excellent Labour Party political broadcasts which are clear explanations of their economic policy and what the policy’s benefits will be for both individual and community.

The author of the *Guardian* article, Andy Beckett, calls this a “transatlantic movement”, and he’s right to. The contours of the Corbyn revolution extend to and cross over with similar contours in the United States. He notes, for example, that the policy requiring businesses to be at least part employee owned was, following Corbyn, “adopted by the US presidential candidate Bernie Sanders.”

Bernie Sanders

Sanders’ 2016 Presidential campaign has had long-lasting effect. Notable are the two important groups set up by former leadership, volunteers, staffers and supporters of the presidential campaign: that is, Brand New Congress and Justice Democrats. The two groups have been working together to systematically attempt to takeover the Democratic Party by running “a unified campaign to replace every corporate-backed member of Congress”.

For the 2018 Congress elections they endorsed 79 candidates, 26 of those winning their respective primary elections, and seven winning the general election. One of those seven was Alexandria Ocasio-Cortez, or AOC.

Their process was as follows: they would identify electorates which they thought were winnable, make a call-out for people to nominate candidates, select appropriate applicants, then support them in their run, first for Democratic candidate in the primaries, and then in their bid for Congress.



Alexandria Ocasio-Cortez

AOC, for example, was nominated for a Brand New Congress candidacy in the Bronx by her brother. She was selected from amongst those nominated and then stood for election for the Democratic primary. She was the first person to challenge the incumbent, Joe Crowley, the Democratic Caucus Chair, since 2004. As we know, she beat him, and – given the Bronx is a safe Democrat seat – she was easily elected to Congress.

This network of radical democrats is working on the idea of a Green New Deal, as endorsed and advocated for by AOC. The Green New Deal remains more of a notion than a concrete proposal, but important parts of it are being influenced by Beckett’s “new left economists”.

Following the UK Labour Party, Sanders has announced, for instance, that his Green New Deal would include nationalising the energy grid. Again – this won't be just a traditional nationalisation, but one which focuses on "bottom-up organizing and including all people in decision-making". Around \$2 trillion will be spent on converting the grid to renewable energy. The same principles will be applied to the nationalisation of other utilities too – this goes from public broadband building projects, to health, to housing.

As mentioned, in addition, Sanders has committed to the same employee-ownership plan – *10% of every corporation owned by employees* – as Corbyn has, in a move titled by the policy's authors as, "A Cross-Atlantic Plan to Break Capital's Control".

These policies, like the Corbyn program, are breathtaking. And it isn't just Sanders who stands for a Green New Deal, but Elizabeth Warren too. She is another impressive person, one of the few who stood up to the Obama administration's strong support for financial institutions and an advocate, of great importance, for anti-monopoly policies.

In the race to be Democratic candidate for the US election next year, it is now between Sanders, Warren, and Joe Biden. Biden remains the favourite, but is not an attractive candidate in an election against Trump. He has made "a series of gaffes", for example at a town hall meeting a month or two ago, he "confused then-UK prime minister Theresa May with both Margaret Thatcher and German chancellor Angela Merkel."

"At the same event, he said that "poor kids are just as bright and just as talented as white kids", before quickly adding: "Wealthy kids, black kids, Asian kids, no, I really mean it, but think how we think about it.""

His initial popularity is due to the name recognition he enjoys, but it's expected that as voters become familiar with the other candidates, he'll drop off.

As such, it appears likely a Green New Deal candidate will face Trump next year – either Sanders or Warren.

The upshot

If a Green New Deal candidate wins, with Corbyn already elected, we will have a transatlantic bloc committed to massive investment in greening our energy systems; to ensuring worker rights; to transferring ownership of their employer to employees; and to nationalising critical

infrastructure, in the form of Public Service Mutuals, in a bid to realise Universal Basic Services.

This bloc already has a history together and is interlinked with overlapping personnel. It is likely they will work closely, on an internationalist basis, to realise common policy goals.

It is an incredible prospect – the prospect of an internationally coordinated, radical response to global problems regarding ecological destruction and wealth inequality.

We have had the technological capacity to do what is necessary for a while; and now, the political will may also, finally, be coming online.

What about Australia?

Australia has always lagged somewhat behind developments internationally, and unfortunately it looks as if the same is the case here. Bill Shorten lost the election on a technocratic, "don't rock the boat" agenda. There was no vision for a Just Transition; a Green New Deal; large-scale employee ownership; nor Universal Basic Service provision. While the UK Labour Party and the US Democrats have had internal movements for a progressive economic and environmental agenda, as we've discussed, there is no obvious analogue for the Australian Labor Party. I needn't detail any of the ways Anthony Albanese has already been an apologist to the Liberal's reactionary politics.

With one or two exceptions, perhaps, the Australian Labor Party is not at all prepared for the policy platform it must propose for the next election if we are at all serious about ecological collapse.

Fortunately, it is not far-fetched to suggest that if the US and UK turn to radical left economics, Australia will be forced to follow their lead. The question is more how those policies will be implemented, not whether they will be.

The task for us, now, is designing the concrete radical policies for distributing ownership and greening the economy which we want to see implemented. A primary focus must be put on a Treaty with Aboriginal peoples, which recognises their sovereignty and the jurisdictional rights which flow therefrom.

It is this task of designing the concrete policies, I believe, we now need to be turning our focus to in the New Economy Movement.

As an article in the Financial Times recently declared:

"The future belongs to the left, not the right."

It's up to us what kind of left it will be. It is about time, too.

Duncan Wallace

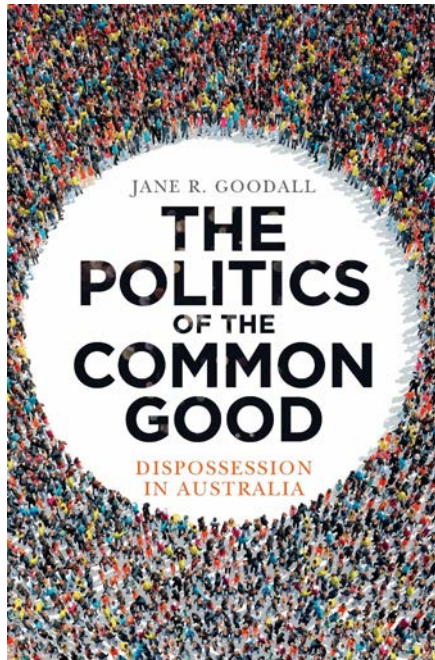
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The Last Ditch Optimist by Amy Scholten

Book Excerpt: The Politics of the Common Good

Jane R. Goodall



This is an excerpt from Jane R. Goodall's book The Politics of the Common Good: Dispossession in Australia, Published by NewSouth and released in August 2019.

***“Wandering between two worlds, one dead,
the other powerless to be born.”***

- Matthew Arnold, 'Stanzas from the Grande Chartreuse'

The outcome of the last federal election in Australia has left many people shocked and dispirited. It was not just a matter of one side of politics prevailing over another. There were principles at stake that are fundamental to our democracy and to our 'common wealth' in the widest and most enduring sense of that term.

An aggressive campaign on the part of coalition, with a key role played by mining magnate Clive Palmer, succeeded in persuading the electorate that their future livelihoods depended on an economic system that favours corporate profit, turns a blind eye to planetary devastation and drives the vast majority of ordinary citizens into conditions of austerity. Is it impossible to change this scenario?

Or rather, as this book argues, have we got to a stage where the changes called for are much larger than anything that might be accomplished through a change of government? Any radical transformation of our political culture requires a commitment that runs stronger and deeper than the tides that turn at elections.

The sense of wandering between a moribund past and an unborn future was captured by English poet Matthew Arnold, as he reflected on the cultural deadlocks of the Victorian era. Over a century later, his words were echoed by Antonio Gramsci, writing from a fascist prison in 1930:

The crisis consists precisely in the fact that the old is dying and the new cannot be born; in this interregnum a great variety of morbid symptoms appear.

There are moments in history when the interregnum Gramsci describes carries with it a widespread and urgent longing for sweeping transformation.

Surely we are at such a moment. Neoliberal orthodoxy with its economic credo continues to inspire government policies that play out through ever more radical cuts to public services and civic institutions. The dispossessed society is the inevitable outcome. A decade after the global financial crisis of 2007–08, we have yet to shake off its hold on our economy and our culture.

A politics of change is my concern here and it involves strategic responses born of truly radical thinking. The Australian situation is my primary focus, but our models of government are derived from British and American traditions. An inquiry into the politics of the common good will gain no traction without an awareness of the extent to which Australian government policies continue to be imported from Britain and the United States. I want to highlight both the extent of the replication and the reasons for it.

This means going into the history of the commons and its changing significance, but this is history as backstory. Political culture is a maze whose walled pathways are built up over generations and centuries. The walls prevent us from seeing where

we are going and the twists and turns cause us to forget where we have been. It gives us the illusion of having travelled long distances while leading us around in circles, so we keep returning to the same junctures, yet fail to recognise them.

However urgent your predicament, you cannot fight your way out of a maze by running at the walls. You have to try and retrace your steps, and that involves the slow and careful work of recall.

If we remain wandering between worlds, failing to discover an emerging story, this may be the reason. Stories do not emerge out of nothing. Enduring stories strong enough to be a formative influence on cultural consciousness have their roots in the deeper geological strata of tradition: story and history, as the words suggest, are profoundly related. The story of the commons is one we have forgotten how to tell.

‘Like the baker’s blinkered horse we cannot look behind,’ writes historian Bruce Pascoe, whose book *Dark Emu* offers a radical change of perspective on the pre-colonial commons of Aboriginal Australia. Pascoe is scathing about the politically motivated amnesia. ‘First nations land management, finely tuned over 100,000 years,’ he says, ‘might have the ability to clear the fog from our brain.’

On the opposite side of the picture, and in contrast to the colonial perspective, an account of the British history of land rights may also help to clear the fog. Those responsible for the destruction of Aboriginal heritage brought with them the scars of their own broken tradition, one in which ancient land rights had been cruelly suppressed, and with them a communal heritage that might yet prove to be the way forward from our present impasse.

Jane R. Goodall

Professor Jane R. Goodall is a writer and researcher at Western Sydney University.

Island Australia

Lewis Eyers-Stott



We're here to talk about Australian oil imports, but we'll start with a short detour; down naval history lane.

In the early 20th century, Britain was the undisputed master of the seas, with a navy that eclipsed the combined strength of their counterparts. When WWI broke out, Britain wasted little time in putting this navy to use, and blockaded Germany's ports.

Suddenly, Germany found itself cut off from trade, isolated from the systems of interlocked dependency that economies around the globe had grown to depend on.

With a navy that was dwarfed by their rival's, it seemed unimaginable that Germany would be able to retaliate, or place their own blockade on Britain. However, a combination of emerging technology and a disregard for international law, would allow Germany to strike back.

The slow and plodding submarines of the era were of limited use in targeting warships, but could be used to lethal effect against merchant ships.

So if Germany was to be denied access to the global trade network, then their enemies would be too. In February of 1915, Germany declared that the seas around Britain and France were war zones, and any ship travelling there would be in jeopardy.

International law at the time stipulated that merchant ships had to be boarded, and their crew evacuated, before they could be sunk. The German submarine fleet, wary of the British navy, ignored these rules, and opened fire without warning.

The disruption caused by these attacks was immense. At the peak of this period of unrestricted submarine warfare, a quarter of the vessels headed for Britain were sunk.

While Britain endured the invisible blockade, and would later in the war find some effective counter-measures, the lesson was unmistakable. A single actor, with their back to the wall and modern technology at their fingertips, could seriously disrupt global trade.

Which brings us to Australia and the present day.

Australia produces an abundant supply of iron, coal, gas, and uranium. We are, however, growing increasingly reliant on imports for oil and liquid fuel products. Our production and refining capabilities have been in steady decline, with imported products filling the gap.

The Interim Report into Liquid Fuel Security, released this year, summarised:

"around 90 per cent of the fuel we use ... is sourced from overseas. If all domestically produced oil was refined and used in Australia, this would meet about 25 per cent of today's demand."

The fall in production capability is being mirrored by an increased demand. The narrative of a transition towards less oil usage only holds true for petrol. Jet fuel consumption is increasing and there is a surge in diesel use, driven largely by mining and agriculture.

The role of diesel in Australian agriculture is particularly noteworthy. The mechanised nature of modern farming, along with the large distances involved in Australian logistics, results in diesel being a major input for Australian agriculture. Current estimates suggest that each and every Australian "eats" 4.1 litres of diesel each day, with NSW alone requiring 25000 weekly truck trips to keep the supply chain flowing.

Supply chains throughout Australia, including fuel, tend to operate on a 'just-in-time' basis. Stock arrives more or less in the same moment as it is needed, reducing inventory, storage and logistics costs. This efficiency comes at the cost of resilience. Disruptions, if not quickly corrected, can escalate into severe shortages.

Hence, as of December 2018, Australia holds 18, 22 and 23 days of consumption cover for petrol, diesel and jet fuel respectively.

The Australian government acknowledges in the Interim Report that these reserves are minimal by international standards; “Australia...has chosen to apply minimal regulation or government intervention in pursuit of an efficient market that delivers fuel to Australians as cheaply as possible.”

The effects of a diesel shortage on our food supply chain would be devastating. An NRMA commissioned report, Australia’s Liquid Fuel Security, estimates that we have 9 days’ supply of food available at points of sale. Combine this with 22 days’ supply of diesel to fuel the agriculture and transport industries, and a grim picture emerges of what would occur in the event of a complete fuel disruption.

The last full review into energy security was conducted in 2012. It concluded that this state of affairs was not problematic, as Australia could draw its supply from a diverse range of global sources, with large scale disruption considered unlikely. The review that is currently underway seems to be forming a similar view, stating with confidence that any disruption would be met with market forces stepping in to fill the gap. Air Vice-Marshal John Blackburn, writing in the NRMA report, characterised the government’s attitude as follows: “in essence, we have adopted a “she’ll be right” approach to fuel security, relying on the historical performance of global oil and fuel markets to provide in all cases.”

It does seem cavalier to repeat the same assessment seven years later. The planet is looking less, not more, stable than it did in 2012. While the tensions in the Strait of Hormuz are unlikely to result in a catastrophic crisis (shipments could be rerouted at a much higher cost), the attacks and the seizures of tankers acts as a window to a world of restricted shipping.

Similarly, the tensions in the South China Sea offer another glimpse towards a future of contested seas, while all data on the upcoming climate catastrophe points to some sort of large scale disruption.

It’s interesting to note that Australia has sent naval detachments to both the South China Sea and the Strait of Hormuz, with the publicly stated intention of defending the freedom of navigation. While our willingness to commit to these ventures when nearly all other countries have declined may be seen as an illustration of our sycophantic US relations, it also conveys an understanding of our

dependence on global trade routes staying open.

Australia is deeply linked to the global economy, and has prospered as a result. However, this has come at the cost of an existential reliance on those links remaining open. Even a serious disruption of a few weeks would devastate our nation, and starve our population.

Over a century ago, the Germans proved that a mix of technology and desperation could threaten international shipping. Today, tankers are being seized in the Strait of Hormuz, while troops mass in Shenzhen. Drone attacks of uncertain origin are being launched against Saudi oil production. Multiple militaries are bearing down on the South China Sea, as cities across Africa, India, and China start to run out of water.

This lends all the more weight to arguments for renewable energy, for reducing food imports, and for turning to agroecology and away from diesel-powered corporate agriculture. Our New Economy needs to be a resilient one.

Lewis Eyers-Stott

Lewis Eyers-Stott is a writer and video producer based in Melbourne

Finance in the Time of Oppression

Share Buybacks and a Workers' Dividend

Scott Colvin



The financial classes love them, the left wants to ban them — but what exactly is the real story behind share buybacks?

The concepts of finance don't often enter general public debate, especially in the United States. Yet, numerous American politicians have recently gone on the record to state their support for banning share buybacks. Bernie Sanders and fellow senator Chuck Schumer have proposed banning buybacks unless highly prescriptive requirements are met. Alexandria Ocasio-Cortez, the new darling of the American left, has spoken against them. Other bills and plans have been introduced or mooted, including some from senior Republicans like Marco Rubio (though on less severe terms than his progressive colleagues).

As with many financial contrivances, the concept of a buyback is light in its simplicity, and yet its implications slide far into shadowy uncertainty. As the name suggests, a company instituting a share buyback uses its spare funds to buy its shares back from shareholders, with those shares then cancelled, resulting in fewer shares in the company overall.

This has become a common strategy, particularly for publicly-traded companies, which undertake buybacks either 'on-market', wherein a broker on

behalf of the company buys its shares back from the open market (in Australia, on the ASX). Or, the buyback occurs 'off-market' where shareholders are invited to sell their shares back to the company, usually at a discount, with the difference between the price paid and the market price made up for with a dividend component that carries tax advantages for the shareholders (franking credits, no capital gain tax).

Provided the company is sufficiently profitable and the share buyback can be financed by excess cash (or sufficiently cheap debt finance), what's left is a company that makes more money per share, dividing the same pie into larger slices. Each share is worth more to its respective shareholder.

What, then, is all the fuss?

Buybacks were banned in the US until 1982 — not explicitly, but as a result of the more general ban on market manipulation. That they were considered a form of stock price manipulation is telling. (The practice was made legal by the introduction of a 'safe harbour' carve out from the prohibition on market manipulation for buybacks.)

Every dollar that a company spends on a buyback is a dollar that is not being used for some other purpose like, for example, research and development, training, further education; the building blocks of innovation, competition and

the extension of workers' skills and knowledge. To say nothing of salaries and wages. All of these are necessarily neglected when monies of the company are spent on buybacks.

Most shares are not directly held by the general public. They are either held by institutional players like banks and insurance companies or by the behemoth superannuation funds that do the investing on behalf of those saving for retirement. All these financial intermediaries are looking to increase the value of their portfolios, and are not spending the proceeds of buybacks as much as they are buying shares from other financial intermediaries, keeping the money locked in this self-serving loop rather than being returned to value-adding works.

Where money is spent on buybacks and not circulated back into the economy at large, the system misses out on innumerable additional points of taxation — the underpaid worker that misses out on a pay increase, in turn doesn't take that family holiday; the holiday resort owner then takes home less money that season and pays less tax as a result.

Unlike dividends, which can only be paid out of cash profits that the company actually holds, buybacks can be paid for with cash on hand or funded by the company taking on debt.

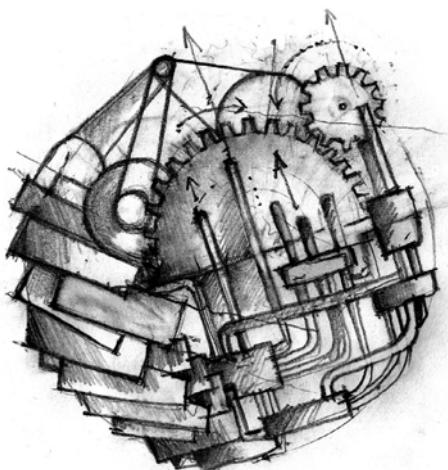
The choice of debt to finance buybacks can be tempting for companies as interest on debt is tax deductible. However, the company will have to make extra money in the future in order to pay off its new loans. This can be a highly risky strategy, if not ruinous.

Other financial complications arise, too. Buybacks are generally undertaken in times of strength (or perceived strength). The company either needs to have a significant amount of spare cash lying around or the confidence that its future revenues will be sufficient to repay the required loan plus interest. However, by spending monies on buybacks, the company will have less cash on hand if it experiences a downturn.

Company gains; worker losses

Most profound is the impact of share buybacks on workers.

You've seen the graph before. The one showing the sharp increase in both productivity and gross domestic product tracked against the profoundly flat course of income in real terms. It's staggering, and the topic of a library of commentary. The causes are multitude; legion — but all arise from the fundamental truth that greater and greater value is being created by workers without greater reward.



Workers create the value of any business venture, whether they do so with their hands, their knowledge, or by some combination. The value that is created is evaporated to higher and higher climes, soaking into the pockets of those less and less connected to the original work.

Shareholders of large public companies are rarely involved in creating the goods or services that the entities they own exploit for profit. Yet their ownership gives them significant power — the

power to influence, if not determine, the way in which those at the bottom of the organisational chart are remunerated; which to a serious extent determines the scope within which they can live their lives.

Executives and shareholders make natural allies, and their interests generally sound in concert. The greater the profits made by the company, the greater the money to be spread between them. Shareholders vote to establish executive boards that will do the most to maximise the value of the company based on its share price; in turn, those executives are well remunerated for their efforts. This furthers the inequality in wealth between those at the top and those at the bottom.

A company's share price is based on how valuable each share is to its holder, which, in turn, largely reflects the amount of money the company makes

divided by each share held by shareholders (the so-called 'earnings per share', or EPS). This is, of course, money made after deducting the expenses of running the business — including the expense of rewarding workers for creating the value of the thing or things that the company sells. The amount left over represents the surplus value of the labour of the company's workers.

The diabolic pact between shareholders and executives is clear. They can readily turn their focus on furthering each other's interests, but only ever at some expense to workers.

It is because of the redistribution of wealth away from the workers that create it that many have called for buybacks to be banned. Sanders and Schumer, writing in The New York Times at the release of their bill restricting buybacks, said, in a useful part-summary of the case against, that:

“...buybacks don't benefit the vast majority of Americans. That's because large stockholders tend to be wealthier. Nearly 85 percent of all stocks owned by Americans belong to the wealthiest 10 percent of households. Of course, many corporate executives are compensated through stock-based pay. So when a company buys back its stock, boosting its value, the benefits go overwhelmingly to shareholders and executives, not workers.”

Information on the percentage of shares held by Australia's wealthiest 10% is not to hand. But we do know that the country's wealthiest 1% now own at least the same amount of wealth as the bottom 70% combined. That is a staggering amount, and it is only growing, in keeping with a trend dating back decades.

Economist Thomas Piketty succinctly diagnosed ever-increasing wealth inequality in developed nations as a necessary consequence of an economic situation in which the rate of return on capital is higher than the overall growth in the economy. Return on capital (including, for example, the return shareholders see when their shares increase in value as a result of share buybacks) flows disproportionately to the wealthy who can afford to hold significant capital holdings (including shares). While return on capital is income, growth is a by-product of it: the more that is earned and spent, the more overall demand increases, and the

more the economy grows. The rate of return on capital is, then, a measure of performance for those who hold capital (generally the wealthy and ultra-wealthy) and growth a measure of performance for the system overall — where the wealthy are doing better than the collective, inequality rises.

The market loves buybacks, and rewards them handsomely. Even an announcement that a company is going to buyback its shares can do wonders to its share price — even if it eventually does not follow through with its commitment.

In short, buybacks benefit the wealthy at the expense of the poor. Wealth inequality is exacerbated.

Buybacks help boost the return on capital enjoyed by those that own it — and the greater the holding, the greater the return. Though it is clear that buybacks are a means of companies returning their proceeds to the wealthy and not to workers, it is dangerously simplistic to think that an outright (or even partial) ban would amend the situation.

In too deep?

The defences to share buybacks have been issued with a strength similar to their antagonists. Goldman Sachs cast a sternly-worded report of the practice in light of the increased scrutiny, and found (perhaps unsurprisingly) that financial disaster would be wrought by any move to ban buybacks.

“[Buybacks] have consistently been the largest source of U.S. [share] demand ... Without company buybacks, demand for shares would fall dramatically,” the firm's analysts wrote.

In other words, without companies buying back their own shares, there would be less total purchasing of shares, but on a scale that would severely depress share prices and the value of the market overall. That buybacks represent such a significant portion of total share trading speaks to the extreme extent to which they occur. But Goldman was right on this point — removing or limiting the largest purchasing category of share buyers would radically lessen demand and therefore value in the stock market. As a subsidiary effect, volatility would soar with lessened liquidity, with prices swinging around far more wildly than is desirable.

Australian superannuation funds are poised to soon own 50% of the entire Australian stock market.

Funds typically hold around 25% of their assets in domestic equities and another 25% in foreign shares, mostly from the US. This intermingling ties the fortunes of major economies together, and helps account for a depression in one country having a knock-on effect on others. Many low-income Australian's life savings are limited to their superannuation funds, which would be devastated.

Buybacks are, then, a kind of economic Frankenstein to which we are tied; an opiate for the finance classes. Such a great proportion of share, and therefore market, value is generated by share buybacks that we stand to lose — all of us — significantly if this crutch, which we have allowed ourselves to become reliant on, were to suddenly be removed.

Elections, legislation and government - no easy solutions

The recent Australian election was clouded somewhat by the debate on franking credits, restrictions which were generally described by mainstream media as harmful to pensioners, retirees and battlers more generally. Ignored in that debate was the spectre of buybacks.

When a company makes a profit, it will (or, at least, should) pay tax on those profits (the corporate tax rate is 30% and 27.5% for companies with less than \$50m turnover) When the company pays out those profits to shareholders as dividends, a franking credit attaches to those payments to acknowledge the tax paid by the company. A shareholder paid a dividend will be obliged to pay tax at their marginal rate on the payment, but, to the extent of the franking credit, will be entitled to deduct 30% (or some portion thereof) from that tax rate as recognition of the company's tax payment.

Where a taxpayer already enjoys a low tax rate (including many pensioners and superannuation funds), the deduction, reflecting the tax paid by the company, can result in a negative number, which is then paid to the taxpayer by the tax department as a rebate.

Labor's proposed changes to the franking credit system would have eliminated the rebate. This was expected to greatly increase the number of buybacks undertaken, especially by those who had built up a significant amount in franking credits, including Caltex and Harvey Norman. Buybacks represented an alternative means for companies to return money to shareholders, and they were prepared to use it.

What is often overlooked is that the rebate scheme effectively dilutes the amount of actual tax paid on a company's earnings. Every dollar of rebate that is paid out is a dollar of corporate tax not collected. Australia is somewhat unique in its highly-favourable franking credit system, which reflects a truism that our taxation system weighs more heavily on income taxes at the expense of levying taxes against capital than is the case in other wealthy nations.

The tax advantages, too, are not just limited to franking credits. Shareholders who benefit from buybacks through the inflated value of their shares only pay capital gains tax on their shares once they sell them, and so can postpone that taxation event until the optimal moment. As well, most shareholders (including many companies) would be entitled to the 50% capital gains discount on their marginal tax rate, which would be charged against the income earned from selling the shares. These savings are significant.

Just as companies would have readily switched from dividends to buybacks if the economic conditions so prevailed, so would they ditch buybacks for dividends if the ban was enacted. While this would ameliorate some of the issues inherent in buybacks that do not subsist in dividends, the Hydra of wealth leaking from worker to wealthy through the strictures of finance would be preserved. A broader solution is required.

A workers' dividend

The Sanders / Schumer buyback bill would "set minimum requirements for corporate investment in workers and the long-term strength of the company as a precondition for a corporation entering into a share buyback plan". But who will monitor and enforce compliance with these minimum requirements? At the risk of sounding rather like those who most advocate for buybacks, creating a new apparatchik of enforcement, a new burden of oversight, is not the answer.

Eliminating buybacks would have dangerous consequences for the economy, and, even so, there are other readily-available means and ways of passing on wealth to shareholders. An outright ban would not solve the problems that the practice presents.

But properly redistributing wealth to workers and employees would.

In the two decades from 1997 to 2017, Australia saw its real hourly wage — adjusted for inflation — increase by 12.5%, or on average of 0.6% per year. Growth in gross domestic product over the same period has been many multiples of this number. The total wealth created has overwhelmingly gone to the upper echelons of riches, and will continue to do so, for the same old reasons.

Woolworths recently closed a \$1.7 billion buyback initiative. The lowest-remunerated Woolworths employees (of whom there are many) get paid \$21 an hour; Brad Banducci, the company's CEO, took a total compensation package of around \$8 million in 2018. Woolworths has around 115,000 employees, making the \$1.7 billion buyback worth just short of \$15,000 per employee.

The Woolworths buyback sounds immense. It is. But it pales in comparison to the \$14.5 billion buyback announced by BHP in 2018. BHP has around 62,000 employees and its CEO was paid around \$6.5 million last year.

What if, when dividends and buybacks are paid out, some portion of the amount must be given to workers? After all, that payout to the shareholders is representative of the value created by workers that is not paid to them.

A workers' dividend.

The finer details (taxed or untaxed; capped based on income; paid in cash or stock — even the percentage amount) need not be worked out in full for the concept to be right; the filigree is important, but less than the idea. This is where those asking for bans on buybacks should be focussing their attention. This is something that would have a material impact on the lives of employees and workers. And without creating much, if anything, of an administrative burden.

This will, of course, slightly dampen increases in share prices moving forward, though moderately. In turn, this price decrease will impact the superannuation portfolios held by common workers. There is an obvious riposte: the best thing to bolster savings is an increase to the principal amount going in, and eeking out some amount from the vast hordes of wealth being spent on buybacks — more benefiting the wealthy than anyone else — will help workers build pension savings in the first instance.

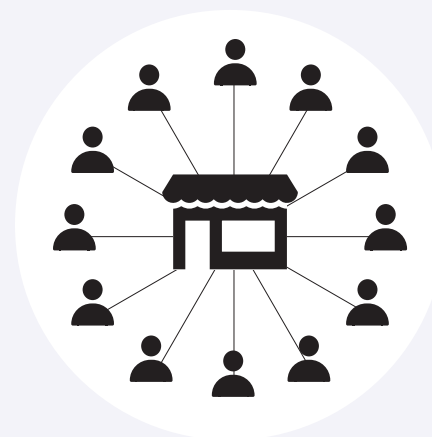
Share buybacks are nothing if not a guide to the extent of surplus value created by workers and employees.

Why ban them when we can redistribute them?

Concentrated vs redistributed ownership



Concentrated ownership



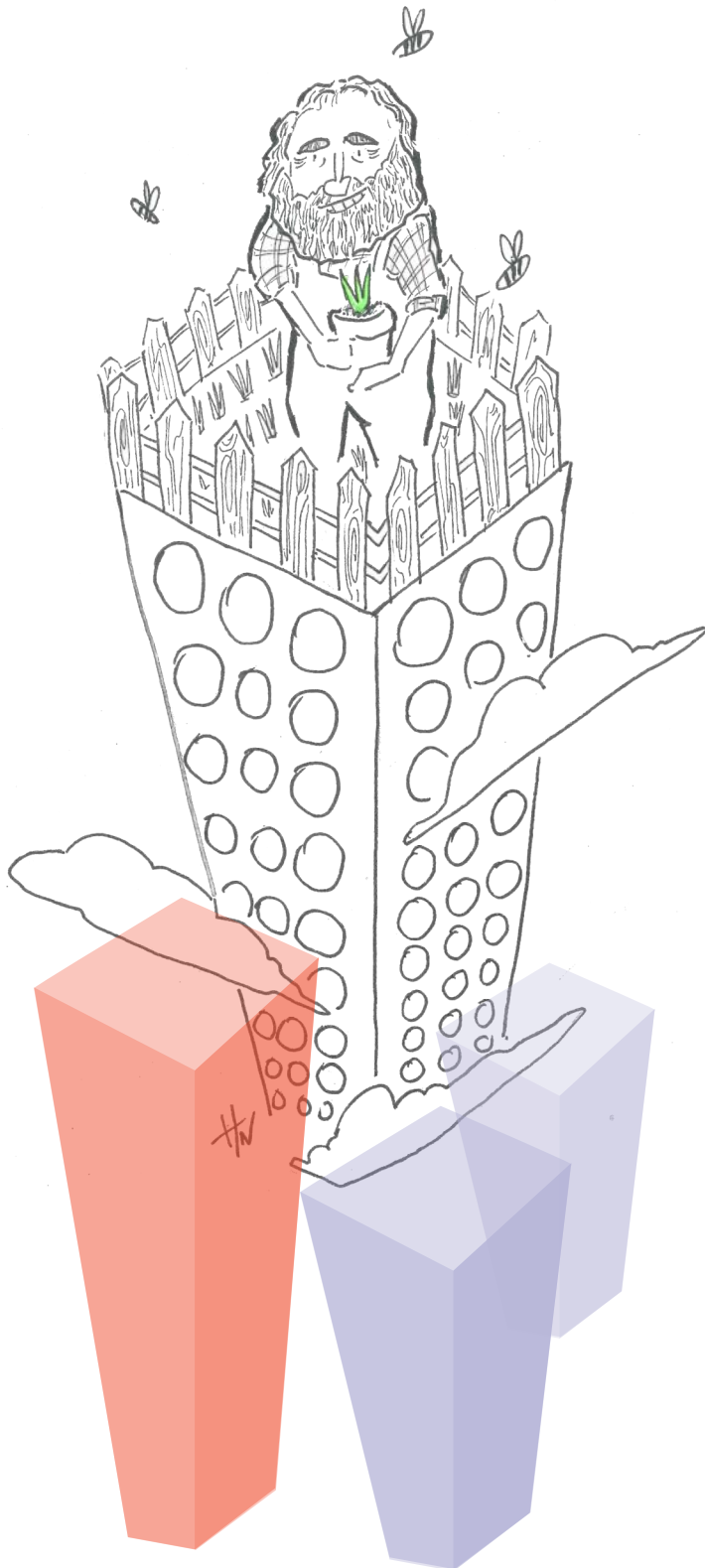
Redistributed ownership

Scott Colvin

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Feeding our cities: Opportunities for Planning Reform in a New Economy

Lyb Makin



Cartoon by Harley Ng

Challenge as opportunity: Urban population growth

The rise of urban populations globally has led to a majority of humans now living in cities rather than rural areas. The concomitant 'urban sprawl' associated with this population growth places pressure on land previously reserved for traditionally non-urban land uses, such as agricultural production and environmental conservation. On the one hand, there are now more humans to feed than ever before and yet, on the other, there is a decreasing amount of productive land either within or near major cities that is dedicated to feeding these populations.

Australia is no outlier in relation to these global trends. For example, the population of Sydney has grown by approximately 25% to a current estimated population of almost five million people - and this is expected to rise by another million people by the middle of this century. Significant urban development across the Greater Sydney Region is already underway and more is planned, particularly across parts of the peri-urban agricultural fringe in Western Sydney, which has traditionally operated as a foodbowl for the city. Similarly, Melbourne's peri-urban areas serve as vital food production zones, in need of protection from urban sprawl.

In addition to the obvious food security issues associated with these trends in an era of climate change, the environmental impacts - such as increased fossil fuel consumption for transporting food to major population centres and the continued clearing of land for agriculture - are also of concern. They are likely unacceptable given Australia's international responsibilities under the Paris Climate Agreement.

In light of these challenges, the flourishing of small-scale and localised urban food-based economies is an important means by which population growth may be responsibly managed, in accordance with new economy principles such as ecological sustainability and place-based/local economies. Indeed, there are already potentially positive reforms taking place in parts of South Australia and Victoria, where state governments have moved to protect existing agricultural regions on the peri-urban fringes of Adelaide and Melbourne.

Such reforms (though only a starting point) should be extended to ensure the protection of established food growing regions in all states and territories. Additionally, planning reforms should be targeted to encourage the growth of food production within our cities (herein described as 'urban agriculture') and supplemented by related reforms that prioritise social justice, democratic & distributed governance, and respect for our First Nations peoples.

Protection for peri-urban agricultural lands - what's already happening and what more can be done?

In 2017, the South Australian Government introduced some planning reforms to protect important food growing areas in close proximity to Adelaide. These so-called 'Environment and Food Production Areas' operate to limit rural sub-division and preserve the environmental and agricultural character of the Adelaide Hills. This compliments similar legislation passed in 2012 to protect the Barossa Valley and McLaren Vale regions.

The Victorian Government has implemented an urban growth boundary for Melbourne, which can only be amended by a majority vote in both houses of Parliament. The Victorian Government has also recently completed community consultation on reforms intended to protect strategic agricultural land in Melbourne's 'green wedge' and peri-urban areas. New planning controls to this effect are expected to be implemented from next year.

For an overseas example, the City of Seattle in King County, Washington, USA, has developed an innovative market-based mechanism to enable the transfer of development rights from agricultural land owners to inner-city developers. To date, this approach has protected almost 150,000 acres of rural lands from subdivision and redevelopment.

Although these examples are not without their issues (the Melbourne Urban Growth Boundary, for example, has previously been extended to make way for development), they provide a basis for strengthening protection of our city foodbowls and create opportunities for the growth of localised food economies. In cities such as Sydney, peri-urban food growing areas remain under threat from urban development. For example, the recent introduction of the Greenfield Housing Code will

likely serve to fast-track urban development in previous greenfield areas, which is in fact a stated intention of the Greater Sydney Commission in planning documents devised for the Greater Sydney Region.

All state and territory governments in Australia would therefore do well to follow the lead of South Australia and Victoria in protecting food production and reconsidering policies that support ongoing urban sprawl. Such measures are likely critical to the ecological sustainability and localisation of economies that is sought by the new economy movement in Australia.

Promotion of urban agriculture - USA and Canada

Growing food within our cities - and not just near our cities - is another important aspect of localisation, enhancing the positive environmental impacts of urban communities living together in close proximity. Urban farming is a growing movement in Australia, inspired in part by the burgeoning urban farming movement in the USA and Canada. For examples, see the work of Curtis Stone, who runs an urban farming operation in Kelowna, British Columbia, or the work of the Michigan Urban Farming Initiative in Detroit, Michigan.

Unsurprisingly, some jurisdictions in the USA and Canada are also leading the way in reforming their planning system to enable the promotion of urban agriculture. In Vancouver, British Columbia, the City of Vancouver has worked in partnership with a municipal advisory body - the Vancouver Food Policy Council - to develop and implement a comprehensive urban food strategy. The Vancouver Food Strategy focuses on increasing supportive regulatory measures in favour of, not only production, but also processing and distribution; consumer access and food waste. In terms of supporting increased agricultural production, the City of Vancouver has introduced a range of measures that promote intra-urban agricultural activities, including the development of guidelines for urban beekeeping, keeping backyard hens, and the design of urban agriculture for either private or commercial purposes.

Regarding commercial land uses, dedicated Urban Farm Guidelines ('UFG') were introduced in March 2016 and work in combination with a scaled business licensing regime to provide a permissive planning framework for urban farms

that operate within both residential zonings (Class A farms) and industrial, commercial or historic area zonings (Class B farms). The UFG sets out a range of operating requirements concerning hours of operation, on-site sales, pesticide use, planting area limitations, soil testing, food safety, waste management, use of mechanical and on-site processing equipment – all of which are intended to limit the scope and impact of urban farming operations in residential zones. Additionally the City of Vancouver collects a range of data, which contributes to the Vancouver Urban Farming Census and provides a mechanism for the identification of ongoing barriers to urban agriculture and thus the continual improvement of the regulatory framework.

From even a purely risk management perspective, well-designed regulation of urban agriculture supports the growth of new economies in urban areas whilst also managing potential human health impacts, amenity concerns and enforcement costs. Adopting a similar approach to Vancouver, some Californian cities have revised local zoning laws to recognise and permit urban agriculture in residential and other land use zones. These initiatives are enhanced by a supportive legislative framework at state level. For example, the California legislature has recently passed the Urban Agriculture Incentive Zones Act of 2013, which enables both city and county governments to create urban agriculture incentive zones that allow urban landowners to receive tax incentives if they dedicate land to agricultural uses for at least five years.

Furthermore, in 2015, California introduced the Small Farm Food Guidelines ('SFFG') which apply to "community food producers" in urban areas, including those operating in non-agricultural land zones. The SFFG require small farmers to obtain permits for pesticide use and implement a range of handling and labelling requirements designed to minimise food safety risks and protect the integrity

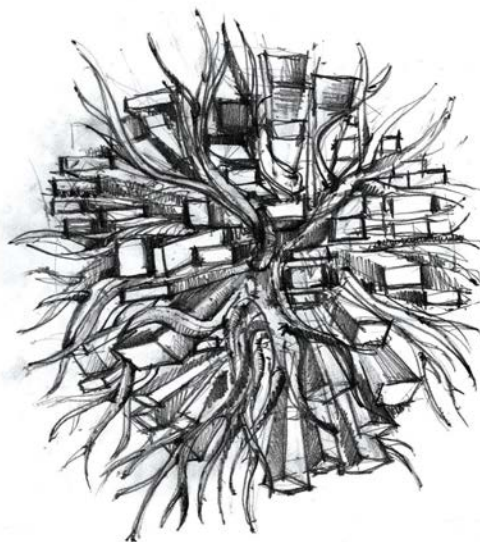
of urban agricultural industries. California has since also introduced the Seed Exchange Democracy Act of 2016 to exempt small-scale farmers from costly regulations, and the Farmer Equity Act of 2017, which requires the development of favourable policy frameworks to support farmers of colour, Native American farmers and urban farmers. These examples demonstrate some of the additional layers of beneficial social, environmental and economic regulation that can support urban agricultural activities, when already permissible through the planning framework - and are worthy of consideration by the new economy movement in Australia.

Building on this last point, there are many noteworthy examples from the USA and Canada

that demonstrate the value of an integrated approach whereby innovative planning reforms are nurtured by a wider policy framework that is supportive of urban agriculture. Most notably in the USA, the extensive promotion of urban agriculture has been critical in the revival of the city of Detroit, Michigan which has suffered considerably from long-term trends of economic and demographic decline. In order to support this work, the City of Detroit has proposed zoning

ordinances that permit the keeping of farm animals and has also introduced zoning ordinances that enable the growing of crops in urban areas, which establish standards to minimise negative impacts on other forms of land use. These standards apply to urban farms in residential, business and industrial land-use zones, and cover matters such as setbacks and height requirements, property maintenance, use of motorised equipment and the prevention of general nuisance due to noise, smoke, fumes, vibrations or odours.

In tandem with these positive developments, Detroit has seen considerable investment in a range of projects on vacant public lands to strengthen various industries across the urban food sector including farms, food-processing businesses,



restaurants and cafes. One example is the Michigan Urban Farming Initiative's Community Resource Centre, a social enterprise designed to generate local food projects and provide affordable produce to low-income households. These types of project highlight the value in governments working collaboratively with community organisations, to increase the uptake of opportunities present within the planning framework.



Food Policy Councils – citizen engagement in shaping food policy

As a final example, the City of Toronto in Canada established the Toronto Food Policy Council (TFPC) in 1991 to advise the city government on matters of food policy. The Food Policy Council model has become increasingly popular in other parts of the world and enables a coordinated and strategic approach to planning for food, including urban agriculture. Through its government sanctioned focus on issues of food policy, the TFPC has been influential in designing ongoing reforms supportive of urban agriculture. This includes enactment of an innovative by-law introduced through the Toronto Municipal Code 2000 in 2009, which sets out construction standards and provides for the permissible development of “green roofs” throughout the city, the first of its kind in North America.

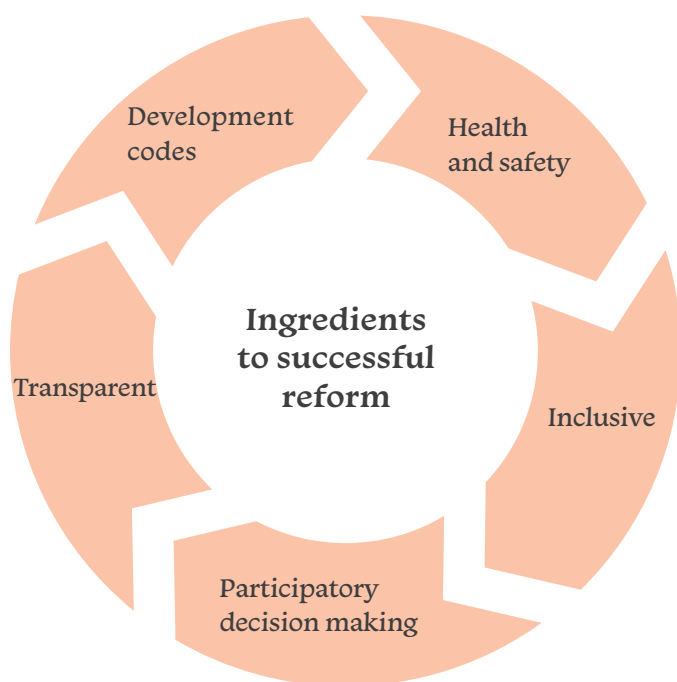
The TFPC has also been instrumental in the development of the GrowTO: An Urban Agriculture Action Plan for Toronto, which was unanimously endorsed by the Toronto City Council in 2012 and provides a platform for developing ongoing regulatory reform. Indeed, through its work the TFPC observes that significant barriers to its development remain, not least unequal access to land and capital, which is generally necessary to establish urban farming enterprises. For this reason integrated approaches to food policy more

generally, such as through the establishment of statutory citizen advisory bodies, are preferable to the introduction of isolated planning reforms.

Urban agriculture in Australia can be facilitated by improved planning laws

Given the diversity of regulatory mechanisms employed in other jurisdictions to promote urban agriculture, there is much to draw inspiration from when considering possibilities for reform of Australia's state and territory-based planning laws. At present, it is far from clear as to whether urban agricultural activities (particularly those at a small-scale) are generally permissible in non-rural land use zones, including residential land-use zones. That being said, there are numerous examples of urban agriculture ventures and city farms in capital cities across Australia – such as the Pocket City Farms and Yerrabingin Indigenous rooftop farm in Sydney. To incentivise the continued uptake of urban agriculture across Australia, planning laws should explicitly permit forms of urban agriculture within a range of urban land use zones. Development codes that establish standards around issues such as height and setback requirements (e.g. for greenhouses and other structures), noise and on-site traffic, chemical use and soil testing (to name but a few) might also serve to minimise potential health, safety, nuisance and animal welfare concerns of farming projects in mixed-use areas.

In developing any such reforms, decision-making must be participatory, inclusive and transparent – and this means that the community – including experienced urban farmers and food policy organisations – must be involved in their design to ensure that regulatory measures are facilitative rather prohibitive to the flourishing of small-scale and localised urban food-based economies. Furthermore, these types of reforms should be supported by the appointment of dedicated staff within government to ensure the proper implementation of new planning measures and identify potential areas for improvement. As with the implementation of the UFG in Vancouver, an initial trial period with pilot projects may also be necessary to identify issues and refine relevant development standards. Lastly, these reforms should be accompanied by appropriate community education initiatives to ensure both uptake by urban farmers and the ability to respond to any community concerns that might arise.



Food security, food justice, food sovereignty - considerations for the new economy movement

Of course, the mere existence of a permissive planning framework for the promotion of urban agriculture (and, indeed, the protection of existing peri-urban agricultural lands) is not sufficient to ensure a robust urban agricultural movement. Moreover, as a new economy movement, we must be conscious of the need for any such reforms to align with the principles of ecological sustainability, social justice, democratic and distributed governance, and place-based economies. This means ensuring that reforms serve a range of interests and that urban agriculture opportunities are not only available for uptake by those with immediate access to land and capital.

Complementary policy measures should provide incentives and support for those on low incomes, for example, to participate in local food economies. Importantly, reforms must also contemplate the matter of Indigenous food sovereignty (as this recent article highlights) and ensure the rightful involvement and leadership of Indigenous Australians in the food system. As Eric Holt-Gimenez has observed, support for food enterprises and food security alone may simply perpetuate a corporate food regime that is incompatible with new economy principles. Instead, we must ensure that planning and associated reforms also serve the broader social and ecological aims of the food justice and food sovereignty movements. The

work of the Australian Food Sovereignty Alliance in supporting the interests of small-scale food producers, serves as an important guiding light in this regard.

Conclusion

With the renewed interest in urban food production, it is an exciting time for the new economy movement to engage in the development of small-scale and localised urban food-based economies both close to and within our cities. One way that the New Economy Network Australia can do this is through collaborative law reform work, with a range of geographic and sectoral hubs working with other NENA members (organisations and individuals alike), to develop innovative ways to bring new economy principles to the forefront of various aspects of law and policy, including our planning frameworks. In doing this, Australia can draw inspiration from similar movements taking place in other parts of the world so that we can create new, home-grown opportunities for feeding our cities.



Lyb Makin

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Overpopulation is Not the Problem

The Misanthropy behind I=PAT

Duncan Wallace

The New Economy Journal has featured a number of articles this year on the “population problem”: Haydn Washington’s “Denying overpopulation is a double tragedy”; Mark Diesendorf’s “An Environmental Science Perspective on Population”; and Kurt Johnson’s “Scott Morrison’s Population Crisis”. All have expressed grave concern about the environmental effects of overpopulation, Haydn Washington calling it “a key driver of unsustainability”. All say it is unfortunate, given the environmental concern, if population is treated as a “taboo issue”, as they say is being done presently. They denigrate the racist discourse sometimes linked with discussions of population constraint; and argue this link gets in the way of rational discussion of the subject.

In the following I’ll argue that we do not have a problem with overpopulation. Advocates of population constraint often insist misanthropy is not what they intend – that they intend the opposite. But I will show that, nevertheless, a type of misanthropy is a central, unarticulated presumption behind their thinking – or at least behind an equation central to their thinking: the identity $I=PAT$. I’ll then show that, as Steven Liaros has said, “it’s not about how many people, but what the people are doing”. I’ll show that we can live sustainably, despite our numbers – perhaps even because of our numbers. I will finish with a short discussion of what we know about demographic transitions and population growth.

The “overpopulation” argument

The basic “overpopulation” argument is the following: Human impact on the environment, it is said, can be assessed using a simple linear equation:

$$I = P \times A \times T$$

Where (I) stands for total human impact; (P) stands for population; (A) stands for affluence (i.e. consumption of goods per person); and (T) stands for technology (i.e. the environmental impact of creating and delivering the goods that are consumed).

Taking this equation as a law of nature, they deduce that if we are to live sustainably on this planet we must address all three factors: reduce population, reduce consumption per person, and reduce the

energy expended on producing and shipping goods.

Population, due to its place on the right-hand side of the equation, becomes a cause of environmental degradation. This is taken as tautologically true (most obviously in Diesendorf and Washington’s articles). We cannot agree with this: perhaps it is true that population is a cause, as they say, but this would need to be shown by evidence, not by deduction. To surmise this from an equation and deem it tautological is illogical. It is like saying the number two causes the number three to become a six in the equation, $2 \times 3 = 6$. The assumption of tautology, in fact, reveals the misanthropic presumption, which I detail in a moment.

This extraordinary oversimplification of the hugely complex interrelationship between people with each other and with their environment, with their multiple and chaotic feedback loops, is strange. It is also somewhat ironic given the complaint, I think shared by all our overpopulation authors, that mainstream economics has become “weighed down with abstruse mathematical modelling, with little relationship to the real world”.

Assumptions behind the “overpopulation” argument

A common objection to the abstruse mathematics of mainstream economics are the unanalysed assumptions behind their models (all people are assumed to be consumption-maximising hedonists, for example). What are the assumptions behind $I=PAT$?

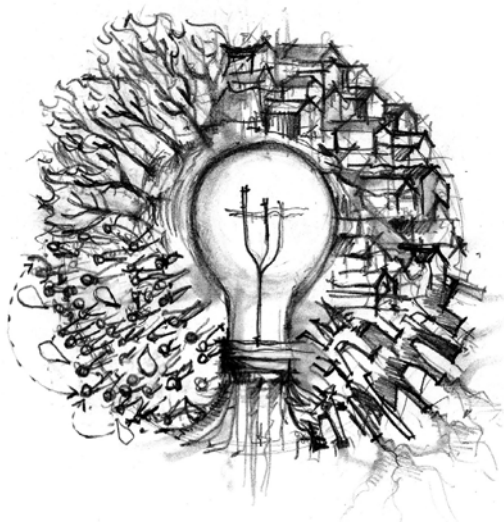
The principal assumption is that human beings are necessarily bad for the environment (unless $T = 0$, in which case humans can be neutral). Is this true? Are humans a necessarily negative planetary force, like a cancer?

First of all, this can’t be true for all natural beings. A tree couldn’t survive without a pre-existing complex ecosystem providing support services. A tree cannot survive on Mars, for example. Life needs other life forms to survive, and so lifeforms are not just takers, but providers. Lifeforms, holistically, have net benefits for other lifeforms. A tree’s existence supports the existence of many other beings, and visa versa; life, in an important sense, is self-reinforcing – a product of mutual relationships producing positive feedback loops allowing life to flourish in increasingly rich forms.

Are human beings different? A species without benefit for any other species? Selfish devourers, never responsible stewards? Is it true, as David Attenborough has said, that “we are a plague on the Earth”? Surely not. If we separate human beings from other life forms, classing them as unnatural or necessarily parasitic, we are in danger of separating the human economy from the natural environment – as our “overpopulation” authors point out mainstream economics does. As they also point out, this is a “fundamental problem”.

If we are to develop a healthy relationship with our environment and other life forms – one which allows us to live sustainably, within ecological limits – we cannot view ourselves as necessarily bad – as pure impact on the left-hand side of the I=PAT equation. We must view ourselves as stewards, living in interdependent relationships, in which our support for ecological flourishing allows us to flourish ourselves. We do not have to be pure impact, like a blow from a hammer; we can be gardeners, working to enrich the world in which we live. We’ll come back to the evidence for this shortly.

I’m tempted to suggest a new equation, which can allow (I) to be a negative value – representing the support services we perform. But I will resist – our ecological thinking ought not to be linear.



Where did I=PAT come from?

The I=PAT equation was developed by environmental scientist Paul Ehrlich and physicist John Holdren. Ehrlich’s book, *The Population Bomb*, published in 1968, has been particularly influential

for “overpopulation” thinkers. Washington notes, for example, that the book “alerted the world to the dangers of exponentially growing population”.

We have observed the implicit misanthropy in the I=PAT identity. Support for this can be found in Ehrlich’s book. Social ecologist (and favoured theorist for the Rojava revolution in northern Syria) Murray Bookchin provides the following account:

“The book still reads like a hurricane on the loose, a maddening blowout of spleen and venom. Beginning with a sketch of human misery in Delhi in which “people” (the word is used sneeringly to open almost every sentence on the first page) are seen as “visiting, arguing, and screaming,” as “thrusting their hands through the taxi windows, begging ... defecating and urinating,” Ehrlich and family seem to swoon with disgust over “people, people, people, people, people”... Thus it was, we are told, that Ehrlich came to know “the feel of overpopulation,” that is, the sense of disgust that pervades the entire work.”

A few paragraphs later, Bookchin goes on:

“The Population Bomb climaxes with a favourable description of what is now known as “the ethics of triage.” Drawn from warfare, as Ehrlich explains, “The idea briefly is this: When casualties crowd a dressing station to the point where all cannot be cared for by the limited medical staff, some decisions must be made on who will be treated. For this purpose the triage system of classification was developed. All incoming casualties are placed in one of three classes. In the first class are those who will die regardless of treatment. In the second are those who will survive regardless of treatment. The third contains those who can be saved only if they are given prompt treatment.”

It is no surprise that this sentiment bred the neo-Malthusian equation, I=PAT.

A scientific response, without the misanthropy

The misanthropy of “overpopulation” thinkers is also seen in their “‘Half Earth’ vision”, where “half the world’s terrestrial surface is protected in conservation reserves”.

This kind of thinking is implicated in not only stark human rights abuses, but also, ironically, in environmental destruction.

The highly impressive advocacy group, Survival International, highlight this. They have an excellent report titled “Parks need peoples: Why evictions of tribal communities from protected areas spell disaster for both people and nature”. They quote a tribal person from India, who says “the jungle is only here because of us”. The report observes that,

“Nearly all protected areas such as national parks or game reserves are, or have been, the ancestral homelands of tribal peoples. Today tribal peoples are being illegally evicted from these homelands in the name of “conservation”. The big conservation organizations are guilty of supporting this. They never speak out against evictions. These evictions can destroy both the lives of tribal peoples and the environment they have shaped and cared for over generations.”

“When these guardians of the land are removed,” the report does on, “their former environment can also suffer, as poaching, over-harvesting and wildfires increase along with tourism and big business.”

Later, they note that “it is no coincidence that 80% of the world’s biodiversity is found on the lands of tribal peoples and that the vast majority of the 200 most biodiverse places on Earth are tribal peoples’ territories. By developing ways to live sustainably on the land they cherish, tribal peoples have often contributed – sometimes over millennia – towards the high diversity of species around them”.

Indeed, if we look at an important movement – the Rights for Nature movement – it has had its biggest wins when it has advocated for the recognition of Indigenous Peoples’ right to speak for their land. It has been less successful, on the other hand, where the “inherent” right of nature to life has been the focus instead.

The reckless, inhumane, and anti-environmental advocacy of a “half earth vision” is another symbol of the inappropriate misanthropy of “overpopulation” thinkers.



We can be gardeners

Let us look a little closer at Survival International’s claim that people can *contribute* to high diversity.

The UN Food & Agriculture Organisation recently released a report titled “*The State of the World’s Biodiversity for Food and Agriculture*”. In it, they discuss Agroecology, which they define as combining “producers’ knowledge, including local and traditional knowledge, with formal scientific knowledge”.

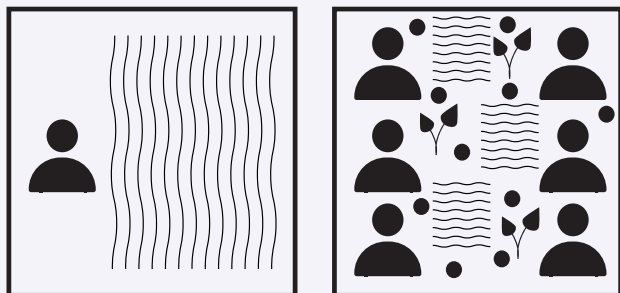
“Distinctive features of the science of agroecology include a focus on ecological communities (rather than individual species populations), complex feedback mechanisms, randomness and hysteresis (non-linearity, irreversibility and discontinuity), and emerging properties and interactions rather than simple aggregations.”

In Agroecology, they say, “diversity is regarded as an asset – a source of synergies and risk-spreading and the basis for ecological interactions that sustain essential ecosystem services.”

What this shows, for our purposes, is that a form of farming is possible whereby we are gardeners – we are not pure impact but provide support services for ecosystems and other life forms. But perhaps this vision – of modern society functioning, as tribal peoples do, as nurturers of the environment, is too far fetched given our population levels?

Not at all, says the UN report. 80% of the world’s food, in value terms, is grown on family farms, which account for perhaps only 12% of total agricultural land. At least a third of these farms use agroecological methods. It is not at all farfetched to suggest

Labour productivity vs land productivity



Monoculture

Biodiversity

agroecology could entirely replace our current farming systems – and do so quickly.

Why aren't we doing this? The reason is that our current food systems are largely based on labour productivity, and not land productivity. This means that even if land productivity is brought way down, so that we need more and more of it to produce the same amount of food, this will be actively encouraged if it means higher labour productivity – i.e. less people involved in production. Charles Eisenstein observes that if “we had 10% of the population engaged in agriculture rather than the current 1%, we could easily feed the country without petrochemicals or pesticides”. Indeed, Eisenstein undersells – we would not just need less fossil fuels, but also need much less land.

As intimated above, we use more than 80% of the world's agricultural land to produce only 20% of the world's food in value terms. This is the real driver of ecological destruction – not population growth. Again, from the UN report: “The driver mentioned by the highest number of countries as having negative effects on regulating and supporting ecosystem services is changes in land and water use and management”, which have occurred in the transition to “intensive production of a reduced number of species, breeds and varieties”. In other words, the key driver is the move away from more productive agroecological practices, to much less productive industrial agriculture. This also destroys rural communities, as reduced need for labour shifts people into urban environments. A recent article from The Guardian, ‘How America's food giants swallowed the family farms’, is an insightful exploration of this trend.

This is all summed up in a critique of environmental vegetarianism provided by journalist Andrea Berger. She rightly observes, “it's not so much about what we farm. It's about how and where”.

“Livestock farming on grasslands that require almost no external inputs and regenerate land shouldn't even be spoken of in the same breath as the beef originating from grain-dependent beef farming: they are chalk-and-cheese scenarios.”

Consistent with this, Bookchin suggests, I think accurately, that much of the correlation between population growth, poverty and environmental degradation “is due to patterns of land ownership”. Let's look at Australia. In 2016 in Queensland, for example, there was “two-thirds the annual rate of deforestation as in the Brazilian Amazon”, causing huge biodiversity loss. It is not coincidental that *The Weekly Times'* 2019 annual report on *Who owns Australia's farms* stated,

“in a world where scale is king, Australia's top landholders certainly aren't holding back in their quest for growth — to the point where the 20 biggest now occupy an area larger than France”.

Incidentally, this doesn't just hold for agricultural property: while Diesendorf, one of our “overpopulation” thinkers, sees immigration as an important cause of unaffordable urban housing, the most important factors are instead property ownership concentration and loose mortgage financing.

So what shall we do about population?

Population needs consideration, but not in the reductive, homogenising way our “overpopulation” authors have done. Population demographics is an important discipline, mapping changes both between generations, and across geographical regions.

Let us look first at intergenerational demography. Haydn Washington suggests that, biologically, we are programmed to produce more and more people: “It is very hard for us to understand in our hearts that now “more” is no longer better”. His answer to the population problem is therefore education – particularly around women's rights.

While I support this, the state of mind from which this is offered is reminiscent of Malthus, who similarly argued that the only way to avoid “sinking the whole community in misery, is the exercise on the part of the poor of prudence in marriage, and of economy both

before and after it". The impropriety of this approach is shown by the Democratic Republic of the Congo (DRC), which, of countries with more than 1% of the global population, has the highest population growth rate at 3.24%. It is "one of the most dangerous places in the world" – the "rape capital of the world" – a country which has faced significant foreign interference from OECD countries, always to its tremendous detriment. The export of its huge resources has always taken precedence, both for foreign governments and companies and for domestic forces, over the welfare of its people.

There is a clue here that education about female empowerment, like Panadol for the flu, is good, but only a way of alleviating a symptom and not addressing the problem – the problem of poverty and exploitation (incidentally, this means we are no longer talking about the "population problem").

What we have witnessed – and are witnessing – is a "demographic transition", called, says Bookchin, quoting Stolnitz (an important demographer), "the most sweeping and best-documented historical trend of modern times". In this transition, "changes from traditional agrarian economies to modern industrial and urbanized ones involve a change from conditions of high fertility and mortality to conditions of low fertility and mortality". The population spurts during this transition due to the mix between high fertility and low mortality, before it settles into low fertility and mortality – as it has done in richer countries. The important questions are how to manage the transition so that it is not unnecessarily prolonged and how to secure the living conditions of people making the transition.

What is happening in the DRC is a long prolongation of the transition due to war. The best means for completing the transition is to advocate for OECD countries to cease creating the conditions for war and to act in solidarity with the Congolese people. As documented by Survival International, we are far from that state of affairs even among major NGOs. In letters to the international community written by six villages in the DRC, they "describe horrific violence and abuse by ecoguards funded and supported" by the World Wildlife Fund.

If we do so – that is, stop creating and contributing to the conditions for war – population will level off quickly. If peace and some prosperity can be attained, then, as Bookchin says,

"...conditions can stabilize and, given a higher quality of life, yield a relatively stable demographic situation. Entirely new factors emerge that may give rise to negative population growth. I refer not only to a desire for small families and more cultivated lifestyles, and concern for the development of the individual child rather than a large number of siblings, but, above all, women's liberation movements and the aspirations of young women to be more than reproductive factories."

This all, of course, has nothing to do with educating out of us an alleged natural impulse to proliferate ourselves.

So that's intergenerational demographics; what about geographical demographics? This is of most relevance to Australia, given Australia's population growth is essentially due only to immigration.

The answer is not obvious. It is clear we could not abolish borders tomorrow – there would be wild population flows across regions of the world, likely leading to at least short-term chaos and destruction. In any case, borders are not always bad – I would not suggest the lands or islands of uncontacted tribes in the Amazon and the Pacific should be open to anyone who pleases to go. There are lots of other examples where some kind of border policy would be legitimate. The question is what kind of borders we should have, not whether to have them.

We can learn from the European Schengen agreement: there, as we know, a number of states have agreed to free movement between borders. But what has made this successful, is that the countries are at a similar economic level, and that prospective member-states of the Schengen area are given a helping hand to prepare for their inclusion in the Schengen area by current member-states. This benefits both parties when new states join: there is not a wild population flow from one state to another. This is what we should be working towards – a more equal global economy, allowing us to relax borders as conditions mean the fear of wild flows is assuaged.

In other words, we should be as open as possible as soon as we can; and the greatest extent of openness will be got through international solidarity and development on the developing country's terms.

An alternative

In an article titled *I'm an environmental journalist, but I never write about overpopulation. Here's why*, David Roberts writes that the two best ways of reducing population growth is female empowerment and greater economic equality. He says that focussing on these issues, rather than on overpopulation (which is fraught), is beneficial because they are "a) goals shared by powerful preexisting coalitions, b) replete with ancillary benefits beyond the environmental, and c) unquestionably righteous."

So why, he asks, focus on overpopulation rather than equality when "the latter gets you all the same advantages with none of the blowback?" Monbiot observes, in agreement, that "there are strong social reasons for helping people to manage their reproduction, but weak environmental reasons, except among wealthier populations." And wealthier populations, who, as we know, have made the demographic transition, are not evidencing population growth in any case.

Conclusion

Environmental degradation is caused by human behaviour, not population numbers. We can change our behaviour, so that we provide ecosystem support services rather than imposing ecological destruction.

As outlined, this is in large part about land use – do we use only a little of it, highly productively, or a lot of it, destructively?

This is the key question for our times.

Overpopulation, on the other hand, is not the problem.

Duncan Wallace

Duncan Wallace is a PhD student at Monash University in Melbourne and NEJ Managing Editor.

East Timorese Farming Co-operatives and Credit Unions

Duncan Wallace



Samantha Bond (Senior Organiser at APHEDA), Elsa Pinto, Lanu de Sousa, Antony McMullen (888 Co-op Causeway)

East Timorese co-ops were the subject of an interesting panel event in Melbourne in late August. Hosted by 888 Causeway Co-operative, the event featured Elsa Pinto and Lanu de Sousa, both East Timorese community developers undertaking masters courses in Melbourne.

Elsa Pinto works with farming communities to reduce East Timorese reliance on imported food, and Lanu de Sousa has helped establish a grass-roots credit union.

Both were motivated to undertake their work following projects they did in rural areas, which exposed them to the reality of poverty for many East Timorese. They perceived the threat of intergenerational poverty and came to the conclusion that collective action at the grass roots level was absolutely necessary.

Economic conditions in East Timor

Elsa Pinto, in her opening comments, noted that the East Timorese economy depends on subsistence farming and that most rural communities do not have access to markets. Neighbours in rural communities can only limitedly purchase goods from one another, and so it is necessary to transport produce to Dili, the East Timorese capital, to access customers. The cost of transporting produce is prohibitive, however.

She said she uncovered a co-operative history in the rural regions. Following the 1975 Indonesian invasion of East Timor, she said, people came together to do collective farming in order to share

and support those on the front lines of the East Timorese independence struggle. Indeed, she said, it was such farming co-operatives which allowed the struggle to be sustained.

But recently, said Pinto, East Timor has become dependent on foreign foods, not only impacting domestic production but leading to poor health outcomes – “we are a poor country but we have rich country diseases”, she said – high blood pressure and heart attacks, for example.

Setting up a credit union



de Sousa

Lanu de Sousa agreed with challenges regarding access. His enclave, he said, is off the mainland and so also faced transportation problems. The community needed to get together to make themselves heard by the central government regarding their development.

That was how the credit union got started. He was organising meetings to discuss how the community could advocate to the government, but found that, without a material reason to attend, people always find other things to do. So he started the savings and loans co-operative. People agreed to join as members, and were motivated to come to periodic meetings to engage in collective management of their funds.

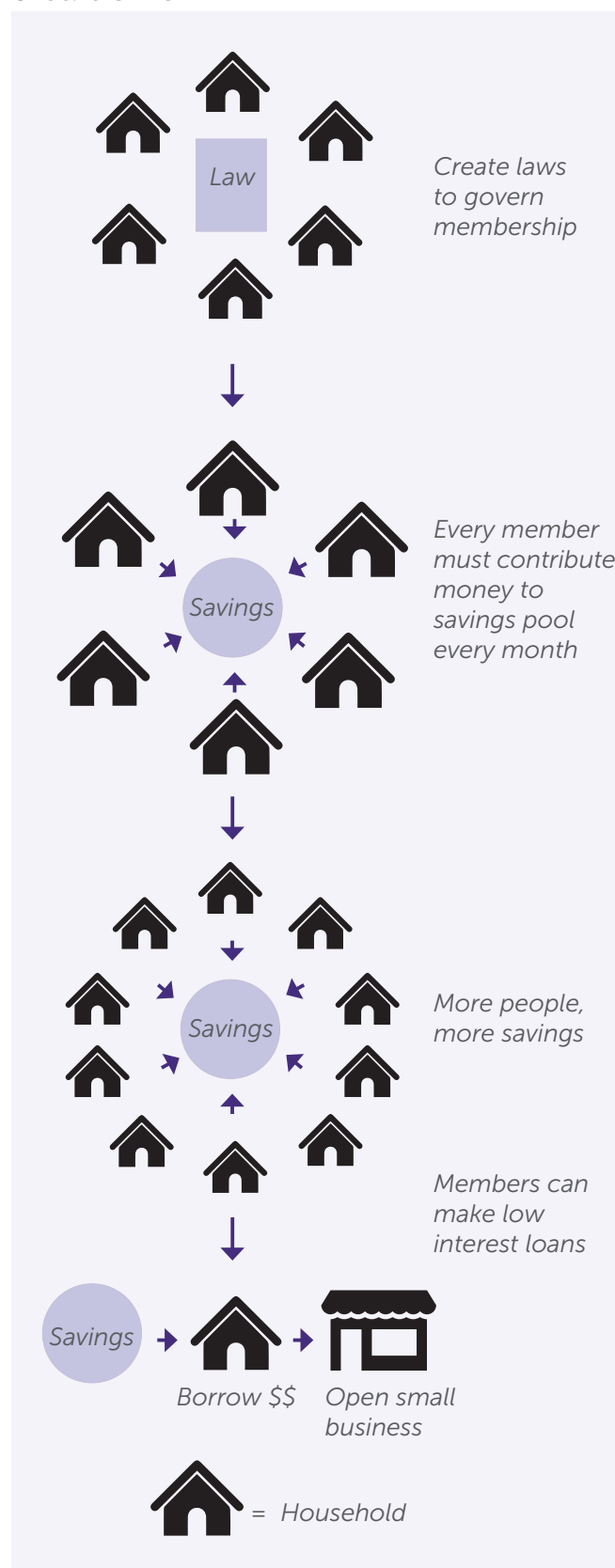
He described how they wrote their own constitution – they wrote what they wanted for themselves, without trying to copy pre-existing models – “and then”, he said, “that becomes our law, our regulation”. The credit union has been going for 4 years, has grown from 15 founding members to over 300 households. He speaks of members not as individuals – but as households. It is very much a family arrangement, he emphasised. The credit union now has over \$400,000 dollars saved, and member-households can loan between \$300-\$11,500 at a time.

He says this has been of great benefit to the community. Under East Timorese traditions, he said, people have a number of duties and obligations which may require money at short notice. He said this often led to people borrowing at high rates of interest and remaining poor. But with the credit union – member-households are obliged to contribute \$10 each month, at least – they are able to access finance when needed and now have also been able to increase their savings, contributing to net increases in household wealth.

People used to dream about opening a small business, buying some land or buying a car, he said, and now, with the low interest loans, they are able to realise them. And this all done with minimal bureaucracy: “One form – you fill it out today you get the money today”.

He believes with the positive change they’ve achieved so far, the organisation will keep going.

Credit Union



A farming co-operative

Elsa Pinto then went into some detail about the farming co-operative she was involved with. It was started in 2016 in a remote area in the eastern part of the island as a multi-stakeholder co-operative, including five customer members (Elsa and some of her friends) and six farmer-members.

The idea was to provide access to markets for the farmers. Transportation links with Dili are poor so transportation costs high and, in any case, farmers didn't have many contacts in the city nor places to stay if they brought their produce there. So they pooled their money for the transportation costs, had it delivered to Elsa and friends, who then sold it on to friends of theirs – instead of rice imported from Vietnam, they were finally getting domestically produced rice.

The project ran for two years and was successful, with more farmers coming on board. The project has had to be suspended, however. The road construction works linking Dili with eastern rural communities meant the rice became covered in dust on its route over. Sometimes when it arrived off the truck they had to ask – “is this even rice!?” So they said, “when the road is ready, we'll do this again”.

The role of women in East Timorese co-operatives



Pinto

Elsa Pinto did some research in 2014 which found that women play an important role in the functioning of co-operatives. This is both in terms of its operation, and in spreading the news – “I'm in a co-operative; this is what happened to me; you should go and join” etc etc. Women are excellent at this kind of gossip,”

said Pinto. “Credit unions especially”, she said, “were also helping women gain confidence and a

voice in household affairs, effecting what is often an imbalance in power between male breadwinner and female household manager”. Women were setting up co-operatives just for women, and one can really tell, says Pinto, the change in confidence from co-op involvement.

Lanu de Sousa agreed. That was why, as he mentioned earlier, their credit union doesn't count individual members but households. Every month the whole family comes to the monthly meeting, children are running around, adults are meeting and gossiping. This, he says, builds solidarity. But also, because they target household participation, they require both partners in a relationship to agree on loan and savings arrangements between themselves. This encourages a process of negotiation between the two, regarding how much to save for school fees, how much to spend on food etc.

Regulation of co-operatives

Robyn Donnelly, academic and former Legal Manager in the NSW Registry of Co-operatives, attended the event and asked an interesting question about government regulation of co-ops.

She said that it was marvellous to hear grassroots organisations starting up in a newly independent nation like East Timor. She loved hearing about how de Sousa's credit union constitution was written and how they are organising themselves completely freely. In Australia, she said, we're overregulated in terms of those sorts of things – starting a credit union in Australia is something you did in the 1950s. Because of all the rules and prudential standards in place she thinks this is unlikely to happen again here. Her question for Pinto and de Sousa was what role they see for the government in supporting co-operatives in East Timor? Was de Sousa, in particular, worried about government intervening with the credit union over the risk of loan defaults?

De Sousa said that “the question scares me”, repeating this a few times. At the moment the government was not intervening, but exactly that question was of concern for the co-operative. They said they were always very conscious of risk – that one cent could potentially bring the whole thing down. They are steadily increasing capital and household-members so they are taking great care.

Similarly Pinto expressed concern about government involvement. There is a secretary of state for co-operatives in East Timor, she said, with laws regulating co-ops. In 2002, in fact, it was included as an economic development sector alongside the public and private sector. From 2015, the government has started to interfere too much though. Government funding, she found, instead of making co-operatives stronger, were killing them. This is why co-operatives have the principles of self-help, independence from government, and democracy. Government funding for co-ops, she found, was badly managed. People found out money was available, would set up pretend-co-operatives, would take the money and then leave. She thinks that government should provide regulation and training, but remarked that she is scared about what the government will do with the \$1.4 million it has earmarked for the co-op sector this year.

A great event

It was fascinating to hear about the development of a new co-operative movement in East Timor. As intimated by Robyn Donnelly, one can only find similar stories from Australia in Gary Lewis' books about the history of Australian co-operatives – the stories of organic community, solidarity, vision and self-help. I do not think the recent history or contemporary situation of East Timorese co-operatives is well-documented other than, perhaps, the coffee-farmer co-operatives. It was therefore a pleasure to get some insight. It will be interesting to see what develops!

Duncan Wallace

Duncan Wallace is a PhD student at Monash University in Melbourne and NEJ Managing Editor.

Australia's Early Co-op Movement, A History: A Review of Gary Lewis' Book *A Middle Way*

Anthony Taylor

The late Gary Lewis' beautifully written history of the NSW co-operative movement, *A Middle Way: Rochdale Co-operatives in New South Wales 1859-1986*, is a must-read for any person or organisation that aspires to build a 'new economy'.

The book introduces readers to the ideals, strategic debates and the historical record of the "Rochdale" and radical co-operative movement in New South Wales. From the 1850s onwards, in the form of (mainly) urban consumer-owned co-op retail stores, the Rochdale co-operative philosophy was introduced to Australia largely from England.

This philosophy had its roots in a group of weavers in the northern English town of Rochdale, who, strongly influenced by the writings of Robert Owen, formed a consumer-owned and controlled retail store in 1844. They agreed to apply the surpluses generated by the store towards patronage dividends, member education, the provision of housing and the formation of (employment-generating) worker-owned manufacturing co-operatives. The aspiration was to lay the basis for a Co-operative Commonwealth of self-governing primary, secondary and tertiary co-operative institutions, democratically controlled from the ground up.

As the Rochdale model spread in England, conservative and radical camps emerged. The conservative "federalists" believed the priority was expanding consumer ownership of the supply chain that ended in the retail store, while the radical "individualists" stuck to the old Rochdale ideal, wanting to see the prompt funding of the development of worker co-operatives. Lewis tracks these fault lines in the leadership of New South Wales Rochdale co-op stores.

The worker co-op option and the labour movement

Chapters 2 and 3 of *A Middle Way* focus on NSW worker co-ops in the 1880s-1900s, and provide an important historical explanation for the contemporary dearth of worker co-operatives in Australia.

It was a period when co-operative ("Modern Socialist"), social democratic ("State Socialist") and

revolutionary ("Marxist") perspectives of social ownership of the economy and how to get there were all vying for influence in the labour movement. Co-operative socialists such as W.G. Spence advocated for a combination of political, union and worker co-operative action to achieve social ownership. Co-operators shared an evolutionary emphasis with the social democrats and a commitment to worker self-emancipation with revolutionary socialists.

As late as 1895, the Australia Workers Union believed "in the vigorous extension of the [co-operative] principle lies the chief hope of the Labour Movement". However, the Labor Party, for pragmatic reasons more than anything else, lost interest in co-ops, focusing instead on gaining political power. The industrial movement also cooled on co-ops as regulatory solutions were found to manage the labour market, reducing the impetus for worker co-operatives (such as Harvester judgment in 1907 which guaranteed wages sufficient for "a human being in a civilised community").

Rochdale co-op stores and the labour movement

The remainder of the text deals with the consumer-owned co-op stores that were established by workers in the Hunter Valley, the Illawarra, Lithgow and Balmain, many forming around the turn of the century. These co-ops would play an important role in supporting workers in industrial disputes but, for Lewis, the potential for partnership with the labour movement was never truly realised.

The Kurri Kurri Co-operative is one example of the important positive role co-ops played in working-class communities. Formed in 1904 in what was still a "makeshift bag and tent town", local organisers, having spent "nine weeks and two days of their spare time talking to workers", eventually raised 161 pounds from 61 members to open a co-operative store. By 1910, the co-op had 1146 members and a turnover above £50,000. The co-op was of great importance to the local workers, for example supporting a local miners strike in 1922 by providing £20,000 in credit.

Rochdale co-ops such as the well-known Newcastle and Suburban Co-operative Society, formed the NSW Co-operative Wholesale Society in 1912 (NSW CWS).

Unfortunately the conservative leadership of the CWS, following the example of its English namesake, would thwart the individualist's desire to empower women and see the movement invest in the development of worker co-ops. Instead, what transpired was an "orthodox" focus on expanding the wholesale consumer co-op.

Lewis weaves in excellent portraits of co-operative leaders of all persuasions to illustrate these ideological cleavages which wracked the co-operative movement. One of Lewis' heroes from the individualist camp – fighting the entrenched conservatism of the leadership of the CWS and seeking to have the movement live up to its principles – is Margaret Jones.

Jones was, according to Lewis, "a brave campaigner, a socialist who described the co-operative movement as a women's movement because it was predominantly [women] who exercised consumer power in co-operative stores and were well represented on counter staff." She appealed to women to "promote a co-operative approach at all levels", which she believed was necessary to "overthrow capital". Ultimately, "socialism, co-operation, communism, they are all the same", said Jones.

Jones would play an important role in forming the Women's Co-op Guilds from the early 1920s, which became one of the largest women's movements in New South Wales. Incidentally, despite their importance, the Guilds have received relatively little attention from historians apart from Lewis.

The conservative leadership nevertheless won the day. Its position that links with unions and the development of worker co-ops were second order tasks manifested in the ambivalent approach taken to labour disputes and the continual quashing of calls for worker co-ops. A different approach on both fronts may have increased the role of co-ops in relation to the labour movement.

The memory of various worker co-op failures and

labour disputes within co-ops certainly did not make the task easy. For example, in an industrial dispute at Wallsend and Plattsburgh Co-operative in the 1920s, members were forced into taking the board to the Newcastle Industrial Court for failing to pay an employee sick leave. The NSW CWS refused to intervene in the dispute, despite the requests of the members. Such incidents, and the failure of leadership in the co-operative movement, were not forgotten by the labour movement.

The promotion of worker co-ops was always over the horizon for conservatives. In the 1940s a fresh wave of idealist calls for investment in co-operative education, partnerships with the nascent credit union movement (a form of financial co-operative) and support for

the development of worker co-operatives (including from unionist and Communist Edgar Ross) were met with the response that the CWS would not listen to "newcomers who have recently discovered co-operation".

The urban consumer co-op movement was basically extinct by 1981 when the Newcastle Regional Co-operative (the new name of the abovementioned Newcastle and Suburban Co-op) was wound up, the co-op having refused offers of assistance from local credit unions and building societies.

Ending sombrely, the book is a lesson for the new

economy movement to be ambitious. The co-operative movement is once again picking up around the world, and the chance to put this lesson into practice is presenting itself.

Co-operative Democracy, Education and Finance: A Celebration of Dr. Gary Lewis, a conference about Gary Lewis' work, will be held in Sydney on the 1st of November. Registration is still open.

Anthony Taylor

Anthony Taylor is a lawyer who works in the co-operative sector, based in Sydney.



Regenerating Organised Labour Starts by Expelling John Setka

C.D. Williams



There are few things more on-brand for a Liberal politician than attacking organised labour. John Howard virtually made it an art form, prohibiting unions from staging secondary boycotts through the Trade Practices Act, throwing government support behind Patrick Stevedores in its paradigm-shifting clash with the Maritime Union of Australia circa 1998, and eventually spearheading one of the most sweeping anti-worker statutes in the Western world in WorkChoices, which was only partially wound back by the Rudd/Gillard governments.

His successors Tony Abbott, Malcolm Turnbull and Scott Morrison, whilst lacking the ideological zeitgeist characteristic of the Howard era, have taken a similarly antagonistic approach to worker rights since the Coalition seized back power in 2013. Both the Registered Organisations Commission and the Australian Building and Construction Commission, set up in 2016, were established for the predominant purpose of undermining the militant construction unions, and have since been used -- with questionable efficacy -- as vehicles to undermine the Coalition's political opponents.

Enter the Ensuring Integrity Bill, a piece of legislation which died in 2017's Senate only to be resuscitated in the wake of the Coalition's shock 2019 re-election.

If passed, the bill would create legal infrastructures geared towards the disqualification of union officials, the deregistration of unions and the vetoing of union mergers. Many of the provisions have no counterparts in corporations legislation,

and the range of persons who can initiate action under the statute -- for example for an order disqualifying a person from holding office -- are amorphous in scope.

Christian Porter cited the ongoing John Setka saga as a catalyst for the bill's reintroduction into Parliament. Setka, the Victorian state secretary of the Construction, Forestry, Mining, Maritime and Energy Union, was accused of denigrating domestic violence campaigner Rosie Batty behind closed doors in June, and later that month pled guilty to harassing his wife Emma Walters via text message and breaching a family violence court order. Since then, individuals and groups on the left side of politics have implored, encouraged and demanded his resignation from the CFMEU, leading to a prolonged and ugly showdown between the powerbrokers in the Australian labour movement.

Due to how Setka has conducted himself in the public eye in recent months, it seems likely the proposed amendments will become law later this year. His steadfast refusal to acknowledge the seriousness of his behaviour towards his spouse -- described as "nasty" and "misogynistic" by the Magistrate who sentenced him -- and the message it sends for him to retain his position at the helm of one of Australia's most influential and well-resourced unions, has been one thing; the thuggish way he has attempted to pressure members of the Senate crossbench to vote against the legislation has been something else all-together.

Even as calls for his resignation reach fever pitch within the ACTU, the ALP and seemingly his own union, Setka has continued to dig in his heels, entering a death spiral of denial, deflection and reactionary attacks. Rather than do the right thing and tender his resignation, depriving the Coalition and its backers of oxygen and forcing the government to defend the bill on its (non-existent) merits, he has remained front and centre, allowing the vote to be reconfigured as a referendum on him.

Whereas until now Setka has been a net positive for the union movement -- he is a charismatic and effective advocate on behalf of his members, a legendary campaigner and a principled critic of "yellow unions" like the Shop Distributors Alliance -- his ego and instinct for self-preservation have made him a tool of the Coalition and the right-wing commentariat, who are harnessing the

public's repudiation of his character as a clarion call to assault the legitimacy of unions more broadly. Further, Setka's refusal to stand down, even temporarily, accentuates divisions within progressive coalitions, who rightly see action on gendered violence as fundamentally non-negotiable. He is besmirching organised labour to the uninitiated and dividing the left side of politics.

Which is devastating, because outside of the Ensuring Integrity Bill the Coalition's industrial relations agenda is astonishingly sparse. Whilst the government is currently conducting a review into Australia's workplace laws, it brought no new legislation into the 2019 election and backbenchers question whether Porter has the experience or will to institute the sweeping changes that employer groups are calling for.

The opportunity to make it to the next election in 2022 without large-scale industrial change, is on the table. The time is now to give the movement time for self-reflection and re-mobilisation, to help ACTU leaders Michelle O'Neil and Sally McManus consolidate their authority, to let the ALP figure out what kind of opposition they want to be.

John Setka is standing in the way of that, and if this bill passes, it will be on his head.

C.D. Williams

C.D. Williams is a writer and union member.

International Co-operative Alliance to Hold Conference in Newcastle, in December

Duncan Wallace



For the first time, the International Co-operative Alliance Asia-Pacific Research Conference will be held in Australia.

The University of Newcastle will play host – fitting given not just its important place in the history of the Australian consumer movement, but because it's one of the leading research and teaching institutions in Australia regarding co-operatives. For instance, the Newcastle Business School currently offers Australia's only post-graduate degree in Co-operative Management and Organisation.

The central theme for the 14th ICA CCR Asia-Pacific Research Conference is the contribution that co-operation and knowledge sharing among co-operatives and mutuals in the Asia-Pacific region can make towards a flourishing and sustainable future.

Keynote speakers at the conference include Melina Morrison, CEO of the Business Council of Co-operatives and Mutuals; and Greg Patmore, Emeritus Professor of Business and Labour History, University of Sydney.

Both are eminent in the co-operative movement in Australia and delegates will be looking forward to their talks. Patmore's talk, in particular, which will provide an update on the Visual Atlas of Australian

Co-operative History, is keenly anticipated. The Atlas is a visual data tool being carefully populated with data from the history of Australian co-operatives from the 1820s to the present and is still under development, though Patmore is known to share glimpses of it from time to time.

The day before the conference a workshop for Young Scholars/RHD scholars has been organised. Young scholars will have the opportunity to present their research in a friendly environment and be provided constructive feedback and support from senior academics researchers in the field.

The conference will occur from the 12th to 14th December, 2019.

Duncan Wallace

Duncan Wallace is a PhD student at Monash University in Melbourne and NEJ Managing Editor.

Life plays with our attention

A Poem

Tessa Wallace

Life plays with our attention. She's more creative than we could ever be.

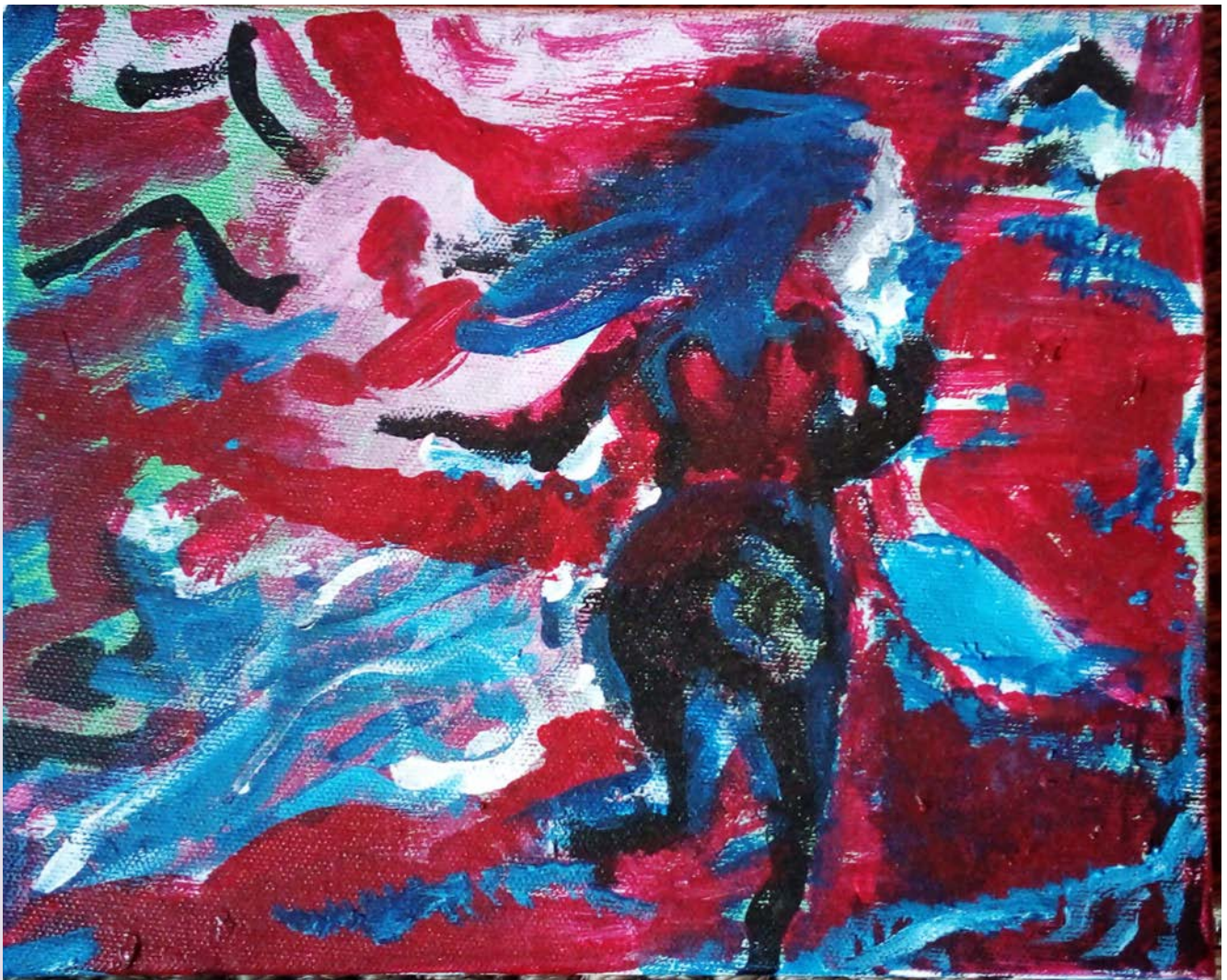
She knows what to do, she notices everything and she whispers it to us!

She's the witch. She likes it when we listen. She is whole as she is, she is you and him and them!

Sometimes she hides, makes you scramble round in the dark without her. She's cheeky that way.

She is perfect and you are perfect.

I love you!



She by Tessa Wallace

Tessa Wallace

Tessa Wallace writes intuitive style poetry as a way of relaxing and expressing.

Building a New Economy in the Face of the Climate Emergency: Update from the NENA Coordinating Hub

Dr Michelle Maloney

This morning my 11-year-old daughter and her friends have finished their placards and are ready to march in the global Climate Change Strike, here in Brisbane. As I watch their earnest little faces concentrate on the colouring in, my heart hurts. I can barely imagine the future these amazing young girls face. The weight of anxiety, fear, frustration – and in the darker times, sheer terror – that weighs upon me every day, is growing deeper and sharper today. I'll be marching with thousands of children, and grown-ups, who know modern societies must change. But it will throw into sharp relief, the fact that our governments – who hold in their control some of the most promising tools for rapid collective action – refuse to act.

In late 2015, when Professor Bronwen Morgan and I started planning the 2016 conference that would catalyse the creation of the New Economy Network Australia (NENA), climate change and the ecological crisis were at the forefront of our thinking. Decades and decades of critique and analysis from a broad range of thinkers, writers and activists, has demonstrated that capitalism and neoliberalism – built on the foundations of imperialism and colonialism – are enabling humanity's insatiable consumption and destruction of the living world, and building economic systems that are socially unjust. Bronwen and I were inspired by the fact that while governments around the world were failing to act, civil society institutions and movements were leading the way to building economic systems that can halt our current path of environmental suicide and build a new path into a sustainable future.

After two and half years of network building, working groups and fabulous conferences, in February this year NENA was incorporated as a non-distributing (not for profit) co-operative. As a growing network of networks, individuals and organisations, with a growing number of geographic and sectoral hubs and co-hosted events and projects, NENA is showing great promise. Our hope is that NENA becomes a strong platform from which people can find each other, share stories of challenges and success, engage in sharing and peer-to-peer learning – and build shared strategies to create a new economic system.

So while I march today with the girls – and thousands of other children like them – I'll cling to my optimism that people power can push our governments to take the economic, political and systemic action that we need. And in the meantime, I'll continue to work to help build NENA, so that civil society can continue to transform Australia's economic system so that achieving ecological health and social justice are the foundational principles and primary objectives of our society and economic system.



Dr Michelle Maloney

Dr Michelle Maloney is a NENA co-founder and Director, and the National Convenor of the Australian Earth Laws Alliance.

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