

Local Embedded Sustainability versus Corporate Sustainability

Two emerging and conflicting views.

A talk by Warren Snow to ESR Auckland on 18 September 2003.

We need to ask the question, what is Sustainability? At present it's hard to answer, but more and more people are trying to define it and find ways to get there. But there are dangers as organisations that most benefit from the status quo begin to colonise the sustainability movement and use it to justify and protect their unsustainable activities. .

After closing his sign and display company in the mid seventies, Warren went to live in a small community in the far north in an attempt to live very naturally and simply and lower his impact. He thought we could change the world by simply lowering our impact. He learned a lot in doing this, cutting wood and building his own house, growing his own food and collecting his own water. But he could see that this disengagement with society was itself not sustainable, because the unsustainable system we have all collectively created over the last few hundred years was still gathering pace. He decided that to make a difference it was important to engage with and work within the system.

When he arrived in the small northern community of Kaitaia, there were very few unemployed, with the community largely in control of its economic processes. In the mid 1980s this control was slowly lost with the closing down or privatisation of government departments, outside companies buying up local business (and in some cases closing them down), local forestry being sold to a Japanese company for a ridiculous few dollars per tree, big retailers coming into the main street, and closing down of the local dairy company. Local government restructuring closed the Kaitaia Borough Council and the Mangonui County Council and replaced by a new super-authority located in Kaikohe 50 miles away

The changes hit Kaitaia hard and brought a rise in unemployment and the growth of "unemployment accessories", such as the TAB moving from a small back street shop to a sparkling new building on the main street, a big new Social Welfare Department building, new video stores, two brand new pubs. Some people made redundant from government departments such as Telecom, put their money into small businesses they had no idea how to run, and ended up going broke.

While most small communities around NZ suffered similarly, Warren was shocked by the Government's of the day throwing money at any local project which might ameliorate the problems of unemployment, crime and gangs, all spiralling out of control in small communities. Community groups with no experience were taking on government contracts to run all sorts of activities and training courses. Young people would walk down the street with a folder of courses they had been on in say carpentry, mechanical, horticulture, "Be Your Own boss, computer skills etc, but still without a job. Responses from the government were badly targeted or irrelevant and reinforced rather than arrested the decline.

Warren and his friends decided to set up a business and environment centre which would be owned by the community. Within two years this organisation Community Business and Environment Centre (CBEC) was turning over more than \$1 million per annum, providing full or part time employment for over 90 people each year. They set up a small forestry

company and nursery, a garden centre, recycling programme for Kaitia and the surrounding area and contracting labour pool for roading, and other contracts. Some of the work was only marginally profitable, needing say 5% from Government to top it up and make it work. But it was very hard to convince government officials that by putting in a small contribution of around 5% of costs, they would help solve some of the employment problems in the region that were otherwise costing them 100% through various social organisations and welfare payments. CBEC was an attempt to create local resistance to outside forces that were depleting the community's resources and spirit – an example of embedded sustainability.

Warren then returned to Auckland where he took a one-year job with Auckland City to help establish their kerbside recycling scheme and a project to reduce demolition waste.

He later met Stephen Tindall who was at the time setting up his new foundation (The Tindall Foundation) and suggested that rather than just throw more money at social problems he should invest in community enterprises that would be largely self funding and would employ local people to undertake the jobs which need to be done in the community. He was asked to set up the foundation which he then headed for the next few years.

At the Tindall Foundation, Warren's idea was to fund networks that knew their own constituents, and they then re-granted the money to various initiatives. He found that when this happened the networks were far harder on making sure the money was used appropriately than he could ever be.

Warren also tried to work on the sustainability of the business model of The Warehouse and was delighted when Stephen enthusiastically supported his ideas. Eventually though he found that The Warehouse was reluctant to do anything that affected the core business model which was and is completely unsustainable.

In the end he left The Tindall foundation because he believed that the source of the funds, The Warehouse was causing far more damage than he could ever repair in the communities he was working in and did not want the work of good people fighting for their communities to be used to validate an organisation that was actually causing many of the problems they were attempting to solve.

Warren believes that a lot of wealthy people who may be efficient at making money, are often very inefficient at giving it away – and can cause more problems in their philanthropic endeavours than they actually fix. He gave the example a Black American community leader who had shown, that in Washington the people that one of the social organisations claimed to be helping (and received enormous amounts of money to do so), had not even heard of this organisation.

Warren talked about the dangers of the loss of community and small locally owned businesses. To own a small business in previous generations or own a home was much easier than it is today. The modern market economy has taken the bottom rungs off the economic ladder so there is a need create viable community businesses which will involve local people in low technology areas such as recycling forestry, habitat protection and energy efficiency.

The avoided social and environmental costs from getting unemployed people back to work in these areas can be very significant. Some councils are beginning to recognise this and pay diversion credits for material recovered or recycled which is reducing their waste costs and

creating employment and business opportunities within their community. It is the same with projects involving energy saving. By providing training and funding for house insulation and insulating hot water cylinders it was found that not only did it create real skills and jobs for local people and cheaper energy costs but also community asthma rates declined. And it has been proven that crime and other negative social indicators are reduced when people have meaningful work. These mutually supporting factors of improvement for a community can reverse the previous decline and the need for such a massive government social welfare system. It is important to recognise that even when the 'market' cannot create more jobs, there are still a whole lot of jobs that need to be done in a community. By providing small targeted incentives it is possible to make these jobs pay, increase local pride and wealth and enable local people to participate in their community.

Warren is not sure that large corporations can ever be sustainable because they tend to be predicated on the whole notion of endless growth – something unheard of in nature which imposes natural growth limits of all organisms or systems. Growth beyond a certain size is only possible at the expense of other organisms of the wider community. He has come to the view that large corporations, by virtue of their size are inherently irresponsible and as such their claims of social or environmental responsibility are almost always PR Spin.

There are now more experts, more seminars, more conferences, more well funded organisations and experts and more sustainability concepts such as the ecological foot print, social accountability, triple bottom line reporting etc and yet we have never been driven away from sustainability so fast before. All natural systems are in decline and the Ecosystem could soon go into irretrievable collapse as a result of human activities, yet the industrial system is going into overdrive and for some reason the movement for change is making little headway.

Where are our change leaders? Unfortunately, many are nicely tucked away in corporations writing sustainability and social accountability reports. While these are often good and well meaning people, they are actually helping to perpetuate an unsustainable out of control industrial system. It's as though the market is so successful that it is able to colonise sustainability. It can buy anything – even the well intentioned believers - and then it neutralises them.

For example at a recent seminar for a large company, Warren found that only a handful out of twenty people had read the company's well touted environmental policy – not to say that it meant anything much to them. Therefore the stated culture of the company was not driving daily actions at all. Another company, British Nuclear Fuels had one of the best social accountability reports he had seen, but they are propagating nuclear power! You can make anything socially accountable or environmentally responsible as long as the core activity of the business is not questioned – it must be protected at all costs.

“The Natural Step”, (TNS) training is a wonderful sustainability educational tool that has been adopted by many large global corporations. But unless companies are deeply committed to change, it may do more harm than good. One European electronic company where every staff member has done TNS training, were recently exposed as one of the worst electronic junk companies in Europe. IKEA in the UK is a model of adopting TNS, but recently wanted to build a 300,000sq ft store in a community which would take away the livelihoods of many small businesses. It was so unsustainable that the deputy PM intervened on behalf of the community to reverse the local council's zoning approval. Although concepts such as TNS

are now widely known in business, they are only bringing about superficial change and at worse being used as a tool to deflect genuine criticism.

Triple bottom line reports are written in glowing terms. While a company's core business may be causing destruction of rainforest or mining in a sensitive habitat, environmental accounting might focus on the plastic cups that have been removed from the cafeteria, staff required to reduce their driving miles by 2.5% and paper that has been recycled at head office. They have all the right words about community responsibility, listening to communities, and show how the company is giving money to local groups for environmental protection. Reports like this sell the company to eager shareholders, but meanwhile the company hasn't taken account of the real effect of their operations on communities or the environment.

One writer tried to isolate what it was that spurred this sudden growth in waste and consumption. He put it down to the massive production capacity that was created for the Second World War. When peace came, factory owners turned to producing goods for the people. Before the war, goods were made to last, but in America in particular, to sell more goods they brought in the idea of planned obsolescence – planned death dates. There were different ways of achieving this such as using a fashion colour which changes, or a key component which does not last. A huge marketing industry promoted planned obsolescence in order to take maximum advantage of the new productive capacity and technological progress.

There is no longer a battle between capitalism and communism, but a battle between two worldviews, corporate globalism versus participative localism. Their views of sustainability are like chalk and cheese. Local people around the world are trying to regain control of local resources such as water, energy and waste outputs, while large corporations are coming in offering quick fix, simple solutions for water, energy, retail, etc., which are often bought into by naïve local politicians. The corporate model is replacing local more sustainable models and local resources are being rapidly transferred to distant shareholders who have little interest or even knowledge of the community from which their returns are derived. Corporate globalisation uses green-speak and green-wash as a front, while they strip-mine the assets of the earth - the commons and pass the profits on to shareholders who have no interest in the communities from which the assets are stripped

Regarding waste, Warren sees two philosophies. One based on “management” says that we must accept waste and build a big landfill or a big incineration plant. The other, zero or no waste, based on “elimination” says there is a basket of technologies right from appropriate design to industrial ecology and cleaner production and recycling, public education, and social change mechanisms. The idea of zero or no waste involves the whole supply chain so everyone performs their function in eliminating rather than managing waste. For every job which is lost in waste management, another 20 will be created in other areas to utilise the materials.

Warren explained how we have concentrated till now on the “plus economy,” where stuff is made transported, sold and consumed with little thought as to what happens when we are done with it. To redesign the way materials flow through society, so that we have no waste, we must build the “minus economy”. The minus economy will use similar logistics and supply chain management concepts (reverse retailing, logistics and manufacturing and appropriate design) to those that get materials into society to ensure that all discarded

materials and products are integrated productively back into the economy or harmlessly into nature.

The “Herald” recently quoted \$6 billion worth of unused appliances in UK kitchens. People go out these days and buy things for entertainment. They clean them out every so often and go and get some more! A landfill operator commented that there would always be a need for landfills while people go to The Warehouse - just buy stuff and throw it away. Blind crass consumerism.

What then is sustainability? Maybe it’s a dynamic interflow between energy flows, material flows and financial flows, in such a way that protects and builds rather than exploits local natural assets. When these dynamic interflows are controlled distantly by big companies who have only shareholders interests at heart, they deplete natural assets. This comes back to the whole idea of limits. If a corporation gets too big it becomes inherently irresponsible. It may have good people running it, but it is just too big and therefore clumsy and dangerous.

If there were system principles for sustainability what would they be? Some ideas:

1 The diversity principle - Diversity lends stability. For example in mono crops there is more chance of failure.

2 The proximity principle -The closer you are to a problem the more likely you are to solve it. In natural systems the maximum number of transactions happen within the proximity of that ecosystem. There is very little international trade between natural ecosystems. The further you go away, the less the trade. There is a little, such as the flights of godwits to Siberia but in natural systems huge amounts of materials are not transported long distances.

3. The Subsidiarity principal - Nature makes sure that the highest level of decision-making happens at the lowest possible level. This results in distributed intelligence. In most corporations the intelligence is located at the top, and the further down the chain you are the less you know about decision making.

4. Self refreshing principle - A natural sustainable community is self refreshing, economically, socially and environmentally. This doesn’t mean to say that it doesn’t trade with it’s neighbours or rely on outside capital - but it does so in balance with it’s needs and not those of some monolithic corporation based in New York, Tokyo or London.

Sustainability has been hijacked. Global-corporate sustainability with all the gloss is conning people and taking them down a totally unsustainable path. The sustainable world will be built up by sustainable communities, not by self serving corporations, fronted by their seconded sustainability experts.

What can we do to move toward sustainability? One thing is to claim back the idea of globalisation. We want a world of global thinking local economies that abide by agreed sustainability system conditions. We need to shorten and slow down supply chains - put friction back into them for local benefit. In nature a frictionless supply chain will wash out, it scours out communities – a flood for example. Water flowing through forests and swamps causes benefits all the way down the natural supply chain. But our supply chains are wrecking rather than replenishing communities. Massive factories in other countries where people are treated badly make our goods. Huge container ships deliver the goods only calling at three or

four ports, we buy them from massive big box stores that wipe out the local landscape and at the end it all goes to great big landfills. That is the industrial system which we have, and all the way down, people are simply treated as inputs. This is a frictionless supply chain and the more frictionless it becomes the more we strip out human creativity, human innovation, human interaction, so more profit can be made for various shareholders whoever they are.

We need to redesign the supply chain, buy things made closer to where we live, holiday closer to where we live, buy less, reduce the food miles from plough to table – the proximity and diversity principles. We must challenge this dangerous system, and above all challenge the solutions that have appeared to solve the problems.

Warren thinks sustainability is not a long journey as some of the corporates would have us believe. It is a hard journey. Corporates say they want sustainability, but they promote a system which wrecks the environment and communities and then call it sustainable. Local or embedded sustainability is the antidote to the corporate version of sustainability and it has a massive groundswell of ordinary people who understand it instinctively and who are determined to save their communities and the natural systems that they rely on