

# Addressing the Systemic Challenge at the Heart of Escalating Inequality and Environmental Destruction

---

## Ted Howard Presentation to the Environmental Fundors Network

Cambridge, England  
February 2018

I want to begin by thanking the conference organizers for extending an invitation to address you during your important annual deliberations.

I come before you today not as an expert on environmental matters, but as someone who has devoted his professional life to social justice concerns, in particular addressing economic and social inequality in the United States and in the Global South.

While much good work has been done on the inequality issue, the very bitter truth is that despite our best efforts, inequality is growing dramatically in nations around the world, including here in the United Kingdom and in most of Europe.

To cite just two figures: in the United States, just 400 people own as much wealth as the bottom 204 million people.<sup>1</sup> Globally, just 8 billionaires own as much wealth as 50% of the entire population of our planet.<sup>2</sup> And this negative trend—representing a medieval concentration of wealth and power that is deeply problematic for democratic culture—is escalating.

While I am not an expert on environmental issues, it appears to me that very large order negative trends are similarly impacting your field.



Like most, perhaps all, of you, I remember the landmark 1972 study “The Limits to Growth” by Donella and Dennis Meadows, Jorgen Randers, and William Behrens. I was blessed in the 1980s to work closely with Donella Meadows on the issue of the persistence of hunger, and to call her friend before her untimely death. “The Limits to Growth” study showed that if we continued along the same path we were on over four decades ago we would eventually reach a breaking point: what the authors called environmental overshoot. Knowing what we knew back then, and despite the important victories won over the years, it’s astonishing to see that we are very much still on the same path projected in the study despite all the efforts since to get on a different track.<sup>3</sup>

Simply by way of example:

- Today, soil depletion has destroyed one-third of all arable land, which means we have only sixty harvests left.
- Natural resources are being consumed at around 1.5 times the Earth’s ability to regenerate them.
- We’ve already lost nearly two-thirds of all vertebrates since 1970—the sixth mass extinction.<sup>4</sup> And even the most progressive and far-reaching climate agreement (the Paris Agreement), in the unlikely event that we adhere to it, puts us on course to a three to four degree increase in temperature, instead of limiting the increase to below two degrees, the clear and agreed-upon threshold to keep us within a climate safety zone.

I do not intend to dwell on this difficult news, but simply to indicate that there are very large order trends taking place that are negative and that are escalating. Rather, I would like to focus the remainder of my remarks on the question of “Why?” Why are these trends seemingly impervious to our ability to alter within the context of the work we do? And how might we create a new approach that addresses the root cause of these trends—be it escalating inequality or environmental degradation and destruction?

## Systemic crisis

Let me be clear: I recognize that everyone in this room is doing extraordinary work, has devoted your lives to this cause, and are making some real difference—but in the main the difference is being made at the margin. The inconvenient truth is that we face a problem beyond politics and reform, beyond good projects and initiatives and campaigns—**ours is a systemic crisis at the very heart of our 21<sup>st</sup> century political-economy.**

One of my colleagues is James Gustave Speth—an esteemed environmentalist who founded leading U.S. organizations such as the World Resources Institute and the Natural Resources Defense Council, and who served as chairman of the U.S. Council on Environmental Quality and as the administrator of the United Nations Development Programme. As Gus Speth has said “We have won many victories, but we are losing the planet.”<sup>5</sup>

In my view, whether we are working on inequality or the environment, our activities, even when successful, essentially amount to slowing bad things from happening as fast as they might without our efforts—we are trying to hold back the tide, at least for a bit, as best we can. But at the end of the day a tsunami is coming and it threatens to overwhelm all of the good work we have done. Deep in our hearts we know that somehow while what we are doing is absolutely necessary, it is also woefully insufficient, because the longer term negative trends continue unabated.

## The limits of traditional strategies

When long, long trends get steadily worse (or get no better), year in and year out, it is clear that something more profound, something systemic is at play.

As the ecological rift widens, we must recognize that core features of the current system—unrestrained growth, measuring our success by the growth of GDP, ever greater concentrations of wealth and power, a commitment to short-term and even negative results to maximize the corporate bottom-line—are simply incompatible with a sustainable, just, and equitable future. We are trying to go up the down escalator, which is moving faster and faster against us.

We will never be able to go far enough, or fast enough, doing the right things on climate—or equality—without addressing the defining features of our political economic system, which continuously work against equitable, sustainable solutions.

This conclusion—that we must address the nature, design, and implications of the system—by which I mean extreme forms of corporate capitalism, may sound radical to some. But in fact it was the very conclusion reached by much of the environmental movement of the 1960s and early '70s, when many of the leading environmental thinkers and practitioners of the period concluded that deep economic and societal transformation was needed if we were to succeed in saving our planet. Gross Domestic Product and the national income accounts were challenged for their failure to tell us things that really matter.

The overall point of these early environmentalists was that we should strike at the root causes of environmental decline. They saw that doing so would require us to seek fundamental changes in our prevailing system of political economy—to proceed down the path of system change. In other words, they believed that the problem was the system itself. They realized that what was needed was to step outside the system to change it before it is too late.

The good news is that the two major systemic problems I am addressing today—economic and environmental—are two sides of the same coin. To solve one, we must solve the other. And there are ways that hold promise for solving both at the same time.

The starting point, I believe, resides in our communities. A community that is not economically secure cannot be ecologically sustainable. It is very difficult for communities to deal effectively with ecological issues if they are overwhelmed with issues related to economic instability.

When a community is at the mercy of the investment decisions made by corporations concerned primarily with their bottom line and maximizing shareholder value—and at the mercy of government decisions that are unduly influenced by corporate power—that community can neither be certain of its economic future nor self-confident enough to undertake aggressive local sustainability initiatives.

There are many examples of this in practice. The evidence suggests that economic stability is good for environmental legislation: it tends to reduce the fear of job loss that may come with regulation. Conversely, the same fear—as we are experiencing in our own day—keeps those negative trends moving in the wrong direction when the economy falters. One analysis shows that only six major environmental laws were enacted since 1970 in the United States when annual unemployment was over 7 percent, and none at all with unemployment greater than 7.7 percent.<sup>6</sup>

As studies have found over and over again, at the end of the day economically successful regions and localities have stronger and more effective environmental regulations and outcomes.

Furthermore, for a community to sustain its environmental gains it also needs to be economically sustainable. Economic stability is not only important to get us where we need to go, but also to keep us there.

Lack of economic stability will eventually lead to rollbacks despite years of our hard work and progress achieved.

Negative political feedback loops can come and throw all the progress away, as we have seen with the elec-

tion of Donald Trump—who in less than one year in office has been able to undo decades of environmental gains in the United States,<sup>7</sup> not to speak of withdrawing the world’s largest economy and polluter from the Paris Agreement.

## What to do with a broken system

So let us talk about the system question and how to address it.

My view is that we have entered what is best understood as an unusual form of systemic crisis, not simply a political crisis. Which is to say that the large system of our form of corporate capitalism is in trouble, not simply its political system. Long, long trends of growing inequality, of ecological destruction—trends that do not bend in more than token ways to the politics of reform—these define problems that have their origins much deeper in the political-economic design of the system itself. These trends—including climate change—are not aberrations. They are logical outcomes of the nature, values, and construction of our system.

System change is essential because our environmental problems are rooted in defining features of our current political economy. Again, to quote my colleague Gus Speth:

“An unquestioning society-wide commitment to economic growth at virtually any cost; [...] powerful corporate interests whose overriding objective is to generate profit and grow, including profit from avoiding the social and environmental costs they create; markets that systematically fail to recognize these costs unless corrected by government; government that is subservient to corporate interests and the growth imperative; rampant consumerism spurred endlessly by sophisticated advertising; social injustice and economic

insecurity so vast that they paralyze action and empower often false claims that needed measures would cost jobs and hurt the economy; economic activity now so large in scale that its impacts alter the fundamental biophysical operations of the planet—all these combine to deliver an ever-growing economy that is undermining the ability of the planet to sustain human and natural communities.”<sup>8</sup>

It’s clearly time for something different—a new kind of environmentalism. And here is the core of this new environmentalism: it seeks a new economy. It seeks to escape from the system just described and move to a next system.

When you live within a system, it looks like it will never fundamentally change—that we can tinker around the margins but not really change the heart of the system. It has been said that it is easier to envision the end of life on our planet than it is to envision the end of capitalism.

And yet systems change. I imagine that during almost 3,000 years of Pharaoh’s Egypt, people thought life would always be dominated by pharaohs and priests, with slaves building Pyramids. And now that system is in the British Museum. The same is true with Medieval Europe—who could envision a system beyond the nobility, the church, and serfdom?

What holds a system in place, often, is a failure of imagination that things can fundamentally change, and that there are real, viable alternatives for organizing a **new** or a **next** system.

**What holds a system in place, often, is a failure of imagination that things can fundamentally change, and that there are real, viable alternatives for organizing a new or a next system.**

In our own day, can we envision bringing forth a new system in our countries and world that, as a matter of the daily functioning of the system, produces greater equality and more rational environmental outcomes? Imagine that! We take for granted that our current system produces enormous negative outcomes. Can we imagine a system that does quite the opposite—regularly produces better environmental outcomes, produces more equality—just as part of the natural functioning of the system?

How do we establish the basis of something far more transformative beyond our current system and situation?

## The laboratories of democracy

How might it be possible to move forward, especially in difficult political times, to lay foundations for a transformation in the direction of a serious new systemic answer? Part of the answer—part—lies in on-the-ground experimentation and model building that embraces the design and principles of a new systemic alternative. There is precedent for this.

As the Great Depression took hold in the United States in 1929 and the early 30s, the levels of pain across the country grew. But the ideology of the then Federal government was that the government should do nothing to address the growing depression—the market would correct itself. And so in community after community, people began to address their problems themselves. Historians call this period in the life of the United States, the “Laboratories of Democracy” ... when new approaches were devised that could eventually be lifted up and scaled when there is a new political opening.

America’s primary social safety net—the Social Security system—began in Alaska and California communities as people grappled with their challenges. When

the politics changed nationally, when the Roosevelt-Administration came into power, these small models were lifted up into a comprehensive national system of support for older Americans.

In Britain, when health minister Aneurin Bevan launched the NHS in 1948, he drew as inspiration from the Tredegar Medical Aid Society, a community-based model in South Wales that began in 1890. This small Welsh experiment was scaled up into one of the great health systems in the world.

As former Labour leader Neil Kinnock later wrote “as he [Bevan] testified, the experience of a local working model that embodied all the principles of universal donation during fitness for universal provision during illness was invaluable. It made the rapid establishment of a national system feasible because that task was then more a matter of refinement and enlargement rather than one of raw invention.”<sup>9</sup>

What are some models and ideas that start to point to the outlines of a next system approach in our own time? And that might have the opportunity to move toward much larger scale over time?

First, a few examples from the United States:

**Boulder, CO:** local residents and city officials have embarked upon a long and ambitious project to replace the existing giant for-profit electrical utility that produces much of its energy from coal with a democratically accountable, publicly-owned utility to speed up the green transition. Rather than try to impose regulations on the corporate utility, the community has decided to own its own green power source for energy. This reinforces democratic control, will produce wealth in the community as money is not siphoned off to outside investors, and will improve environmental conditions.

**Cleveland, OH:** the Evergreen Cooperatives, a linked network currently consisting of three worker-owned businesses located in severely disinvested neighborhoods, that focuses on providing green and sustainable goods

and services to local “anchor institutions” like hospitals and universities. This is beginning to bear fruit for roughly 140 local workers—many with serious barriers to employment—who are building their capital accounts in addition to receiving living wages, profit-sharing, and good benefits. Evergreen anticipates that it will double the number of its employee owners in 2018.

Each of the three cooperatives was purposefully designed to be green—from the decision to use some of the most efficient laundry machines to operating out of LEED certified and energy efficient buildings to focusing one business line on solar panel installation and lighting retrofits, to producing millions of heads of leafy greens locally, thus eliminating 1,500 miles of carbon based transportation—the localization of the services have in itself a great direct impact in reducing transportation emissions as services are no longer coming from out of state or even out of the country, but rather a few miles away from where they are needed.

These initiatives are not only happening in traditional Blue, democratic states across the Atlantic. Red states, very conservative areas of America, Trump voting areas, are also leading the way with initiatives such as:

**Greensburg, KS** several years ago was leveled by a tornado. In rebuilding after the devastation, this community in America’s heartland became—in a deep red state, under a Republican mayor—one of the greenest towns in the country when the government acted as partner and catalyst to rebuild the town.

Similarly, in the heart of coal country, **Kentuckians for the Commonwealth** organized for participatory economic planning around a post-coal future in Appalachia, fighting for the Clean Power Plan when it was blocked at the state level. Citizen action creating a more sustainable and economically viable future.<sup>10</sup>

Next system models that build equality and produce better environmental outcomes are also growing in the United Kingdom.

**Preston, England:** Another opportunity is currently taking place in NW England in the city of Preston. You may have read about what is being called the “Preston Model” in *The Guardian*.<sup>11</sup> The Preston Model is being built in the de-industrialized area of England, an area that expressed itself against the status quo through Brexit—I believe every single district of Lancashire voted to leave the EU.

When a large retail investment that was going to be made in Preston fell through in 2011, local city councilors embarked upon a bold system changing plan to rebuild the Preston economy. This has included:

- Enlisting local anchor institutions—UCLAN, the city government, the local police authority and more—to refocus their supply chain to buy locally: repatriated 70 million pounds; 1,648 jobs supported
- Development of a public bank to get out from under the power of the five large banks
- Cooperative businesses being incubated by the university to put people to work
- Fairer Power Red Rose, a public energy supplier
- \$100 million pounds of pension funds locally invested
- and much more

This is more than a project. It is a system changing approach to taking control of their own future and to build community wealth for the many, not just the few.

## Scaling up solutions

These are examples of how people and groups and local governments can come together to take control of their communities’ futures and plant the seeds of change through innovative initiatives that provide inspirational models of how things might work in a new political economy devoted to sustaining human and natural communities.

Beyond these very place-based, on-the-ground “laboratories of democracy” models that are being put in place today, and can be scaled up to help build the next system—we also need to work on bigger order things, bold new proposals that can intervene in the current system. Here are two examples of what we in The Democracy Collaborative are doing:

**Quantitative Easing for The Planet:** More than any-thing else, due to the climate emergency we need to buy time. At a science conference ahead of the December Paris meetings in 2015, the dean of climate science, Joachim Schellnhuber argued that “In order to stay below 2C (3.6F) [the internationally agreed limit for global warming], or even 3C, we need to have something really disruptive, which I would call an induced implosion of the carbon economy over the next 20 to 30 years. Otherwise we have no chance of avoiding dangerous, perhaps disastrous, climate change.”<sup>12</sup>

In that spirit—creating something truly disruptive of the carbon economy—a year ago my colleagues at The Democracy Collaborative proposed a unique and important idea that if rightfully implemented can, at once, keep the vast majority of US fossil fuels in the ground—an essential step to limit temperature increases to a safe level—and remove the opposing interests of energy industry against the 3<sup>rd</sup> energy revolution. The idea, which we refer to as “Quantitative Easing for the Planet”, proposes a Federal Reserve-financed \$1 trillion buyout of the US fossil fuel industry using QE (not tax dollars) on the model of the rescue of the banks and of past crisis interventions, nationalizations, and buyouts, which have been common in US history. In effect, buy out the fossil fuel industry and strand the reserves of carbon in the form of coal, gasoline, etc. in the ground.<sup>13</sup>

**2 Degree Lending:** But buying time is just one of several steps needed. We also need to move capital away from fossil fuels and into building the array of institutions so green initiatives can reach the critical mass and allow us to break through on climate and other issues.

To do so, we recently launched the 2 Degree Lending project. Through this project we aim to help create the “green” financial ecosystem at scale that is required to quickly close the climate finance gap. The idea here is to promote an unprecedented shift on how bank lending—the world’s largest source of finance—and investment decisions are made. Initiatives include promoting the creation of a new International Climate Bank on the model of the UK’s Green Investment Bank and also to create an accelerator to help advanced cities and metropolitan regions get over the line in creating new banking institutions locally, including public and community banks, that can finance the transition to a climate-positive local and regional economy.

## The role of philanthropy

These are just some approaches and models and innovations that begin to rise to the level of systemic interventions. I’m sure you all have other examples. But the point is to move beyond tinkering at the margins to address head on the nature of the systemic crisis we face, and build the alternatives **now** that can move to scale over time.

Let me conclude with some brief thoughts about your role in all of this—the role of philanthropy. I have been on both sides of the equation. As CEO of an NGO that is largely grant-funded, I interact with funders in the U.S., Canada, the UK, and continental Europe to raise money for my organization. I have also served as a Senior Fellow with the Cleveland Foundation, the oldest community foundation in the United States, and I have advised numerous foundations on strategies to foster systemic change of the kind I have been speaking about with you.

The role of philanthropy in helping to catalyze deep systemic change is key: We are only going to be able to reboot our vision and strategies to make breakthrough changes in the current trends if philanthropy is ready to invest in meaningful, bold, systemic action. This means moving beyond projects—what I call “project-it is”—to promote serious systemic disruption.

