

# PEOPLES' SUSTAINABILITY TREATY ON Sustainable Economies

*(Draft 2 for comments – Please send comments by May 20, 2012)*

## 1. PREAMBLE

The world is in search of an alternative economic system, one that can address the conflicts inherent in the prevalent corporate-capitalist economy: immense wealth for a fortunate few and crippling destitution for far too many, amazing technological prowess on the one hand and a compromised planet on the other. The much-needed transition to a new economic system envisions profound transformations in the fundamental values and organizing principles of society; new values and development paradigms that emphasize quality of life and material sufficiency for all, human solidarity and global equity, and affinity with nature and ecological sustainability.

At the root of the flaws in the current economic model lies an implicit, dominant theory of single-minded economic purpose: namely to achieve continuous economic growth, as measured principally by GDP, by relying on “free markets” without strong enough instruments to deal with their negative impact on human and ecological well being. The current discourse on Green Economy runs the risk of being little more than an effort to green-wash the existing “brown” economy. It is imperative that this be avoided! The ancillary goals of poverty alleviation and sustainable development should instead be brought front and centre, and the notion of a “green economy” should be recast into a robust mechanism for attaining those actual ends.

The purpose of an economic system is to organize human activities in ways that support healthy and resilient human communities and ecosystems for both present and future generations. To achieve this purpose, deep system-wide change to existing economic institutions is urgently needed to reverse conditions typical of contemporary global, regional, national and local economies that are unsustainable, unfair, unstable, and undemocratic.

### **Not Just a Single Economy! Sustainable Economies!**

The world comprises many economies, at many levels—not just the global economy, or the national economy, but a plethora of regional and local economies as well. Any alternative economic system should promote all these economies, and not just the capitalistic-corporate monolith. A green economy that focuses on a singular growth-driven, high technology, free-market, Intellectual Property Rights-dominated system, is no green economy at all.

What is needed is a vision of a networked system of decentralized, community based, sustainable economies in a diversity of settings, which stands on a foundation of integrity, accountability and equitable distribution. Such a nested system of sustainable economies should be connecting economies across the world. The core idea is that all these economies are made sustainable, not just a drive to maintain a singular monopolistic and dominant global economy.

### **Equity and respect for planetary limits as the Foundations of a System of Sustainable Economies**

The foundation for a system of sustainable economies must rest firmly on an equity-based world order. The fundamental objective of the system must be the promotion of wellbeing for all within the limits set by our Planet. Building upon the ideas of Sustainable Consumption and Production, we need a system that moves beyond the notion of mere economic efficiency to the broader objective of economic sufficiency, based on social, environmental and economic integrity. Such a system would transcend the notion of a growth-based trickle-down economy, to one that seeks to alleviate poverty by implementing policies that more directly break the poverty-trap to assure the redistribution of wealth on a more equitable basis.

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## **Changing How We Measure and Manage the World's Diverse Economies**

The time has come to transcend growth-based metrics such as the Gross Domestic Product (GDP), and move toward a more sophisticated set of indicators that more realistically take account of genuine progress towards human wellbeing and restoration of natural capital. This will allow us to transition to a planetary system of resource and wealth management, one that better nurtures the global commons. What we need is a system of economic control that is sophisticated enough to allow the implementation of ideas such as Contraction and Convergence—in which nations across the board commit themselves to addressing and dismantling the acutely increasing levels of disparity and deprivation, while the richer nations contract their consumption in a manner that allows all nations to converge toward a more equitable future state of development.

At the same time, we need to move toward a system of economics that takes better account of externalities, such that the prices of goods and services begin to accurately reflect their actual and true costs to society.

## **2. PRINCIPLES**

A Planetary System of Sustainable Economies, networked across spatial and temporal scales, and interconnected in a way that enhances representation and collaboration, must be respectful of the ecosphere within which it is embedded, resilient in its abilities to absorb shocks by virtue of its anchoring in localism, committed to equity and to fairness and structured in such a way as to minimize the incidence of distortive externalities.

### **1: The Earth Integrity and Planetary Boundaries Principle**

The Earth, her natural communities and ecosystems, possess the inalienable right to exist, regenerate, flourish and evolve, and to continue the vital cycles, structures, processes and functions that sustain all beings. We each have a duty to protect her integrity. Indeed, our own wellbeing depends upon it.

The Planetary Boundaries Principle clearly establishes that human development is dependent on intact ecosystems and that development pathways need to acknowledge that there are limits to economic growth. Sustainable economic systems must respect such limits and governments need to set clear long-term targets to maintain a safe and equitable operating space for the entire planetary system.

### **2: The Resilience-by-Localization Principle**

The Resilience-by-Localization Principle emphasises that diversity and diversification are preconditions for sustainability and quality of life. A System of Sustainable Economies enhances resilience by supporting a model of many green economies, each relevant to some different cultural, social and environmental contexts. Such a system builds economic, social and environmental resilience, in part, by promoting long-term decision making above the short term, by regulating the finance sector and by constraining speculation, and by consciously building safety nets in the form of local, self-reliant economies. A diversity of organisational models and governance levels needs to be cultivated, along with diversified economic activity that minimizes commodity dependence.

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A System of Sustainable Economies must ensure that the public, private and non-profit sectors all work together to support the nurturing of diverse regional and local economies. It must work to build local skills and capacities, while giving respect to indigenous local knowledge and while promoting the diffusion of “best practice” thinking across the various domains of knowledge.

### **3: The Equity, Dignity and Justice Principle**

A System of Sustainable Economies must deliver equity, dignity and justice, both within and across countries, and within and across generations.

The Equity Principle mandates that such a system respect human rights and cultural diversity, while promoting equality based on gender, class, ethnicity and age. It must support the right of all people to a sufficient level of development, by respecting indigenous peoples rights to lands, territories and resources.

Poverty eradication and a more equitable distribution of wealth should be the main priority of governance and measured in those terms. It must create genuine prosperity and wellbeing for all by transforming traditional jobs and actively helping build capacity and skills and developing new, decent green jobs.

The Dignity Principle upholds that every human being, now and in the future, has the right and the opportunity to build a robust livelihood. It delivers a just transition by providing universal access to health, education, water, sanitation, food, energy and other essential services, while respecting the rights of workers and trade unions. It supports sustainable, diverse economies and local livelihoods.

The Justice Principle upholds fair sharing of all benefits and burdens within and across nations. This includes the use of natural resources, access to goods and services, and the responsibility to avoid and compensate for damages. Under such a system, all institutions, corporations and decision-makers need to be subject to equal standards of accountability and personal responsibility for their decisions.

### **4: The Inclusive Governance Principle**

The Inclusive Governance Principle states that subsidiary democracy must be upheld and revitalised in accordance with the principle of prior informed consent, giving opportunities to youth, women, poor and low skilled workers, indigenous peoples and local communities.

Structural transformation should be driven by appropriate public investments that guarantee benefit sharing based on transparent and participatory negotiations that include all affected people.

Operating entirely in an accountable and transparent manner, a System of Sustainable Economies would work to manage markets in a manner that keeps the benefit of all in mind. It must foster diverse cultural values as it builds societal awareness and informed participation by diffusing education and skills development amongst all citizens, thus empowering them to promote full and effective participation at all levels, from global to local.

### **5: Beyond-GDP and the Precautionary Principle**

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The Beyond-GDP Principle recognises the inherent limits and distorting effects of using GDP as an exclusive or even a primary measure of progress and welfare. Policy goals and monitoring need to be guided by integrated measures of environmental, social, human and economic wellbeing, while taking into account diverse interpretations of human welfare.

The Precautionary Principle should be applied to ensure that new products and technologies do not have destructive or unexpected effects on environmental, social, or human wellbeing. The 'burden of proof' lies with the developer or initiator and problem shifting needs to be avoided.

## **6: Sufficiency, and the Polluter-Pays Principle**

Efficiency must be promoted to minimise waste and maximise productivity in the production processes leading towards sustainable production. Efficiency alone, however, does not ensure equitable access to resources and does not prevent over-exploitation of the resources.

While efficiency is important in a transition towards a system of sustainable consumption and production, sufficiency needs to be the broader goal.

The Sufficiency Principle can guide nations and communities towards self-reliance and contentment in their wellbeing. A System of Sustainable Economies would deliver on the promise of the Sustainable Consumption and Production Model, while decoupling production and consumption from negative social and environmental impact.

Such a system must implement the Polluter Pays Principle as well, while at the same time moving toward a system of prices that internalize externalities. It must ensure that market prices reflect to true societal and environmental costs of goods and services, incorporating social and environmental externalities

## **7: The Internalizing Externalities Principle**

A key flaw in the currently dominant corporate-capitalistic system is that true costs and market prices too often do not match up. Many of the costs of economic activity are not included in the market price of those activities. The more we can work toward internalizing externalities, the closer we come to a "true cost" accounting, and the closer we come to an authentic free-market system—one in which supply and demand can actually work to adjust prices in a way that reflects the true state of the world.

## **8: The Restitution of Natural Capital and Human Capital Principle**

At the start of the Industrial Revolution, Man-made Capital was scarce, and Natural and Human Capital was abundant. This was when the world was less dominated by human technology and infrastructure and abundant with local cultures and nature. Today we live in a much fuller world where Man-made Capital is abundant, while Natural and Human Capital is relatively more constrained. We need to move in such a way that we begin to systematically invest Man-made Capital toward the restitution of Natural and Human Capital.

## **3. COMMITMENTS**

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We urge that **Governments** make clear commitments to:

1. Keep Equity front and centre in economic decision-making.
2. Move beyond GDP to a more holistic suite of indicators.
3. Retract all fossil fuel subsidies and other subsidies that harm the environment, distort markets and create barriers to sustainable development. Where needed, and particularly in developing countries, safeguards must be established to protect vulnerable sectors of society. And as harmful subsidies are reformed, support should be focused on transitioning to clean, renewable energy technologies, as well as green industries and technologies, especially those in their infancy.
4. Take serious global action to promote sustainable consumption and production.
5. Set up systems for decentralised planning of sustainable infrastructure.
6. Focus on Green Jobs and Decent Work, while phasing out “brown” jobs.
7. Give priority to Small and Medium-sized Enterprises in national planning.
8. Establish a global framework for corporate accountability.
9. Establish a Planetary Global Commons Management System that regulates the use of natural resources, waste and wealth.
10. Implement the Contraction and Convergence model of growth, in which all countries shift their ecological footprint to sustainable levels. This implies that the richer countries shrink their ecological footprint, while developing nations stabilize theirs on a per capita basis, until all countries converge to an equitable footprint that is suitable for One Planet Living.

We urge that **Business and Industry** make clear commitments to:

1. Phase out unsustainable consumption and production practices.
2. Give priority to establishing green jobs and decent work.
3. Ensure full reporting on environmental and social issues.

We urge that **Civil Society Organizations** make clear commitments to:

1. Identify living examples of sustainable economies, create linkages across them to share experiences and increase learning, and campaign for removing political and economic barriers and creating enabling conditions for sustainable economies.
2. Work with knowledge institutions to develop coherent proposals for indicator systems capturing social and environmental wellbeing, and campaign to get governments to replace the GDP tyranny with these indicator systems.
3. Develop a shared understanding of harmful subsidies that is non-neo-liberal and that incorporates the perspective of necessary safeguards for the poor and for environmental protection, and campaign for removal of harmful subsidies on this basis.
4. Campaign for a global system of corporate accountability.
5. Work closely with communities to strengthen their indigenous sustainable economies and to move toward improving wellbeing and prosperity for all.

## 4. ACTION PLAN

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The following actions are proposed to further the principles stated above and to engage civil society and people across the world towards transforming the current global economic model and creating sustainable economies.

## **Short Term (2012-2015)**

- **Action 1: Formulating a Blueprint for Sustainable Economies**  
The transition to sustainable economies will require a blueprint that governments, organizations and communities can work with. Such a blueprint is currently missing and is critically important to formulate one. Such a blueprint will only serve the diverse communities some guidelines that they can adopt according to their local conditions and needs. A forum groups from all continents will be convened under the banner of the Peoples' Sustainability Treaty on Sustainable Economies to dialogue this concept and to evolve a global think tank / working committee will be established within by the end of 2012. The work will then be conducted during next two years (2013 & 2014) and the draft blueprint will be distributed to worldwide audiences for response. A final blueprint will be presented at the Millennium Summit in 2015.
- **Action #2: Getting Beyond GDP**  
Convene a set of round-tables or working groups to better express and explain the limits of simplistic economic measures such as GDP, which do not take account of either human or ecological well-being.
- **Action #3: Toward Contraction & Convergence**  
Convene a set of round-tables or working groups to understand and explain the applications of the Contraction and Convergence model proposed originally by the Global Commons Institute, and explore the implications of this model for an equitable and sustainable set of economies.

## **Medium Term (2016-2025)**

- **Action #1: Implementing Program for the Transition to Sustainable Economies**  
The Blueprint for Sustainable Economies will be used to induce a series of national to local sustainable economies transition plans. These will serve as operation level programs to commence pilot activities. The network built for the blueprint will serve as focal points to initiate action across the world.
- **Action #2: Implementing A Strategy to Deploy the Genuine Progress Indicator World-wide**  
Work toward the deployment of some indicator such as the Genuine Progress Indicator (GPI), for every nation and for all regions. Once such indicators are made public, then we can move toward a world in which strictly economic measures are seen to be clearly insufficient for the assessment of human and ecological well-being.
- **Action #3: Implementing A Contraction & Convergence Model**  
Support the implementation of this model at the global level, and track its deployment across regions and over time.

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## Long Term (post 2026)

- Action #1
- Action #2
- Action #3

## SIGNATORIES

We, civil society organizations, pledge to honour the agreed principles, commitments and action plans:

(Note: the following persons below were members of the Sustainable Economies Treaty Circle preparing this draft)

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