

THE PERMACULTURE OF PENSIONS



Housing cluster at Findhorn. Photo: Maddy Harland

Jonathan Dawson takes a creative look at pensions and how we could revolutionise community investment for the good of ourselves and the planet.

I can think of no area in which the orthodox wisdom as expounded by today's political classes is at greater odds with the behaviour of most people I know as in the area of pensions. As the proportion of those in income-earning work falls to all-time lows, the need for greater savings to see us through old age is taken as axiomatic. The only question on the political agenda is how is this to be achieved. It is now a legal obligation in some European countries for working citizens to set aside savings for old age. Across the industrialised world, pension provision defines one of the critical battle lines between the state on the one side and trade unions and civil society groups on the other.

Yet, within that segment of society that I inhabit, many have never had pensions and a good number of those that have (myself included) are currently seeking to cash them in. So, what is happening? How to explain this divergence of perspectives and behaviours?

My own exploration into the true nature of the 'security' we seek in old age and whether pensions truly provide the

best way to deliver it began several years ago. In quick order, I came to three striking discoveries. The first was that whatever type of security it is we are looking for, it is not to be found in the stock market where the bulk (over 70%) of UK pension funds are invested. Millions of people saw the value of their private investments eroded as the value of the stock market fell by 43% in the three years up to 2003: UK pension funds fell in value by £250 billion in 2002 alone.

My second insight was that many, if not most, of the goods and services that people need in their old age would best be provided for not by way of cash transactions, but through the healthy working of functioning communities. It is only the habit of loneliness and isolation that makes people today believe that care, company and well-being are best provided by the market.

My final insight was that the way in which pension funds currently operate makes the realisation of true security all but impossible. This is because the £530 billion per year invested by UK pension fund managers in the stock market

helps fuel an economic system that undermines community vitality and devours its own resource base while increasing volatility and vulnerability to shock at every level of the system. This fuels a vicious circle whose crazed workings provide its own demented logic: community dislocation means people feel the need to invest in pension funds that drive a system one of whose impacts is to further weaken community fabric.

So, stock market financing permits the opening of more out-of-town supermarkets, resulting in the gutting of small, local shops from the town centre, a drop in local incomes and employment, a flight of youth to the cities and, eventually, the need for higher investment in pensions to pay for services that neither family nor the dislocated community are any longer able or willing to provide.

ANOTHER BUBBLE?

Nor is there much evidence that things are about to get better any time soon. The stock market is a giant bubble with nothing but the hot air of investor confidence keeping it

afloat. The collateral of today's investment is the eternal belief in tomorrow's expansion. But Peak Oil is with us and costs associated with climate change are spiralling upwards. When we dare to look unflinchingly into the future (something that very few in the media and in mainstream politics have yet found the courage to do), we see the myth of eternal growth laid bare. But, in a system where most money is created



through interest-bearing loans, without the collateral of future growth, the system folds.

The response of most people I know is to withdraw whatever savings they have from the pension fund scam and to seek to invest in different, more resilient and useful forms of capital. These tend to fall into two broad categories: social capital, in the form of service to one's community, and physical capital, in the form of productive land or buildings. Nonetheless, as just about anyone associated with sustainable community initiatives will attest, money for such projects still tends to be very thin on the ground. Stock markets have recovered over the last couple of years, creating the happy illusion that the crisis of the early years of this century was no more than a blip. And few have dared to deeply explore just how vulnerable these investments are.

AN INGENIOUS PROPOSAL

So, what can be done to move towards a system that promotes real security for those past working age while building on and protecting true wealth: our ecosystems and communities? A recent New Economics Foundation discussion paper, 'People's Pensions: New Thinking for the 21st Century' sets out a daring and imaginative proposal. It recommends the creation of 'People's Pension Funds'

that would be used to build community-level infrastructure projects – schools, hospitals, community centres and so on. Each such Fund would be linked to a government department, a local authority, other statutory bodies such as an NHS Trust or an education authority or a non-profit body undertaking public works. People would have a choice between which bodies they would invest in and would be able to specify which types of project they wanted their funds to support. Pension 'dividends' would be paid from rental income on the facilities built.

This is an ingenious proposal whose impact would be to mobilise substantial financing for socially desirable infrastructure projects, promote community ownership of its own resources and base the security of those of a pensionable age on real community assets. However, realistically, it is unlikely to come into law any time soon. Politics just does not move that quickly.

I do, however, wonder whether citizens' groups might not use the model proposed to introduce similar schemes unilaterally at a community level. Let me provide a specific example. The ecovillage where I live, Findhorn in the north of Scotland, is currently seeking investment for several infrastructure projects. These include a new state-of-the-art



Wind turbine at Findhorn. Photo: Maddy Harland

sustainability training centre (around £1.5 million), three new wind turbines to complement our existing one (£0.5 million) and an on-going programme to replace ageing caravans and bungalows with high-quality ecological housing. In addition, over the next several years, we will be building around 50 new residential houses. All of these facilities will provide revenue streams that could be used to repay dividends to investors over time.

Findhorn is just one of a large number of ecovillages across the world seeking to create real and tangible wealth in the form of seed banks, renewable energy facilities, community-supported organic agriculture box schemes, sustainability training centres, buildings with high levels of insulation, biological waste water treatment systems and so on. A lack of financing is a perennial obstacle, yet such projects, provided they are well-designed and managed, offer much more secure and life-enhancing investments than just about anything on offer on the world's stock markets.

It is possible that larger ecovillages such as Findhorn could establish their own 'Ecovillage Pension Funds', though the global ecovillage network as a whole might

be better served through the creation of one global fund for investment in ecovillage projects. Moreover, there may need to be a greater number of investment opportunities over a longer time period than any one ecovillage could provide to make the scheme viable.

Nor might it be necessary to change the way we currently operate. Here at Findhorn, for example, we have already created an industrial provident society, Ekopia, that raises financing by share issues for investment in community initiatives. This mechanism has so far permitted a community buy-out of our grocery store, the building of some eco-housing and investment in the community windfarm.

What would be new would be to link the question of investment in ecovillage infrastructure with the pensions issue. That is, by way of a planned awareness-raising programme to demonstrate that conventional pensions are neither secure nor life-serving, it may be possible to persuade friendly investors to divert some of their financial assets towards ecovillage projects.

The only real security we can have is in restoring our degraded ecosystems, keeping alive the place-specific skills that we will need as the energy famine deepens and reweaving the fabric of our tattered communities. This is precisely what ecovillages across the world are seeking to do. The task that lies before us now is to find a mechanism that links up those wishing to save for a secure and happy future with those who are in the process of creating it 🌱

Jonathan Dawson is the Executive Secretary of GEN-Europe (the Global Ecovillage Network). He has spent the last 15 years working as a consultant, project manager, author and educator in the field of appropriate technology and small enterprise promotion in Africa. Now living at Findhorn, Jonathan is exploring how ecovillages in the global North can develop small-scale economies appropriate technologies to tread more lightly (and with greater fun and creativity) on the earth.



Houses at Findhorn. Photo: Maddy Harland