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**Financial institutions with local roots and a mutual ethos wouldn't be a bad start as we think through sustainable development in the wake of the credit crunch, says Martin Stott**

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# blowin' in the wind



It is not often that I am moved by a television advertisement. But the Co-operative advert using the Bob Dylan 'Blowin' in the wind' soundtrack – which was launched in February using the entire advertisement break in *Coronation Street* – did. Like a lot of people, I have been profoundly shaken by the scale and impact of the financial crisis that has overtaken us in the past six months or so. The way it has unravelled and its sheer speed have been quite frightening. As Martin Jacques put it in his article 'The New Depression'<sup>1</sup>, 'This is the mother of all postwar crises, which has barely started and remains out of control. Its end – the timing and complexion – is unknown.'

That much is clearly true – as is the fact that, as he puts it, the political and business elite are now 'flying blind'. However, the likelihood of this happening one day was high, and so it should hardly have been a surprise, certainly not to anyone who has argued for a society based on the principles of sustainable development. That what we have experienced has been the most egregious form of unsustainable development imaginable has been apparent for some time – and for the bankers quizzed by the Treasury Select Committee to describe this as 'an unexpected turn of events' is quite mind-boggling.

The Bernie Madoffs and Sir Allen Stanfords of this world have regularly trumpeted their investment funds as producing annual returns of 12-14 per cent, or in Stanford's case a somewhat suspicious-looking 15.71 per cent for two years in a row. Well, on a finite planet you could easily argue that there are basically only three ways that is possible: human exploitation, exploitation of the planet, or criminality – or a combination of all three. Whether or not this is so, the old principle 'if it looks too good to be true, it probably is' still holds. If that isn't obvious to bankers and politicians (or 'the gods that failed', in the title of Larry Elliott and Dan Atkinson's prescient book) I'm sure it is to ordinary mortals.

But of course as the banking industry, running on steroids, pushed the velocity of money flowing through the system to ever more ludicrous levels, we were all caught up in this 'Faustian bargain'. For individuals, easy access to credit and ever rising house prices gave a false sense of wealth and well-being, and, for governments, constantly rising tax receipts funded social programmes. This made everybody suspend belief and cross their fingers. But with all such bargains, the payback time eventually arrives (£1.5 trillion and counting just in the UK) – although that does not seem to apply to those bankers who have walked away from the disaster they have created with annual pensions greater than most people earn in a lifetime.

And what of the lessons from all this? There are obvious ones like shut down the tax havens (mostly in UK jurisdictions to our shame); regulate the banking sector properly; and in the light of the fact that they are 'too big to fail' treat banks as another part of the public sector and therefore reward bankers just like any other public service workers – nurses, fire-fighters, social workers, planners or teachers. These aside, we need to consider what sustainable development in the future ought to look like.

President Obama's green economy package looks like inspired thinking. Underpinning that approach, financial institutions with local roots and a mutual ethos wouldn't be a bad start – like the ones I've been putting my money into for the past 30 years or so; my local credit union and building society and the Co-operative Bank.

Which is why I was so moved by the Co-operative Group advert. It wasn't so much selling products as an idea: mutuality and sustainable development. As images of wind turbines, organic farms and fair-traded food are inter-cut with pictures of polar ice caps, the deep ocean and the cities we live in, backed by Dylan's haunting melody, the phrase comes up 'when the benefits are passed around, its good for everyone'. Let's hope someone is listening to that.

● **Martin Stott** is Head of Environment & Waste at Warwickshire County Council. The views expressed here are personal.

### Note

- 1 M. Jacques: 'The New Depression'. *New Statesman*, 16 Feb. 2009