

Genuine Wealth and the Good Life

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As a sustainability economist I provide strategic counsel to communities, businesses and organizations on how to measure and assess their real or “genuine wealth” in order to achieve sustainable, good life. I have developed a “genuine wealth accounting” system as a tool for diagnosing sustainability and the conditions of well-being that add up to “the good life.”

I use the word “wealth” because it originates from the Old English word *weal-th*, meaning “the condition of well-being.” Most of us associate the word wealth with financial assets and material possessions, but clearly, by its original definition, wealth must include all things that contribute to our well-being and the good life. I use the word “genuine” because it means being “true to one’s values.” If we are going to measure the good life then we should be measuring the conditions of well-being in our households and community that align with our core values.

Robert Kennedy, in a 1968 critique the economic progress indicator, the Gross National Product (GNP), noted that “it [GNP] measures everything, except that which makes life worthwhile.” He meant that while the GNP may measure the money-value of all goods and services traded in the economy, it fails to measure the things that genuinely contribute to our well-being, like the strength of our marriages, the health of our children, the quality of their education, the joy of their play. Neither does GNP account for our wisdom, our compassion, nor our relationship with each other or our devotion to our country.” Yet, these are all surely qualities of “genuine wealth” that should be accounted for.

I envision a day when communities and nations use genuine wealth “balance sheets” that account for our assets (strengths) and liabilities (weaknesses) according to what we value most, not simply financial profits and GNP.

If we were to hold up a “Genuine Wealth Mirror” to our North American communities, what might we see? We would see many positive things, like longer lives and good friendships. But we would also see many genuine wealth deficits. For example, my neighbours often complain about lack of quality of time with their kids (because they work too hard trying to earn a living wage) and crushing financial debt loads, like *mortgages* (which incidentally comes from the French meaning “*a pledge unto death*”). They speak about job insecurity in an economy which Harvard economist Juliet Schor calls a “squirrel cage of capitalism.” A further genuine wealth diagnosis reveals liabilities like:

high suicide rates, obesity, Ritalin for kids, Viagra for men, alcohol, drug and junk food addictions.

Our Genuine Wealth Mirror would also show unprecedented levels of financial debt. The average U.S. and Canadian household debt load now eclipses annual average household income. Add to this the growing government and corporate debt, and in the U.S., the growing trade deficit, and we see how debt sucks the life energy from society as more production and more consumption is required just to service the interest payments.

Moreover, interest on debt is one of the world's most powerful instruments for redistributing wealth from the poor to the rich. Those with just a bit too little to get by wind up paying much more for their home, college education, or car because of the interest payments. Those with a bit more than they need, can "rent" their extra money out for interest, thus getting richer without having to do any extra work.

And even if we personally choose not to borrow money, we can't escape the consequences of the debt system. German economist, Margrit Kennedy, has estimated that between 30-50% of the costs of all goods and services in the German economy are imbedded interest costs. The numbers are undoubtedly the same in the U.S. and Canada. That means that up to half of our work week is spent simply paying the interest on our own indebtedness, on government indebtedness through taxes, and on business indebtedness through our purchases. Surely, this is not a model of the good life and building genuine wealth?

So where might we look for examples of communities committed to sustaining genuine wealth and the good life, both in the past and present age?

It was the Greeks who defined the word "economy" to mean *oikos-nomia* (household-management). To be "economical" meant to live frugally and sustainably. In Greece at the time of Socrates, the good life was defined by a three- or four-hour work day that probably began around 8 am or 9 am, and lasted until noon. At noon, the "break-fast" meal was celebrated, which lasted about two hours. Following the noon-time meal, the afternoon was spent in re-creation: reading, debate, praying, sleeping or playing. For the Greeks, the good life balanced productive work time, enjoyment of good "slow" food, and time for reflection and personal development.

In Israel, the ancient Jewish people had one of the most advanced principles and rules concerning the good life and stewardship of genuine wealth. Meir Tamari, noted former chief economist of the Office of the Governor of the Bank of Israel and rabbinical scholar, in his book *With All My Possessions: Jewish Ethics and Economic Life* notes that Jewish economic philosophy is based on the principle that all wealth belongs to God. It was God who gifted man temporarily with wealth, on a basis of stewardship, for his physical well-being. Tamari notes that the seventh-year Shabbat (sabbatical year), in which the land was allowed to rest, reminded the Israelites to trust and depend completely on God to provide one's sustenance or basic needs. Prior to their first exile (586 B.C.E.) to Babylon, the Jews had a highly developed social welfare system that provided for the needs of the poor and weak. The fundamental Jewish attitude towards

welfare was that man's property does not belong to him alone but is held in partnership with God and with the community. Thus, education and religious facilities were financed through tithing and free-will offerings. And taxation was an accepted part of life, reflecting the obligation of the individual to share in all the costs of public policy.

Some of the most important ancient Jewish economic moral standards applied to the production of goods, money and debt. Tamari notes that it was forbidden to produce or sell goods or services that were harmful to their consumers, either physically or morally. Moreover, each individual was responsible for damages caused by one's body or property. Theft, or economic dishonesty, in any form was forbidden. Each person was required to limit one's appetite for material goods. One's disposable income was automatically reduced by interest-free loans, demands of taxation to finance welfare, education and the physical well-being of the community. Most importantly, it was forbidden to take interest, either as a direct payment for loans or in the course of business activities. Interest-free loans were regarded as acts of righteousness and the highest form of Jewish charity. These loans allowed the poor to break out of the poverty cycle and prevented the rich from entering it. Loans were repaid according to their nominal value, without interest charges. Finally, according to Tamari, the role of money flowed from two concepts: the authority of the state as the issuer of the currency, or its acceptance in the marketplace.

According to Rabbi Arthur (*Time to Be, Time to Love* in YES! Fall 2003) the ancient Israelites practiced the Shabbat (or "sabbatical") – which, in Hebrew, means "pausing or ceasing." The Shabbat was a time to recall the Creation story and to free all of society from slavery and financial debts. There was not only the seventh-day Shabbat (a day of rest) but also the seventh-year Shabbat when the land was allowed to catch its breath and rest. It was also a time to study the Torah and to give thanks to God for the good life. In this year-long Shabbat even financial debts were forgiven. And on the 50th year, the "Jubilee" was honoured by redistributing the original land allocated under Moses to each individual tribe, family or individual. The object of the Jubilee was to prevent the accumulation of land (through sales) by a small, monopolistic group of people. It was also a time of personally relinquishing one's attachments, habits, addictions and idolatries. In other words, this was a time of ensuring the fair and equitable distribution of genuine wealth.

In Europe during the Middle Ages (the so-called "Dark Ages"), the good life was defined by a life of frugality and subsistence (similar to our modern word "sustainability"). This meant meeting one's basic needs with a shared responsibility for the common-wealth of the community. Like the ancient Jewish peoples, there was an underlying trust in God's providence. During this era, a person who hoarded financial wealth or material possessions was frowned upon as counter to maintaining the good society. Religious celebration took precedence over productivity, and there was generally no work on the more than 150 holy days. In the US we only get about 1 week off beyond our weekends, for a total of 111 days off, plus vacations (typically another 10-15 days) for those eligible. So peasants in the Middle Ages had more time off work than we do today.

In many First Nation (Aboriginal) cultures in North America there was the practice of the “Potlatch” from the Chinook language meaning "to give." In the Pacific Northwest Coast tribes, the Potlatch was a ceremonial feast of tribes at which the host distributed his possessions as gifts to his guests. The gifts were of a wide variety and could be material things like blankets and furniture, and food. The host giving a Potlatch won high prestige among his people. Potlatches were organized to celebrate birthdays, weddings, naming ceremonies, and funerals. These feasts, which could last several days, provided an opportunity to sing, dance, pray, and hold ceremonies. Like the Shabbath, there were a time to pause and to celebrate the gifts of the Creator. Between 1887-1951 U.S. and Canadian governments issued rulings which forbid the Potlatch, as they were considered to be a way by which tribes deprived themselves and became impoverished.¹

It seems that ancient cultures have a lot to teach us about the good life and renewing our genuine wealth. The good life was defined by a productive (but short) work day, celebrating and sharing good food and material possessions, reciprocity and gifting, debt forgiveness, the equitable redistribution of financial wealth, and regular periods of resting or pausing to renew our relationships with God and each other.

But can we find such examples of the honouring of genuine wealth and the good life in today’s world? In 2003 I journeyed to Stockholm, Sweden and to the Italian region of Emilia Romagna find out.

In October 2003, my wife and I paused for a week to celebrate our tenth wedding anniversary. We ventured to the northern Italian region of Emilia Romagna, renowned for its “slow food”, vibrant culture, and quality of life. Emilia Romagna is Italy’s fertile bread-basket. It is home to Italy’s finest cuisine, made from local products that include: Parmigiano Reggiano (Parmesan) cheese from Parma, prosciutto ham, Modena’s famed balsamic vinegar and Lambrusco, a frizzante red wine, and Nocino, a sumptuous walnut liquor made by the people of the little castle-village of Castell’Arquato. The region also produces some of the finest ceramics in all of Europe and is the birthplace of Verdi and Pavarotti. Bologna, the ancient capital of the region, is located one hour north of Florence and two hours south west of Venice.

In Emilia Romagna genuine wealth is revealed by their love for food and the land, and strong sense of community and reciprocal business relationships. Whether it is the first cappuccino in the morning, the two-hour sumptuous lunches at a Bologna bistro or a 3 hour dinner in an ancient castle village, these Italians know how to pause and celebrate life, food and relationships.

The so-called “Slow Food” movement is best experienced in Emilia Romagna. The snail is a fitting symbol of the Slow Food movement which reflects a philosophy that slowness is an essential virtue; slowness, however, in terms of prudence, moderation and solemnity. The Slow Food movement calls us to celebrate rest through food, to listen to the rhythm of own lives, and possibly adjust it; to go slowly, to take your time, have a

¹ Source: Native American Association of Germany
<http://www.naaog.de/englisch/glossary.html>

break and find a friend who can provide food and hospitality. This is what my wife and I experienced and witnessed each day of our visit to Emilia Romagna.

Like the Greeks, the people of Emilia Romagna are hard working. Typically, the work day begins at 8 or 9 a.m. and last until noon. Then they break for a long meal (sometimes 2 hours) followed by a siesta; a time to rest and re-create oneself. Restaurants and bistros are filled with lively and long debate and discourse, over the finest pasta from local ingredients and fine local wines. Then there is time for a leisurely walk or a rest before returning to work around 3:00 pm. The sharing of food and wine with friends and colleagues helps renew relationships and to invest time in individual and community genuine wealth. Most stores close for this period from around 1:00 pm until about 3:00 pm when they reopen for another three or four hours of commerce. In the evenings, time is spent with family and friends, again over fine local food that was purchased at the local deli, many located in the heart of Bologna. Later in the evening, the central “down-town” piazza (town square) in the medieval city of Bologna is filled with people of all ages in lively debate or playing. Even on a cold October evening, my wife and I were warmed by roasted chestnuts from a local chestnut vendor and the scene of joy in the piazza.

Emilia Romagna is also economically prosperous, with one of the highest Gross Domestic Product (GDP) per capita in Europe. This is due to a highly successful co-operative economy comprised of over 15,000 businesses enterprises that are networked through cooperative business associations. Highly entrepreneurial, there is one enterprise for every ten citizens. The economic model and philosophy of Emilia Romagna is unique balancing the principles of competition (efficiency), equity (fair distribution) and solidarity or cooperation (sharing and reciprocity). In addition, there is a profound sense of reverence and relationship to the fertile land of the Po River valley that these people have farmed for more than 2,000 years.

Professor Stefano Zamagni, former dean of economics at Europe’s oldest university, the University of Bologna (est. 1087), is one of the key architects of the Emilia Romagna cooperative economic model. Over dinner with Stefano and his economic historian wife Vera, he noted that central to Emilia Romagna’s quality of life is a shared sense of responsibility, amongst all citizens, for a balanced economy that encourages entrepreneurship and efficiency while recognizing the inherent strength of cooperation in matters of both commerce and social welfare. Indeed, cooperation is evident wherever you turn in Emilia Romagna and the results are a more trusting and cohesive community. While these genuine well-being outcomes may be hard to measure quantitatively the quality of life is evident on people’s faces and their love of food. When I asked Emilia Romagna’s Finance Minister Flavio Del Bono how they are measuring their social capital, he simply noted “we aren’t” and said simply “come, see and experience Emilia Romagna for yourself; enjoy our food and hospitality.” It was all the evidence I needed to be convinced that Emilia Romagna is a modern example of a good life economy and a community dedicated to building genuine wealth.

Indeed, as a North American economist I was amazed to find an economic model that is more concerned with reciprocity, redistribution, equity, public welfare, strong

relationships, social entrepreneurship and cooperative enterprise than the maximization of profits and competitiveness.

My next “good life” search took me to Stockholm, Sweden where I would spend a week with Oscar Kjellberg, President of the JAK Members Bank, a no-interest bank that believes in the same economic philosophy of the ancient Israelites, that charging interest on loans to fellow citizens should be forbidden. Oscar, his wife Anna, and I spent a week on Oscar’s beloved “Leo”, their tugboat moored in Stockholm’s splendid harbour talking about how banks can play an important role in building genuine wealth.

Established in 1965, JAK stands for “land-labour-capital” in Swedish and is the only cooperative, members-owned bank in the world that operates on the principle of shared financial capital of all members and extending loans to members without interest charges. Like members in other cooperative business associations, JAK’s 25,000 members pay an annual membership fee, pay a regular loan fee for the benefit of no-interest loans and forgo interest on their savings. In almost 40 years of operations, the JAK loan fee, which simply covers JAK’s operating costs, has averaged about 2.0% of value of any loan, regardless of the size. These no-interest loans come with the obligation of both repaying the nominal value of the loan (over an amortization period) as well as contributing to a regular savings account in the amount equivalent to the regular nominal loan repayment. Once the nominal value of the loan has been repaid, the money you saved is now yours for your discretionary investment or spending. The overall result is a significant savings in interest costs to all members, which is equivalent to life-time, saved not having to work to pay interest on conventional bank loans. JAK members thus have more discretionary time to enjoy the good life and build genuine wealth.

As I contemplated a world of JAK-type banks combined with the economic principles espoused by the ancient Israelites, I began to imagine a day when we might reduce our work week by half (like the Greeks) by eliminating the 30-50% of interest costs currently imbedded in our goods and services.

In Edmonton, where I live with my wife and two young daughters, we have tried to define our own “good life” by focusing on our genuine wealth and budgeting our time and money accordingly. We examined our core values by getting in touch with “that which makes life worthwhile.” We eliminated all of our debts freeing up the most precious of resources – time. We now have to work fewer hours for a high and sustainable quality of life. We have more discretionary income to buy locally, eat organically, and celebrate slow food. And most importantly, we have more time to spend with our families, our neighbours and in our own personal re-creation. As a result, we are genuinely wealthier.

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