

When Denial Has To End

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“Reserves and accessible resources are being overstated in the same systemic, cultural, “groupthink” way that the investment bankers overstated their “assets” in the run-up to the credit crunch” – Dr. Jeremy Leggett, Founder and Chair, SolarCentury and SolarAid

“All of a sudden, change that everybody thought was impossible became matter of fact. In 1941 it was absurd to think that the US could build a thousand airplanes a month to fight World War II. By 1943 that was a real small number.” – Al Gore

The first Club of Rome report appeared almost 30 years ago and became an instant bestseller. Yet its business-as-usual scenario has continued to rule our world despite its dire predictions increasingly coming true. A few years later the “Global 2000 Report” commissioned by President Jimmy Carter warned that “serious stresses involving population, resources and environment are clearly visible ahead”.

Almost 20 years ago in Rio, governments recognised what was at stake and what was required, unanimously endorsing the remarkable Agenda 21 Plan of Action. A briefing book spelt out the extent of the challenge: ‘Effective execution of Agenda 21 will require a profound reorientation of all human society, unlike anything the world has ever experienced – a major shift in the priorities of both governments and individuals and an unprecedented redeployment of human and financial resources. This shift will demand that a concern for the environmental consequences of every human action be integrated into individual and collective decision-making at every level’. (“Agenda 21: The Earth Summit Strategy to Save our Planet”, Earthscan 1993)

In 1994, fifteen hundred of the world’s top scientists warned that “we are fast approaching many of the earth’s limits. Current economic practices that damage the environment ... risk that vital global systems will be damaged beyond repair.”

In 2005 the Millennium Ecosystem Assessment, an unprecedented four-year worldwide expert study, concluded that “nearly two thirds of the services provided by nature to humankind are found to be in decline worldwide.”

But none of these wake-up calls woke us up. We seem to have a built-in allergy to disturbing information and inconvenient truths, clinging to the hope that there is still an easy way to fix the

multiplying dangers rushing towards us, and that a fundamental transformation of our institutions, laws, societies, economies and ways of life will not be necessary.

Billions of dollars of “profits” (earned by externalising costs) have been spent on lobbying, i.e. buying politicians, to block necessary reforms. Those who see the opportunities in and want to be part of the shift to a green economy have failed to unite and mobilise their resources against this attack. While they want an inclusive and sustainable world economy, while they understand the need to green our production and consumption, they balk at the enormity of the changes needed. For a job-creating green economy will require more than ‘best practice’ examples. It will require a very different ‘best policy’ framework...

We now need to prepare for the “great disruption”¹, the unavoidable turbulent transition ahead. The real power increasingly rests with nature. No decisions by the “market” or by political majorities can alter natural laws of physics, chemistry, biology or mathematics. You cannot negotiate rescue packages, debt forgiveness or structural adjustments with melting glaciers, expanding deserts or shrinking resource bases.

Quantum leaps in resource prices will soon convince even “sceptics” that different hierarchies of risk and danger now apply. The current economic model no longer delivers. Just because some limits can be expanded does not mean that most or all can be overcome. Scientists call this mistaken belief “the fallacy of the successful first step”. Globalisation has postponed some limits but ensures that they will hit simultaneously and globally.

Either we prioritise building resilience against this “global peak everything” or we face ecosystemic collapse, resource wars, geopolitical chaos – and unstoppable mass movements of environmental refugees.

The US and UK security establishments see climate change as a growing threat. “Disruption and conflict will be endemic features of life... once again, warfare would define human life”, concluded a confidential 2004 Pentagon report. A UK government think-tank warns of World Wars lasting for centuries!

The rule of economic “growth” has destroyed its own basis. Absurd subsidies – currently \$1 trillion p.a. to fossil fuels and agriculture – ensure resource waste and undermine the fundamental assumptions of market economies. Shrinking water tables and harvests threaten social collapse in an increasing number of countries for the first time in history. China is not exempt. Earlier this year Premier Wen Jiabao warned that its growth may lead to “deepening pressure on the environment and resources so that economic development will become unsustainable”.

¹ see Paul Gilding, “The Great Disruption: How the Climate Crisis will Transform the Global Economy”, 2011

The challenge for China – as for all of us – will be how quickly we can move to a less destructive development model, from a global non-community of competitive individualism and materialism to a global community of sharing within natural boundaries. Polar ice is now melting and oceans acidifying (destroying marine eco-systems and reducing CO2 absorption) so much faster than predicted that scientists are in despair. Fearful of the public reaction, the media are under-reporting climate news. Cheap energy, the basis of our global growth promises, is disappearing, as evidenced in the conflicting messages of the “experts”. Thus the International Energy Agency (IEA) recently both declared that peak oil has already occurred (Chief Economist Fatih Birol, “ABC”, 28.4.11), and that we face “a narrowing of spare capacity to minimum levels by 2013” (Medium Term Oil Market Report 2010), but also that OPEC should increase production!

The World Future Council is currently calculating the huge daily natural capital destruction caused by the massive under-utilisation of our global renewable energy potential. Strangely, this enormous loss appears nowhere in the absurd cost-benefit calculations which claim to show that maximising the renewable uptake is “uneconomic”.

We all recognise and accept some limits in our lives. But we have long taken for granted a social contract implying that our material living standards can and will continue growing. For many this is no longer the case. In the UK, unemployment is the highest since 1997 and workers now “suffer the most prolonged squeeze in real wages since the 1920s” (FT 30.5.11) – while median earnings of CEOs of FTSE 100 companies jumped 32% to £3-5 million last year... “Overall ... EU citizens think that 60 years of post-war growth and prosperity are at an end.” (ICM Poll, GUARDIAN, London 14.3.11) The majority of the British, French and Germans polled expect to be worse off in the future.

Far from welcoming such public realism, our lost “leaders” panic at the thought of people turning away from the only remedy they know: promoting more material consumption. Thus, the under-consuming young Japanese are attacked for “costing” Japan billions in lost consumption (N.Y. Times 23.10.10). To quote the Financial Times columnist Martin Wolf, “If there are indeed Limits to Growth, the political underpinnings of our world fall apart”. Yet continued growth-induced climate change threatens to make our world fall apart on a more fundamental level. As CO2 emissions rise

- glaciers melt, threatening water supplies
 - food production falls
 - species extinction speeds up
 - sea levels rise
 - desertification spreads
 - temperatures increase
- making ever-larger parts of our planet ever less inhabitable.

The good news is that there are still alternatives, although windows of opportunity are closing fast... 'Best practice' and 'best policy' solutions already exist for our most pressing challenges. Why are they not implemented? Because this requires political will – a renewable but surprisingly scarce resource! Also, we cannot expect institutions created in and for a very different world to achieve this. Institutions structure incentives in human exchanges, whether political, social or economic. Thus, to counter short-termism we need institutions which ensure that the interests of future generations are taken into account when decisions affecting them are taken. The World Future Council is working to spread the institution of a Parliamentary Ombudsperson for Future Generations which already exists in Hungary. A 2009 report to the UK government (“An Institutional Architecture for Climate Change”) proposes the creation of national “Permanent Representatives”, empowered to negotiate the policy changes required. The authors emphasize that a significant pooling of sovereignty and greater coercive powers at the international level will be unavoidable. For example, carbon “defaulters”, reneging on climate agreements, would need to be treated as seriously as those who fail to comply with a UN Security Council resolution. The authors add: “That this should currently seem inconceivable indicates the extent of the shift in understanding that is still needed.” One historical precedent for the efforts required is the massive education campaign in the USA during World War II to convince a sceptical public to support the creation of the United Nations.

Once the – much more unpleasant – alternatives become clear, changes in attitudes can happen very quickly, and we need to ensure that the required policy and institutional changes are then as widely known as possible among the public and policy-makers. Policies determine the direction in which markets and technologies develop, ensuring that they serve and do not threaten our common future. Will meat consumption need to be reduced in a world of growing energy and food shortages? As its production costs 10 to 20 times as much energy than the alternatives for the same food calories, the answer is obvious. Government campaigns against smoking and certain food additives show one way this can be achieved. But will they be enough?

Many countries have legislation in place, giving parliaments and governments powers to restrict rights, requisition property etc. during war and other national emergencies. A society's resources are all harnessed and directed to a common goal. Sometimes the mere existence of such laws is enough to ensure compliance. But the challenge we now face is unprecedented: how to tackle a global emergency likely to last for the foreseeable future? The Stern report describes climate change as the greatest market failure ever. It is also a massive failure of democratic politics and the media, for it was never voted for by a public informed about the consequences!

How long will democracy, markets, and “free” media survive worsening climate chaos? Increasingly, the Chinese governance model is presented as more likely to implement the drastic changes needed than Western NIMBY (“Not in my backyard”) societies, which often block even grid extensions required to increase the renewable energy uptake.

According to one study, the USA spends \$41 on the military for every dollar spent on climate security, while the comparable figure in China is less than \$3. (“Military vs. Climate Security: The 2011 Budgets Compared”, Miriam Pemberton 25.10.10, quoted in ‘YES! Magazine’, Summer 2011)

While absolute majorities in Europe, the Americas and developed Asia see climate change as a serious personal threat (Gallup Poll 2010), their readiness to accept consequences is still underdeveloped, although every year’s delay in tackling this threat is calculated to increase the costs by \$1 trillion (Christiana Figueres, Ex. Secretary, UNFCCC, The Guardian 6.6.11). UNEP has calculated the costs of greening the global economy at only about 10% of global annual investments. (Green Economy Report 2011). Yet investment in energy research and development is now less than 25 years ago! (IEA 2008). In 2008 \$13 billion was made available for climate finance but \$4000 billion for bank bailouts. We clearly face a massive failure of governance, which our grandchildren will look back on in horror as they struggle to survive in a much more dangerous world of depleted resources.

We are told to trust in the efficiency of markets, but this is propaganda. Our economies and societies today function thanks to public stimulus programmes and government guarantees. In the USA 90% of housing mortgages are thus guaranteed. In the UK alone, government support for the banking sector has been calculated at £1,2 trillion! (New Economics Foundation) Our resources have indeed been directed to a common goal, but, unfortunately, the wrong one: “growth” at any price, instead of the creation of social and ecological value. But there can be no human development or progress in ruined or unliveable environments.

The World Future Council (WFC) is working to shift the public debate from the fixation on money to the real world of real resources and constraints. For, while economic bankruptcies are painful, they are quickly overcome. But environmental bankruptcies may last forever... Also as Keynes said, whatever a society has the resources, knowledge and labour to do, it can finance. The WFC Commission on Future Finance has shown how “new money” can be created inflation-free to fund climate mitigation and adaptation projects, using reformed IMF Special Drawing Rights. With political will, this can be done immediately, as the international institutional mechanisms both for creating this money and funding the projects already exist. Setting up a global trust agency to protect our global commons could be done in a few years. Atmospheric property rights could then be enforced to make polluters pay. Trust income could be distributed as ‘commons rent’, providing additional funding for climate security and justice as well as other urgent global commitments, e.g. the Millennium Development Goals. A “full” world, largely privatised and “owned” by a wealthy minority requires new funding sources (not just “mechanisms”!) based on the pre-distribution principle. National tax incomes will also need to be massively shifted from labour to resources (“green tax shift”) in order to reduce unemployment and resource consumption.

Our choice now is between a voluntary transformation of our economies and societies and a much more drastic and unpleasant transformation forced upon us by the consequences of accelerating climate chaos and resource constraints. Political and economic “realism” has to defer to the realities of nature. Our values, laws, institutions, economies and lifestyles have to reflect this or see their base disappear. A few years ago the respected British environmentalist Sir Crispin Tickell was asked by Swiss financiers to hold a seminar on “peak oil”, which was beginning to worry them. The participants concluded that such a scenario would bankrupt their funds as 70-80% of the values are based on the expectations of future capital flows which are in turn largely based on the continued availability of cheap energy. The inflated valuations of the investments on which the baby boomers (and others) have based their financial planning would quickly collapse.

It is important to understand what “limits to growth” actually means, as there is confusion on both sides in this debate. GDP measures monetary costs. It is a figure which can easily be inflated e.g. by including transactions which previously took place outside the monetary sector of the economy. Increasing resource scarcities will increase prices and thus GDP, but not human welfare or quality of life. The increasing costs of defensive expenditures and repairs, e.g. to reduce climate chaos, will likewise add to GDP but not to our well-being. Labour and materials used to build barriers against rising sea levels will not be available to build new housing – to take just one example.

So what can we do to halt the descent into barbarism, the social and economic collapse which will inevitably follow an environmental breakdown? For it is really up to every one of us. As the German philosopher Ernst Bloch warned, the price of human freedom is the risk that the great historical moment encounters too small a humanity, one not up to the challenge! Here are some of the ‘common but differentiated’ responsibilities now facing us:

- entrepreneurs deserving that name must join together to lobby for policies which provide the incentives and framework they need for a rapid shift to a sustainable global economy. This will require a serious commitment of resources to overcome those protecting their privileges at the expense of our common future. Thus, the US Koch brothers alone spent \$25 million recently (2005-8) to fund climate change deniers. The US Chamber of Commerce spent \$150 million last year, mainly to lobby for weaker climate-related and chemical protection legislation. Wall Street spent \$5 billion (1998-2008) to lobby for financial de-regulation.
- policy-makers must shake awake a political system in paralysis and ensure that their policies and decisions protect people and planet, so that coming generations will judge their actions to have been appropriate and responsible. They must re-build public trust in governmental and multilateral action.

- the media must realise that there can be no rights without responsibilities and that we cannot afford an info-tainment which costs the earth. Serious issues require serious debate. Access to the global commons of the airwaves is a privilege. If private media want to retain it, they must allocate prime time to educating their viewers about the challenges (and solutions) facing us.
- civil society organisations must drop their anti-political “non-governmental” self-image. They should actively encourage political engagement. They need to be open to mergers and different models of collaboration, including joint implementation strategies. Diversity is usually a bonus but in an emergency unity is strength.
- foundations and donors must learn from their “conservative” opponents that it is more effective – even if less exciting – to fund longer term and give core support to institutions focussed on “letting in the light” by changing policy frameworks, rather than fighting the darkness one problem at a time. A destabilised climate is not yet another funding project. It is a threat to our whole civilisation and requires a strategic response!
- educators must help prepare us all for the new world ahead, developing global citizens with integrated skills and a moral compass recognising our responsibilities as guardians of future generations of life.
- economists must recognise that much of their learning is rapidly becoming as irrelevant as the expertise of Kremlinologists after the collapse of the USSR. They have often adapted their thinking in the service of powerful interests and are now faced with the challenge of re-connecting with the power of nature. Discounting the future was based on the assumption of future generations being ever richer. If that is no longer so, discounting rates will need to be negative...
- citizens must remember that the party always ends, but that there is a life after the party (of consumerism). Lifestyles of modest sufficiency have much to offer, for there are no limits to learning, nor to the challenges ahead. Healing our Earth, rebuilding communities, providing victim support², “asking just what it is we’ve done to make so many children’s hearts so hard, or what collectively we might do to right their moral compass”³, - there will be more than enough to do as we enter the ‘period of consequences’.

“Owing to past neglect, in the face of the plainest warnings, we have entered upon a period of danger. The era of procrastination, of half measures, of soothing and battling expediencies and delays, is coming to a close. In its place we are entering a period of consequences.” - Winston Churchill 12.11.1936

² “Fiscal Crisis Ravages Greek Psyche: Despair Grips a Nation as Jobs and Income Vanish.” (N.Y. Times 22.5.11)

³ Barack Obama, “Dreams From My Father”, p.438