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A NEW HUMAN STORY

A new publication by the Allianz Summer Academy, entitled “Europe in a Changing World Order,” concludes that “young Europeans have fewer opportunities than preceding generations.” Marginalisation and powerlessness is not just experienced in the Balkans, in Central and Eastern Europe, where citizens wonder why, after 20–25 years, they still do not feel part of the European mainstream. Indeed, pessimism about the future and doubts about our current direction are probably even stronger in Western Europe and the USA.

Last year, the Pew Research Centre asked people in over 30 different countries if they thought their children would live worse or better. Even in the traditionally optimistic USA, only 33% thought that their children would have better lives, against 62% who thought they would have it worse. In Germany, only 28% expected them to live better, in the UK 17% and in France 9%.

In his study of collapsed civilisations, Jared Diamond concludes that most failed because they held on for too long to belief systems which had previously served them well. Today we face this danger for the first time on a global scale!

We hear predictions that 50% of those born today will live to be 100. But they will clearly not, unless we manage to reverse dangers like climate change and biodiversity destruction, which threaten all humanity has achieved and still hope to achieve.

Today, among those who have studied climate change in detail, the optimists expect growing global resource conflicts and refugee floods in the coming decades, unless we manage to change course in the next few years.

So what do the pessimists expect? Prof. Anthony Giddens, author of “The Politics of Climate Change”, recently warned that runaway climate change could make our planet uninhabitable, like Venus...

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So Montenegro's decision to declare itself the First Ecological State is not just a catchy slogan but an absolute necessity. In the future there will be only two kinds of states: ecological states or failed states.

Being the First Ecological State will bring enormous advantages in this future world. I also have no doubt that it can be achieved, if the people of Montenegro are inspired to support the transition to get there, which will be very challenging.

Markets and technological innovations can play important roles if guided by the right policy incentives, which is not currently the case. But they will not do it by themselves. As Eric Schmidt, the CEO of Google, notes in his study of the Arab spring, the key changes required mass personal engagement.

The online world, like all technologies, requires energy. Our ICT revolution will not function without secure energy supplies and stable societies.

We must also understand that we are not as rich as we have been led to believe. Many "assets", like oil and coal, are "stranded", i. e. they can never be used without causing disastrous climate change, and are therefore effectively worthless. But many savings and pension funds are invested in such assets, in the expectation of future capital flows which will never come. For decades, our economies have produced debts (i. e. claims on future wealth) faster than they have produced real wealth. Much of recent "growth" has in fact been un-economic.

So we need both to reduce such unpayable debts and ensure that we now start paying the full costs of what we produce. Markets cannot do this by themselves. Only governments can, by changing the legal framework and incentives. As the US energy efficiency pioneer Amory Lovins says, markets are good servants, bad masters and a worse religion.

Nicholas Stern, former Chief Economist at the World Bank, has described climate change as a huge market failure. The US economist Herman Daly calls it a huge accounting error. The World Future Council last year calculated the costs of not maximising the use of renewable energies. These are lost when not used (you cannot harness today's sun and wind tomorrow). Instead we continue burning valuable fossil fuels. This loss (i. e. waste of natural capital) is over US \$3 trillion annually...

Our current human story claims to be one of economic rationalism but this is a mirage to hid its true purpose: ensuring that global power remains in the hands of a privileged elite. As former US Vice-President Al Gore writes in his latest book, the members of the US Congress no longer represent those who vote for them, but those who pay them...

In his previous book, 'Earth in the Balance', written over 20 years ago, Gore wrote that threats to our natural environment force us to rethink everything we do, as the hierarchies of risks and dangers have changed. Even the worst economic collapse can be overcome in years, while the consequences of an ecological collapse can last for millennia or forever. You can negotiate with creditors, or refuse to pay, but you cannot escape environmental debts and melting glaciers do not negotiate!

Today there is widespread awareness of this, but progress is very slow because of the enormity of the changes required. Montenegro's National Strategy calls for the internalisation of production costs. There is broad support for this in theory.

For who can defend anyone's right to compete unfairly by externalising part of their costs onto our natural environment and future generations?

But corporations have done this for so long and to such an extent that most of them would be bankrupt if they were forced to stop. And many costs would increase drastically, if they had to be paid for, especially in poorer countries. When Jordan abolished petrol subsidies, the income of taxi drivers fell by two thirds. Not surprisingly there were riots, as happened in Nigeria and Sudan after similar reforms.

If any such changes are to be politically feasible, they need to be embedded in a broader coherent and integrated policy change, providing transitional support to those affected who cannot afford the costs. The World Future Council is collecting examples of such successful transitions, but much work needs to be done. Squandered natural resources cannot be used again, so we must legislate to preserve and use them well.

In our old human story the conflict between states and markets plays a big role. In our new story, this is largely irrelevant. The all-powerful state, regulating every detail of production and consumption, is today seen as absurd, as is the all-powerful market. Many Europeans today feel that the pendulum has already swung too far and want a stronger state. Even in Germany, a majority, disillusioned with market rule, would prefer "an economy organised by the state", according to an opinion poll last year (Frankfurter Allgemeine Zeitung, 27. 11. 13).

Why is this? A key reason is that many in the West do not see themselves actually living in market economies, but in economies planned for the benefit of the shareholders of large private corporations. David Korten, a former Harvard Business School Professor and Ford Foundation director, summarised this perspective in his best-selling "When Corporations Rule the World." In one memorable comment, he writes that the 51 largest planned economies in the world are now private companies. "Number 52 is Cuba."

Another reason for growing market scepticism is of course the feeling that markets have failed to respond to the ecological crises, which now have to be prioritised above all, not just in economic affairs.

There has been much media speculation as to why Iran is now willing to negotiate on nuclear issues. But this debate has overlooked one important reason: the country has more serious worries. In an interview last year an advisor to the Iranian President warned that "Our main problem that threatens us... is the issue of living in Iran... The Iranian plateau is becoming uninhabitable."

So what are the practical implications? What are the cornerstones of our new story?

1. Money is not the problem. Whatever a society has the labour, knowledge and resources to do, it can also finance.

2. Our economies are based on discounting the future, assuming we will be richer then. If that is not likely, we should use negative discount rates (Pavan Sukhdev), forcing us to re-think and re-design practically all our planning.

3. Material resources are finite. China can never have the per-capita resource consumption of the USA. It is just not possible, and there is no human right to some-

thing impossible. This statement is sometimes dismissed as some unrealistic green perspective, as it is a very inconvenient truth. But it is well-understood by those entrepreneurs looking for additional resources: “We don’t have enough raw materials to feed 3% growth across the world... We don’t have the physical products we need to support growth... We’d all better start talking about where we’re going to get those raw materials from because we’re not finding them at the rate we need.” (Mark Cutifani, CEO, AngloGold Ashanti, Financial Times, 24. 9. 12).

So we need to move from a desire to a needs – and sufficiency-based culture. How do we start?

4. Our citizen values are distinct from our values as consumers, so we need to strengthen the former, which are today often ignored. We are only asked as consumers but give very different answers when asked as citizens. The US Professor Marc Sagoff told his students that the Disney Corporation wanted to build a Disney Park in a near-by National Park. Would they go there? The vast majority would: the consumer interest was there. Did they think Disney should be allowed to? The vast majority, responding as citizens, were strongly opposed... 5. There is no view except from a view-point. Is our world-view one of materialistic materialism, or do we see ourselves as part of a living “Gaia” universe? The decision is ours. To prove one or the other, we would need to step outside our world, which is impossible.

Most importantly, we need to learn from our opponents how to engage with power and cooperate strategically and long-term, if we are to change course in time. To facilitate such cooperation, the World Future Council has developed the *Global Policy Action Plan* (GPACT), bringing together the different key policy changes we feel are the minimum required to change course and secure a sustainable future for all. Policies and laws are the strongest and fastest incentives for societies, markets and individuals to change course. As Martin Luther King said, while laws do not move the heart, they restrain the heartless!

The plan covers seven key areas where policy changes are urgent:

1. *Learning and Responsible Governance*: covering education on different levels, political funding and media access, as well as introducing more realistic indicators of progress than GDP.

2. *Equity and Dignity*: covering key human rights and responsibilities, including protecting the rights of future generations.

3. *Peace and Security*: including the redirection of military spending and the abolition of weapons of mass destruction.

4. *Climate Stability*: covering policies to expand renewable energies, building codes, full cost accounting and the abolition of fossil fuel subsidies.

5. *Healthy Ecosystems*: including the right to food and water and the best available policies protecting biodiversity, forests and oceans.

6. *Common Wealth*: covering new money creation, tax shifts, divestments and ensuring that only financial instruments serving the real economy have legal status.

7. *Enterprise and Design*: including promoting circular production (“Cradle to Cradle”), efficiency (“top runner principles”) and corporations with broader mandates (“Benefit Corporations”).

Laws can be very quick and effective. The Belo Horizonte (Brazil) Food Security Law, which received our first *Future Policy Award*, has reduced child mortality by 60% – at a cost of 2% of the city’s budget.

The next few years will decide our future for many years to come. No previous generation has had so much responsibility for our common future! Our decisions (or non-decisions) will show if we have decided to be part of the solution – or part of the problem.

We can either allow this realisation to overwhelm and depress us – or we can allow it to inspire and challenge us to actively participate in the most exciting transformation in human history! In times of crisis, big steps are often easier than small ones, because they are felt to be “problem-realistic” and rising to the occasion. It is in this spirit that the World Future Council came together to produce a road-map and compass to a new human story – the Global Policy Action Plan. As Winston Churchill said, in times of danger, it is not enough to do our best – we have to do what is necessary.