



reetings from Club of Rome

Celebrating Launch of Club's Japan Chapter

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Our world is at an inflection point. There is a convergence of themes – seemingly disconnected – that is now being understood to be integral and urgent to our very survival. We are headed into a perfect storm of interconnected financial, ecological and social crises driven by failed policies, failed economics and failed political systems. These crises are underwritten by common drivers, most notably the current concept of measuring human progress in material and financial growth.

As we move towards the end of the first decade of this millennium, we have already witnessed four global crises, each requiring coordinated political resolve and practical change: a portent for the future? Two have been financial (the unmet goal of reducing global poverty and the global financial crisis) and two have been ecological (the food crisis and climate change). All are human crises. All are interconnected, part of a systemic planetary crisis, and all are driven by common underlying or “root causes.” In addition, we sit on the precipice of further crises.

Almost all assessments of emerging issues and global threats demonstrate that business as usual and incremental improvements will not be sufficient to take us to a world blessed by equitable prosperity, safety, security and contentment. And time is not on our side.

Our planet is already exhibiting the limits of our present approaches to ecological, financial and social policy and management. The need to change is not solely driven by a moral stance of protecting

our natural environment or of dealing with the poverty we see in the developing world. It is also about being practical and recognizing that we are on a collective self-destructive pathway that must change if we want to survive and thrive on our planet.

By the middle of this century, we will face a radically different world from the one we live in today. We will likely be 9 billion people, up from 6.8 billion today. Demand for food, energy and water will at least double; pressure on our natural ecosystems will have increased. Pressure on natural resources will lead to increased conflict. Water may replace oil as a resource fought over. And yet we are depleting the natural capital of our planet at historic and unprecedented rates. By 2050 we will be an urban planet with massively increased demand for new infrastructure. The aspirations of those in the poorer parts of our world will have increased and we could see a world that today has a wealth of \$60 trillion rising to well over \$150 trillion and higher by the middle of the century.

The present unequal distribution of wealth within and between countries can only lead to increased alienation in the future. Globalization and its effects on cultural assimilation and identity are already a concern. Communications is already making the world a smaller and more interconnected place and this trend will only increase. Economic growth in many large emerging economies is beginning to shift geopolitical and economic power. Social change is an inevitable consequence that is directly linked to globalization, economic change and ecological forces. We are facing a level of social transformation and upheaval that is historic in its proportions and uncertain in its outcomes.

What Needs to Be Done?

Economics and Finance: Economic models are in need of an urgent overhaul.

We will need to reorient economic growth to ensure that those below the poverty line are brought out of poverty and to ensure that a new kind of prosperity is possible; one that increases employment opportunities and does not destroy our natural capital; and one where equity and fairness dominate our actions. A fairer world is a safer world. A safer world is a richer world.

We need new market mechanisms that do not reward avarice, speculation and destruction but ones that are geared towards the betterment of society. We need to reward contributions to financial sustainability and not to profligacy and short-run profitability. We urgently require a new understanding of economics and the role of markets and the financial sector in providing the goods and services we need and on the basis of the real value of inputs and outcomes.

This will all require us to measure real wealth correctly and to ensure that all forms of capital, especially natural capital, are priced in relation to their real value.

The energy crisis

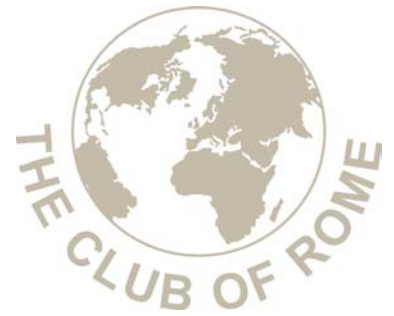
With or without climate change, we are in the early phases of a global energy security crisis due to the peaking of oil.

The biodiversity crisis

Our ecosystems worldwide are under enormous threat and we are losing species and biodiversity at historic and unprecedented rates with unknown but potentially dangerous consequences. Our global fisheries stocks are at an all-time low and the number of terrestrial ecosystems under threat is at an all-time high.

The employment crisis

Unemployment now stands at over 200 million worldwide with many more underemployed and unable to bring home a living wage. Unemployment strikes every country, fuels discontent and a sense of hopelessness, and can provide the roots of major social discontent.



Environment: Our global ecology is in deep trouble and needs urgent attention.

Climate change dominates the environmental agenda and it will have a pervasive effect on our future. Yet other issues matter: we are losing tropical forests at astounding rates; our coral reefs are all but doomed; our species loss has never been higher. And climate change will accelerate these trends if no actions are taken. Ecological degradation and social disintegration go hand-in-hand: we will see a rise of environmental refugees driven by massive ecological changes; we will see conflict driven by the search for low-cost water resources; and we will see social conflict destroy ecosystems. The synergies should be obvious even to the casual observer. Protecting our global environment provides high economic and social benefits.

We know how to reverse these trends: the restoration and management of existing forests; conservation efforts in areas of important biodiversity; and sustainable management practices are now well known and can be applied. We have a great deal of the knowledge but need supportive policies, political will and finance.

Social: Unemployment lies at the heart of poverty and undermines social capital.

Jobs matter to people both for material consumption and living standards but also for personal self-worth, dignity and security. One of the greatest challenges we face is whether it will be possible to increase employment opportunities in the face of massive demographic and economic change while production systems are becoming less labor-intensive. We need to consider a goal of full employment and appropriate economic, ecological and social policies as means to that end. Failure to address this will lead to unprecedented social turbulence. Never before has the issue of jobs been as urgent as it is today.

Governance: The right institutions are needed to protect and guide our common future.

The institutions charged with governing our day-to-day lives are becoming less and less fit for purpose in our rapidly changing world. Markets do not always meet the needs of society; political systems are grounded in three- to five-year horizons when many issues need 20- to 50-year time scales; people and their needs are too often ignored.

Global issues are relegated to intergovernmental systems where consensus rapidly becomes the least-interested meeting the needs of the least-committed – a policy race to the bottom. We need a rejuvenation of our governments and inter-country systems; ones that can span the nature of the problems of today and well into the future. Each and every one of us is a local, national, (sometimes regional) and now a global citizen.

We need new institutions that place people at their center, nature as their ally and compassion for humanity as their watchword. We need to design the next generation of institutions and the appropriate mechanisms for accountability and governance to ensure that they are built to deal with the challenges we face and with the stakeholders whose support is essential.

A major overhaul is now required.

We cannot continue with business-as-usual. We need to change and change quickly. The answers to these challenges are complex and multifaceted. We have belief systems and behavioral patterns that sometimes undermine our ability to live in the new world we now face. We must change our lifestyle patterns at the level of the individual, the community and the nation, not to reduce standards but to increase real and lasting prosperity, contentment and security.

We can start immediately. Our knowledge base, although still incomplete, is sufficiently well understood in many fields for us not to delay action. There are many examples. We know that we must and can improve energy efficiency. A major report issued to the Club of Rome this year highlighted the potential for massive energy savings (of 80%) in known and accepted technologies and policies. It would represent a major start in our transition to a low-carbon economy. We know that we are close to collapse in our fisheries and that the knowledge and technologies to reverse the potential collapse are available now.

In this context, the establishment of the Japan Association of the Club is extremely timely. The impressive group of distinguished personalities with strong interdisciplinary backgrounds and rich practical experience recently constituted itself as the Japan Association. The interest of its members in the issues of economics, investment and new entrepreneurship will be of great added value to the future activities of the Club.

The Club of Rome is a unique institution with a distinguished history and identity based upon independent intellectual inquiry and assessment of global issues. Its membership has a strong commitment to ensuring proper recognition between the critical issues which determine our future. It has access to policymakers, thought leaders, media and activists who can change policies and induce action. An interdisciplinary analysis and attention to systemic causes of problems have been a strong trademark of our work for several decades. Over the past 40 years, the Club has been making every effort to mobilize a network of independent, multicultural and international experts drawn from many disciplines, all with strong commitment to our common future, supported by the work of national associations who are able to transform global issues into action.

The Club of Rome does not have all the answers; indeed, no one does. But we do have clarity in terms of how these seemingly disconnected issues fit; we do understand the range of threats and stresses we are placing on our civilization; and we have a clear sense of direction.

We are pleased and honored that our like-minded colleagues from Japan have joined the network of the Club of Rome. Together we will find the solutions and the means to build a sustainable, social and equitable world for all. **JS**

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