

Humankind Needs Long-term Thinking to Achieve Better Quality of Life

(Thoughts Following a Talk with Dr. Jorgen Randers)

By Naoyuki Haraoka



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Dr. Jorgen Randers, professor at the BI Norwegian Business School and one of the authors of the Club of Rome's "The Limits to Growth" report issued in 1972, is a well-known expert on the global environment. He visited Japan in June to give a lecture on his latest book titled "2052 — A Global Forecast for the Next Forty Years" which was recently translated into Japanese.

Japan SPOTLIGHT was fortunate to have an opportunity to meet with him right after his lecture at NIKKEI Hall. Although it was very short meeting due to his busy schedule, his remarks proved very stimulating and I would like to share my thoughts initiated by our conversation, as the Japan Economic Foundation is, after all, the Secretariat of the Japan Chapter of the Club of Rome.

Long-term Policies to Supplement Market

Dr. Randers' forecasts for the global economy and environment in 2052 were published in 2012, forty years after he and his colleagues issued "The Limits to Growth" report. He states that there has been very little progress in changing the development path of humankind in order to achieve sustainable growth due to the lack of long-term policies and the predominance of short-termism in the minds of business people and politicians. With this assessment of the current situation in mind, he has made forecasts for 2052 and attempted to show again what will be the most likely outcome for the world if short-termism continues for the next 40 years, just as it has for the past 40 years.

He mentions in his new publication that what we call "global destruction", possibly triggered by environmental pollution and the exhaustion of resources, will not happen until 2052. But even though the world's population will gradually begin to decline after peaking at around 8 billion in 2040, greenhouse gas emissions will continue to increase due to the short-termism prevalent in government and business circles in spite of a possible slowdown in the global economic growth rate, and this will result in global temperatures rising by 2 degrees centigrade over these 40 years together with the frequent emergence of extraordinary weather all over the world. During these four decades, total global GDP will double, but in terms of annual growth rate it will increase at a much lower rate than in the last 40 years. The global community will accordingly face another serious challenge in addition to the environment, namely the issue of poverty on a global level. Not only developing nations but also developed ones will face the possibility of a deterioration in the quality of life.

Dr. Randers emphasizes that the short-termism prevailing among businesses and governments today should be regarded as the culprit not only of continuing environmental pollution but also of the emergence of the poverty issue. He says people involved in the

market economy — businessmen and consumers — are naturally prone to maximizing their revenues and incomes and always trying to buy the cheapest goods to increase their profits. This is always done from a short-term perspective and is what is happening in our capitalistic market economies.

But markets fail to achieve long-term goals such as improvement of the global environment or reduction of poverty. We therefore need long-term policies to supplement the functions of the market. But today democracy is not working well to enable each democratic national government to achieve this, due partly to the prevalence of populism, which makes it difficult to implement long-term policies based on scientific theories relevant to issues such as the environment and poverty. Instead, policies such as tax cuts for the wealthy and for businesses that aim at feeding the short-term egoism of the masses are much more easily adopted.

For example, Dr. Randers and his colleagues once proposed to the Norwegian government that it drastically reduce its CO₂ emissions. But since this proposal contained a tax hike for the entire nation, it was not approved by parliament.

As part of his argument, Dr. Randers accordingly calls for a crucial role for scientists and experts in the policy-making process to change the short-termism of policy planners into long-termism.

Role of Academics in Democratic Societies

Dr. Randers said that unless there is a powerful dictator leading human beings in the right direction they will merely continue with their short-termism, and that could result in a global catastrophe. What he means by "the right direction" in this context is not only the amelioration of the global environment but the increase of human welfare, including more jobs, in particular for young people, less poverty and greater equality among human beings. This is a much broader vision than mere quality of environment or the "wealth" engendered by short-termism. In our democratic societies, it should

not be dictators — no matter how wise they may be — but academic advisors and experts whose voices we should listen to.

In my view, many people in Japan would not agree with him, because academic arguments are often regarded as being too theoretical and ineffective in solving the real issues today. But I do believe Dr. Randers is right in mentioning the positive role that academics can play in resolving long-term issues. Logic and objective reasoning will be key to resolving long-term issues such as global warming or poverty. All of us should be aware that these long-term issues will affect our own lives, and in particular the lives of our children and grandchildren.

We should listen to academic arguments as seriously as possible, even though they may appear too theoretical, conceptual and complicated, and academics should do their best to make their views as easy to understand as possible to facilitate public initiatives. In Japan, I think we should have many more occasions on which think tanks provide opportunities for the public to learn about these long-term issues. The number of conferences, symposia and other relevant gatherings should be expanded.

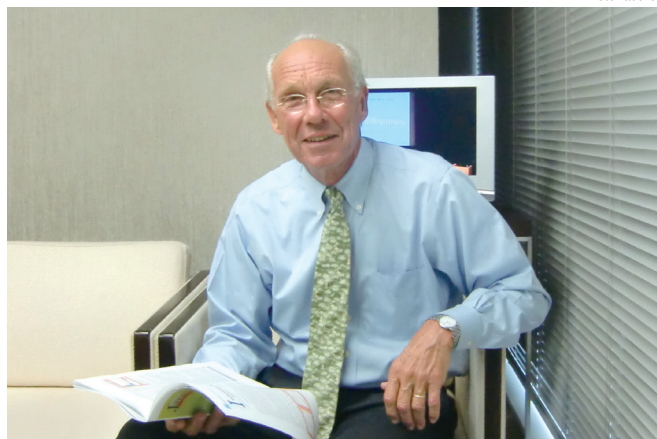
In my personal view, one specific role that academics could play in addressing climate change issues would be through the creation of a new institution aimed at achieving economic welfare and amelioration of the global environment simultaneously based upon academic advice. We would need an economic system to make it possible to assess objectively and quantitatively the value of an environment. As capitalism grew out of the concept of private ownership, I believe that the concept of the environment as a commodity with a price value, and thus to be an aspect of private ownership, would lead to a new capitalism aimed at achieving growth and amelioration of the environment simultaneously. Such an objective, quantitative assessment of environments would be possible only with academics' contributions.

Another institutional issue, I believe, is the creation of a global scheme for transparent and objective allocations of limitations on allowances of CO₂ emissions for each country. One idea is that allocations could be decided in accordance with the proportion of a country's GDP to total global GDP. Only with help from academics could such a transparent and objective mechanism be created.

Developing Countries versus Developed Countries

On this issue, apart from academic arguments, we would also need to address the conflict of interests between developing

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Dr. Jorgen Randers in the interview with Japan SPOTLIGHT Editorial Section

countries and developed countries in devising a convincing allocation mechanism for limitations on CO₂ emission allowances. Developing countries would demand greater allowances than those for developed countries, since they believe the earth has been contaminated mainly by developed nations and that they should therefore take greater responsibility for cleaning up the environment. It would be unfair not to take this point into account, and Dr. Randers indeed advocates a scheme in which developing nations would be allowed to emit CO₂ on a per person basis until they reached the current per person CO₂ emissions in the US, at which point they would be obliged to reduce their emissions.

However, since the 1950s developing countries' CO₂ emissions have also been significant due to their high rate of economic growth. Therefore, I think it would also be unfair to say that developed nations should mainly be held responsible for the current state of global environmental contamination.

In particular, China — which Dr. Randers mentions as the only winner in the competition for growth in wealth — would be largely responsible for likely environmental pollution by 2052 if it maintains the same level of growth without paying much attention to the environment.

The long-term academic thinking that Dr. Randers considers crucial for a brighter future should be applied to the policies of developing countries as well. **JS**

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