

# Introduction

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The old world is ending, and the new, hesitantly, is emerging. It's a painful process, and it's going to get a lot more painful before it starts getting better. This is not good news for those who believe that the threats to today's dominant model of progress can still be resolved with a few minor economic tweaks and political fixes. But it *is* good news for all those who know that we could be doing something so much more effective in terms of fashioning better lives for the vast majority of people all around the world.

To some, such assertions will sound simply preposterous, given that we've been enjoying the fruits of the triumph of capitalism over communism for little more than twenty years. And the idea of there being some kind of successor to capitalism waiting in the wings is quite understandably dismissed out of hand. But as a citizen of Europe, there's one historical parallel I can't get out of my head. On 11th November 1918, the triumphant allies signed the Armistice with a crushed and humiliated Germany. On 1st September 1939, Hitler invaded Poland, and the world was cast once more into devastating war. The analogy may be somewhat stretching, but twenty years after the collapse of the Berlin Wall, a triumphalist axis of capitalist nations has so profoundly mismanaged and abused its triumph that something much, much worse than the Cold War it brought an end to now looms in our midst.

Hearing that, you may wish to read no further! But this is not just another eco-tract predicting the end of everything we hold dear, if not the end of life on Earth itself. After 35 years banging on about the need for radical change, I'm more optimistic now than I've ever been. There's so much to be hugely hopeful about – technologically, politically, spiritually.

To justify such improbable optimism, I've had to go way back beyond the symptoms of today's disordered world to investigate the root causes of that disorder, and to remind people that capitalism has always been a self-correcting system, capable of startling and seemingly 'unthinkable' shifts at precisely the moment when those shifts are most needed. This investigation has led me to the conclusion that it is indeed still possible for capitalism today to self-correct (or, more accurately, to be corrected) before traumatic collapse.

For all who believe, as I do, that market-based, properly regulated capitalism is still capable of meeting today's daunting challenges, that's our best hope. But this is no easy path. Anything vaguely resembling 'business-as-usual' is no less than a death warrant for the highest ideals of contemporary civilization. And that

means we have to dig down a lot deeper than today's superficial, febrile political debates seem inclined to do. Václav Havel, former President of Czechoslovakia and one of the wisest commentators on the lessons to be learned from the collapse of communism, has tirelessly pointed out that 'without a global revolution in the sphere of human consciousness, nothing will change for the better'.

And we will indeed need to engineer tomorrow's world, step by step, with great determination. It won't just happen by chance. The world we live in today is not unplanned; it's the way it is because that's the way earlier political elites wanted it to be. Track back to those extraordinary years after the Second World War where massive entrepreneurial energy was unleashed, particularly in the United States and Europe. In *good faith, without so much as an inkling of today's 'sustainability crunch', the goal was to liberate people the world over (and not just in the rich world) through increased consumption. This 1948 quote from Victor Lebow, one of the most creative retail analysts of that post-war era, will shock people today but was seen then as both visionary and progressive:*

*Our enormously productive economy demands that we make consumption our way of life, that we convert the buying and use of goods into rituals, that we seek our spiritual satisfaction, our ego satisfaction, in consumption. We need things consumed, burned up, worn out, replaced and discarded at an ever-increasing rate.'*

Sixty years on, this process of 'manufacturing desire' has proved to be massively successful. But two 'unintended consequences' now imperil everything we may aspire to in the future. First, politicians and wealth creators have so successfully risen to Lebow's challenge that the biological foundations of our human civilization are now at risk. Second, that success has enriched so minute a percentage of humankind that even if the world wasn't about to implode physically, it certainly is economically, even in the world's richest countries. For instance, the top 10 per cent of Americans today own 70 per cent of net US wealth, and the top 5 per cent more than everyone else put together. The average CEO in the US today earns in one day what an average worker earns in a year. This is *America* we're talking about, the nation that has made a bigger difference to the world's 'poor and needy', and offered more hope to the world's disenfranchised, than any other country on Earth. Tragically, however, the US today, at this dreadful moment in its eventful history, represents the biggest threat to everything the US once stood for.

Today's lethal cocktail of environmental, social and security issues poses an unprecedented challenge to world leaders. But I'm always slightly startled by the number of my colleagues, in both the US and Europe, who believe it's already too late to pull things back from the brink even if we wanted to. I shall examine the pros and cons of that case, particularly as it relates to climate change, in much more detail at different points in the book. However, in terms of what we

would need to do to restore the Earth's basic life-support systems (soils, forests, fresh water, grazing land, biodiversity, fisheries, etc.), this is in fact much more manageable than most people realize, with an asking price that is probably no more than US\$100 billion, according to Lester Brown, President of the Earth Policy Institute in Washington.

Does that sound too much? Astonishingly reasonable? What's your benchmark? Perhaps it would help to know that \$100 billion is less than 10 per cent of the \$1.6 trillion that is reckoned to end up every year in offshore tax havens, beyond the reach of any government, as a result of capital flight, widespread and often endemic corruption, and tax avoidance of every conceivable description (mostly legal). Our world is in fact rich beyond most people's wildest imagination, yet only the tiniest imaginable percentage of that wealth plays any part at all in securing a decent, dignified, sustainable life for the majority of people today.

Capitalism has always had its contradictions, but tax avoidance and 'offshoring' on this scale warps the very foundations of market capitalism. When people like George Soros and even Zbigniew Brzezinski (a redoubtable neo-conservative who helped shape US foreign policy throughout the 1970s and 80s) begin to warn of a potential implosion in the system as a consequence of today's 'global political awakening around social injustice', then it's probably time to sit up and listen.

There's an interesting correlation here between climate change and poverty. Many scientists today are focused on the possibility of what is called 'non-linear climate change', where the *gradual* build-up of manmade greenhouse gases in the atmosphere leads not to a *gradual* increase in average temperatures, followed by a *gradual* increase in the severity of climate-related events, but rather to a dramatic ('non-linear') step-change in the climate. This hypothesis is underpinned by findings from ice cores in both the Arctic and the Antarctic which show earlier sea level rises of several metres in a single century. About 14,000 years ago, for example, sea levels rose approximately 20 metres over the course of 400 years, or about 1 metre every 20 years.

Far fewer people look to the possibility of 'non-linear social change' as a consequence of the very deep-seated, and still gradually worsening, levels of inequity in society. We'll see later that research today shows that nearly 60 per cent of people live in countries where the gap between rich and poor is still getting bigger, not narrowing. As with climate change, the effects of this are often indirect, diffuse, long-term; there's always something more pressing for politicians to deal with, and NIMTO (Not In My Term of Office) mindsets tend to prevail. But we've seen many examples of 'non-linear social change' in the past, most recently with the collapse of communism and the Iron Curtain in central Europe in the 1980s, over a remarkably short period of time. So just how unequal will things need to get before political instabilities and other knock-on consequences bring about further non-linear change?

For the best part of ten years, I have been fortunate enough to end up working with a large number of people at senior level in both government and business – through Forum for the Future, the UK Sustainable Development Commission and the Prince of Wales’s Business and the Environment Programme – who are increasingly open to seeking answers to those difficult questions. Although it is, of course, possible that the wool is being pulled over my eyes by all of these people all of the time, my overwhelming impression is that more and more of them are now intent upon seriously pushing forward with more sustainable ways of doing their jobs. These are not radical people. They are not activists. They would not dream of looking for change outside the system: if it can’t be made to happen inside the system, then for them it just won’t work. Given the urgency now required, both the length of time it takes to get the basics sorted and the extraordinary reluctance to take any real risks remain hugely frustrating – but it is still the case that almost all key policy processes continue to move slowly in the right direction.

And that, of course, means that the emerging solutions have to be fashioned within the embrace of capitalism. Like it or not (and the vast majority of people *do*), capitalism is now the only economic show in town. The drive to extend the reach of markets into every aspect of every economy is an irresistible force, and the benefits of today’s globalization process are still held by a substantial majority of people to outweigh the costs – however serious those costs may be, as we shall see. The adaptability and inherent strengths of market-based, for-profit economic systems have proved themselves time after time, and there will be few reading this book who are not the direct beneficiaries of those systems.

It’s as well to acknowledge both the power and the enduring appeal of capitalism up front. Much of what follows will seek to harness the strengths of that system to the pursuit of sustainable development, while simultaneously challenging our dependence upon *today’s* particular model of capitalism. For fear of arriving at a different conclusion, there is a widespread though largely unspoken assumption that there need be no fundamental contradiction between sustainable development and capitalism. That assumption will be rigorously tested in Part I, as will the relationship between most governments’ good intentions on sustainable development and the prevailing political and economic framework through which they seek to deliver on those good intentions.

Sustainable development is still a relatively young and unfinished concept, and has had to establish itself over the last 20 years or so at precisely the time when those political philosophies which would have given it more space (social democracy and democratic socialism) have surrendered the field to today’s dominant, neo-liberal free market ideology. Organizations and individuals championing sustainable development as a radically different model of progress for humankind have had their work cut out simply trying to mitigate the worst externalities of today’s global economy. There has been little time or opportunity to map out more positive visions of what a sustainable world would look like, to stop hammering on and on about the *necessity* of change and start focusing

instead upon the *desirability* of change in terms of improved quality of life, greater security, and more fulfilled ways of working and living. We are so preoccupied with avoiding nightmares in the future that we have pretty much given up on offering our dreams of a better world today.

*Capitalism as if the World Matters* sets out to address that imbalance. It does so on the basis of a new political convergence that I believe is beginning to emerge around the twin concepts of *sustainability* and *wellbeing*. Governments around the world are now struggling to reconcile the legitimate material aspirations of their citizens with the need to protect the natural environment far more effectively than we have been able to do until now. They would, of course, prefer it if there were no such environmental constraints; but the costs of mismanaging our natural capital are now so great as to demand a new and lasting resolution to this long-running dilemma.

At the same time, though even less purposefully, governments are beginning to wake up to the problems of trying to achieve *everything* via the medium of constant economic growth. As we'll see in Chapter 3, growth clearly provides the wherewithal for delivering many of the improvements that people ask of their governments (better public services, security, renewed infrastructure and so on), as well as many of the material benefits that people seek through increased personal wealth and consumption. But it also gives rise to substantial social and environmental costs, and does not appear to be making people any happier or any more contented with their lot in life. So should governments be shifting the focus more towards the promotion of wellbeing and contentment, rather than towards economic growth per se?

The problem is that economies are now so geared towards year-on-year increases in personal consumption (partly in order to keep business growth buoyant and tax revenues flowing) that politicians are extremely reluctant even to question this particular paradigm of progress. At the same time, companies have been equally hostile to the notion that people might actually be better off by consuming *less*, and see any such discourse as a direct attack on the self-evident benefits of free market economics. For many business people over the last fifteen years, this has positioned sustainable development in the wrong psychological boxes – the ones labelled ‘regulation and red tape’, ‘constraint on business’, ‘increased costs’ or ‘high risks’. Only during the last few years have we seen the other boxes – labelled ‘opportunity’, ‘innovation’, ‘increased market share’ and ‘stronger brands’ – opening up in such a way as to provide wealth creators with an entirely different and far more positive proposition. Given the dominant role of business in the world today, this particular mindset transition is critically important: however necessary or desirable something may be, it is unlikely to obtain the necessary traction in today's world unless the business community can be persuaded and inspired to get behind it.

*Opportunity* is, thus, the third key element in the case made for a rapid transition to a very different variant of capitalism: capitalism as if the world matters.

The politics of sustainability makes change *necessary*: we literally don't have any choice unless we want to see the natural world collapse around us, and with it our dreams of a better world for humankind. The politics of wellbeing makes change *desirable*: we really do have a choice in finding better ways of improving people's lives than those we are currently relying upon. And responding to both those challenges will generate extraordinary opportunities for the wealth creators of the future. When something is both necessary and desirable, and can be pitched to demanding electorates in terms of both *opportunity* and *progress*, then it becomes politically viable – and that's the threshold that I believe we have now, at long last, reached.