

As part of the *Café Insights* series of interviews with inspiring speakers, The Insight Bureau recently caught up with Graeme Maxton, an economist and writer, Member, and former Secretary-General, of the Club of Rome who writes and speaks about the most pressing issues facing the future of humanity and solutions to face these challenges.



Andrew Vine (AV)

Well, hello, and welcome to another in the series of Café Insights. I'm Andrew Vine, managing director of The Insight Bureau, and today, I'm in conversation with Graeme Maxton. Graeme, how are you?

Graeme Maxton (GM)

I'm very good indeed.

AV

Okay. Well, Graeme is a writer and author on the big challenges that face humanity. Wow, that's quite a title to give yourself, or a mission in life! Tell us a little bit more about what you do and what you plan to achieve.

GM

Okay. I mean, it is what it says on the tin. I mean, we are trying to think about the big challenges, the big holistic challenges. So, they fall into two major categories; the environmental challenges, most obvious of which is climate change, the challenge in how to fix that, but also species loss, pollution of the air, pollution of the waters. So that's the environmental challenges.

But the other side, you've got a lot of social challenges. So, you've got inequality, you've got unemployment, you've got poverty in so many parts of the world – still -- despite all our economic development. There are problems with migration now, and conflict. And, strange as it might seem, all of those problems -- the environmental problems and all of these social problems -- all have the same root cause, they are all part of one big problem. And there are not many people, or there are not many organisations, that try to think about it in that broad, holistic way. But that's where we are. We're trying to take a long-term scientific perspective on these big challenges and try and find solutions.

AV

And when you say “we”, this is a reference to the Club of Rome.

GM

This is the Club of Rome.

AV

You were made a Member of this some years ago, and for the last four years, you've been its Secretary-General.

GM

Exactly. So, the Club of Rome goes back to 1968. It's now 50 years old. It's famous for the *Limits to Growth* book which said, in 1972, that if we carried on increasing our ecological footprint, we would have trouble by around 2030, which I would argue is exactly what's happening. We're seeing a lot of these troubles beginning that were anticipated. Importantly, a lot of people have very wrong ideas about the Club of Rome because there's a great deal of 'conspiracy theories' on the Internet. But what we're accused

of is being anti-growth, and we're not! We're actually very *pro*-economic growth, but what we're against is growth in what we call the 'ecological footprint.' If we grow and develop our economies, we mustn't ruin nature, because it'll come back and bite us.

AV

Of course, in your past life, you've come from a very commercial background; you were in banking, you were in the automotive sector, you've been a strategy consultant... You've been doing a lot of writing around the world economy in Asia for the Economist Intelligence Unit. And it all kind of culminated in a book, and this was the thing that kind of set you in a new direction: *The End of Progress: How Modern Economics Has Failed Us*. And that was quite a moment, because you started to say, "hey, this kind of economic system, that we've enjoyed for the last 40 years or so, isn't sustainable -- it cannot carry on."

GM

Exactly! And I mean, that gives me a sort of slightly different perspective with the people I work with because I'm not a conventional environmentalist. I was a banker and I was a consultant and wrote about the automotive industry of all things. But when I was living in Hong Kong and I saw the financial crisis in 2008, and I saw the impact of the economic development in Southeast Asia, I saw what was happening in China. And I suddenly thought to myself, "There's something not right here!" We talked about this being a system which is helping people, lifting people out of poverty. We talk about the robustness of the system. We keep promoting growth. and yet we've had this financial crisis, and we still have huge levels of poverty across much of the world. There's something fundamentally wrong here. And so, I went away and wrote a book and did some research, and that was when I came to the realisation that, actually, the problem is really very broad and very deep. It's not a question of tweaking the economic system: we need to re-sync it!

AV

I mean, in terms of this theme to protect the world, the environment, usually that also means reducing growth or containing consumption. And at the end of the day, you wrote your second book with Jorgen Randers, *Reinventing Prosperity: Managing Growth to Reduce Unemployment, Inequality, and Climate Change*. So, the emphasis there is saying, "well, we don't have to *not* have growth. But we have to do it in a different way."

GM

Exactly. I mean, we need to rethink our economic systems so that we don't increase the gap between rich and poor because the current system does that. It's actually not solving poverty in much of the world. Free trade is creating all sorts of problems for some developing countries. And growth itself, because we're pushing an emphasis on the through-put of resources, you need lots of energy, which creates CO₂, which creates climate change. So, the push for conventional growth is actually the cause of a lot of our problems. But actually, I mean, we can have growth in GDP because it's just a number. I mean, if we add a zero onto the price of everything, we can increase the GDP by tenfold. So, what we need to do is we can still have growth. We can have growth in all sorts of products and services. But what we mustn't do is carry on using resources and carry on using energy in the same way we do today, which produces all the CO₂. So, we need to rethink *how* we have growth. But we can still have GDP increases.

- AV** I remember hearing you speak and you saying, "We're living today like there's one and a half planets," or something like that. And that just clearly isn't sustainable.
- GM** Yes. In fact, I mean, in Europe, people live as if they have three planet Earths and in America, they live as if they have five. So, they're living way beyond the sustainable levels. And we live today as if we have 1.6 planets, which is only possible for a short time. Eventually, nature will kick in and will lock us back into some sort of sustainable system. And that's what we're really about. We're trying to encourage people to understand how they can change so that we can move back into something which is sustainable in the long term and our grandchildren will be able to live comfortable lives.
- AV** Of course, there's a lot of talk about passing that two degrees above the pre-industrial age, where if we go past that - and you think we will for sure - then we're really in a very difficult position.
- GM** Yes. I mean, I don't think we will for sure, but I think it's highly, highly likely. I think it's possible to avoid it. Two degrees, I don't think people really understand what two degrees means, because the temperature outside changes by more than two degrees each day, even in a single hour. But two degrees actually takes us back 10 million years in planetary temperatures. And if we reach four degrees, it takes us back more than 40 million years. I mean, there would be no ice on earth. Not in the short term, but in the long term, four degrees will take us back and there'll be no ice on earth. And it will be very difficult for most species to live. So, two degrees is something we must avoid. But to avoid two degrees now, today we have to make some radical change as to how we develop our energy systems and how we develop our economy.
- GM** And where is the impetus going to come from to make those real changes? I mean, is it really the role of government to step in and take it by the horns? Is it business? Or is it just individuals? Or is it kind of a combination of everything?
- AV** I mean, for a long time, the Club of Rome has spoken to politicians and tried to educate them. And we've seen really very little action. I mean, the Paris Agreement was a miracle that it brought together so many countries. But it's also a disaster because the targets are not nearly enough. I mean, they need to be much tougher. I think it needs to be government. We need to have governments who step in and guide the economic system in better ways. We need stronger government because a lot of challenges with climate change cannot be addressed by business. There's no profit in saving cities from rising sea levels. So, you need more government. It needs business to take a different approach to how it grows and develops. But some businesses are going to have to change much more radically than others. And it needs individuals to change how they consume. I mean, we don't have to go back to the Stone Age, but we have to go back to a level of consumption which is more like the 1970s. It needs religious organisations like the Church to help, the trade union movement, the military, particularly in Germany and the US, a coalition of groups who understand the situation, and who know that we need to change and can be part of that solution.

- AV** Companies are doing quite a bit in terms of environmental footprint, in terms of trying to create a more sustainable organization or are they? I mean, some of it is perhaps doing something, but not nearly enough. I mean, what will it take for businesses really to play a relevant role in all of this?
- GM** I mean, I think it depends what business you're in and where you are. If you're in the business of manufacturing solar panels or windmills, then you've got a pretty bright future. If you're in the business of producing concrete, if you're in the business of producing oil, coal, or gas, then the environment is going to get a lot tougher for you. I mean, we're seeing people divest in all of these businesses because they know there's a risk of stranded assets, that they won't be able to dig up all of this oil. If you're in the aviation business or the automotive business, there is a difficult time coming because you have to use all that oil and gas and you create a lot of these emissions. Even if it's electric vehicles, there's a lot of emissions created. So, it depends where you are. If you're in Europe, if you're in China, then the push for environmental sustainability is much higher and tougher there. So, it really depends on where you are. Some businesses will have to get out of what they're doing today. Others will be able to carry on. It's very much a question of how and where you want to be.
- AV** And this is what you do, I know. You spend time briefing boards, you're involved in senior management meetings, as well as educating people through conferences, in various conferences, around the world. And I think the senior managers perhaps are not very sure of what their role is going to be. But you can perhaps give them some guidance on this.
- GM** I can, I think. And it also is helpful for businesses to work more closely with government because to do the right thing, there's often not first-mover advantage. There's a risk of first-mover *disadvantage*. But if they don't move, then there's a risk of something much less predictable coming along later on, much more difficult to deal with. And so, businesses need to work together with governments to create a playing field which allows them to make a transition without losing their competitiveness. And that's really I think what we're about. We're trying to help them understand where they can change. I mean, there are some great examples of businesses today who really do get it and are not just greenwashing. They are trying to do the right thing. And there are others who are burying their heads in the sand. And the ones that bury their heads in the sand -- for their shareholders and for their business -- the risks are enormous right now, and they're ignoring that.
- AV** So, it occurs to me that the challenges are huge, and there's no avoiding that. But I was going to ask you whether you, on the whole, feel optimistic or pessimistic? But knowing you as well as I do, I think that you tend to be a little bit of a pessimist in terms of just the gravity of what they're facing. But where do you see the positive things that we can do to mitigate the challenges of this?
- GM** I mean, I'm a gloomy Scotsman economist! [laughter]
- AV** I just was going to say that! [laughter].

- GM** But I mean, I do tend to be, because the scale of the problem is so large, it's an existential crisis. It affects the very existence of humanity if we don't deal with climate change. It's that big and it's right on our doorstep. But I do see positive signs all over the world. You see businesses who are waking up to these challenges. You see NGOs beginning to be heard. Everywhere I go, people talk to me about how they can make the changes that are necessary. You see this rising consciousness. And that makes me very optimistic on many good days because I see that there's this growing understanding of the scale of the problem. And it doesn't need everybody to understand before the balance gets tipped. But it needs maybe 15 or 20 percent of the developed world to understand. And we're getting close to that sort of level. We're getting close to a revolution.
- AV** And is it also generational? Are we seeing young people taking a stronger stake in this outcome?
- GM** As a broad rule, I would say younger people tend to be more passionate about it. But they don't necessarily understand the financial and economic implications as well. A lot of very old people who perhaps don't have so much to lose understand it very well. But I think it varies. It varies across the spectrum. What I think I see is a growing awareness and a growing need, a call for change. As climatic events become worse, as they become more extreme, as we see rising sea levels in places like Indonesia, where people are now having to bury their dead when the tide goes out, you begin to see-- in Dallas, they had minus 15 degrees a few weeks ago. You begin to see this awareness. And that's, I think, what's key. And that can change perspectives very, very quickly.
- AV** Well, fascinating stuff and really big challenges that we need to take on board. Thank you very much for spending a bit of time with me today, Graeme.
- GM** Thank you.
- AV** And all the best as you fly back to Europe.

Graeme Maxton is an author, writer and thinker about the world economy, society, business and the environment. He is the author of several hard-hitting and best-selling books, the most recent two being *The End of Progress* and *Reinventing Prosperity*.

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