



CHANDRAN NAIR

Consumption

Asia must not follow the consumption-based growth model of the West and should instead be brave in imposing limits on the exploitation of resources.

As members of the global elite, including Asian politicians and business leaders, descend on Davos for the World Economic Forum (WEF), they must for once step back from the predictable conversations about repairing the global economy. Instead, they must start thinking about what the WEF mantra “to improve the state of the world” actually means.

The WEF must start to shape its mission around accepting the hard fact that the 20th century’s triumph of consumption-based capitalism has created the crisis of the 21st century: looming catastrophic climate change, massive environmental damage, significant depletion of natural resources and a bleak future for the world’s poor majority. Asia is now at the heart of it.

The call for Asia to emulate the Western economic model – which defines success as consumption-driven growth – must be challenged. How we can live in a constrained planet now that billions of Asians are being told to consume as the West does? Paradoxically, the societies that are best placed to challenge this model are in Asia, because the size of the region’s population, while apparently promising most for this model’s continuation, actually contains the seeds of its destruction.

Try, for example, imagining a world by the middle of this century in which 4 billion to 5 billion Asians are con-

suming like Americans. The result would be catastrophic. Yet this is what Asians are told to aspire to. As Asia rises and expectations increase, the 2 billion Asians now at the margins of the consumption economy will radically transform global demand and supply, not only for non-renewable commodities such as oil and coal (with their respective carbon emissions), but also for renewables such as food (think meat consumption). This is no Malthusian rehash.

Let us take chickens and cars as examples. Today, Americans consume about 9 billion birds annually. Asia, with a population 13 times larger than the US, consumes about 16 billion. If by 2050 Asians consume like Americans, they would consume about 120 billion birds a year. Needless to say, there are those who will sweep aside concerns about the impact of this improbable statistic, by using the crutch of technology, such as genetically modified birds that do not create waste and need less feed.

China is already the world’s largest car market and many hope that India will follow suit. Chinese car ownership is about 150 per 1000 people and in India it is only about 30 per 1000, compared with an average of 750 cars per 1000 people in Organisation for Economic Co-operation and Development countries. If both China and India reach Western ownership levels, as the auto industry hopes, there would be up to 1.5 billion cars in just these two countries – probably requiring almost all of the daily oil output from the Organisation of the Petroleum Exporting Countries just to drive them. Again, the usual response to such concerns is talk of technology and green cars, without accepting that these are likely to remain toys for the rich.

STOP IGNORING THE FACTS

The WEF can be where leaders start to stop ignoring the facts that show that consumption-based capitalism has had dramatic negative impacts on resources and the environment. They must begin to acknowledge that their growth-only focus runs counter to the scientific consensus about limits, the catastrophic consequences of consumption-led growth and the need for stringent rules on resource management and unrestrained consumption.

This is also why Asian government leaders must seek to redefine the agenda. They must lead in moving beyond the lip service paid at the WEF to ‘green issues’ and facile pronouncements about sustainability and corporate social responsibility, to confronting the ultimate challenge of how a global economy for 9 billion people in 2050 should operate within ecological limits. They must seek once and for all to abandon the almost religious belief held at such forums that human ingenuity, aided by innovations in technology, finance and markets, will deliver solutions.

Denial must stop. Asian political and business leaders must now grasp the mantle of leadership for a resource-constrained world as other cannot. This requires a rejection of the current model of consumption-led economic growth that thrives on under-pricing ecological, environmental and social externalities. This will also require Asian leaders to be politically bold at home. For this reason, the future of the 21st century will depend as much on decisions taken in Beijing, Delhi and Jakarta, as in Washington, London or Paris.

The dogmatic capitalist approach led by the West, with

its emphasis on markets, technology and finance, will not deliver. Asian leaders are at a crossroads and will have tough political decisions to confront. With regard to the right to consume, do they allow Western-style freedoms, coupled with the under-pricing of externalities (which is at the heart of the current economic model) to flourish? Or do they demand strong government intervention to ensure a fairer and more sustainable future? If so, this will be a sharp departure from the conventional Western model.

LACK OF BOLDNESS

Resorting to rhetoric about green solutions only highlights the current lack of boldness and intellectual honesty. But why does it persist? First, it perpetuates the belief that technology alone, with its money-making potential, can provide all the solutions and create win-win solutions, much desired at meetings such as the WEF. This is the rally cry of the business-as-usual advocates. Second, these conventional solutions allow politicians and business leaders to avoid addressing the political solution of introducing rules that would change how people behave and consume.

This is why Asian governments must act now. It is the role of the state to ensure that actions that benefit a minority do not impinge on the rights of the majority, for example when dubious mining rights are granted to the elite, affecting thousands if not millions through displacement and pollution. That is what Asia is confronted with now. In the 21st century in Asia, this issue starts with access to resources and therefore the rights to various basic forms of consumption. The core task of Asian governments is to rewrite the rules of capitalism, putting resource constraints at the centre of all policy-making. They must act now or they will find themselves compelled (too late in the day) to put a proper price on ecological and social externalities.

What is needed in Asia is the political realisation that limits must be placed on various forms of consumption, with the policies put in place that enforce these constraints. Asian leaders should challenge conventional thinking and vested interests that argue there is only one course of development and that poverty and unemployment will be inevitable if they embark on a new course. This means shaping policies around the following core principles:

- Resources are constrained: economic activity must be subservient to maintaining the vitality of resources;
- Resource use must be equitable for current and future generations: collective welfare must take priority over individual rights;
- Resources must be repriced and productivity efforts should be focused on reducing use of resources and not of people, ie. using less material with more people working.

Two key mechanisms that governments in Asia must use are:

- Pricing – through the imposition of taxes and fees and the removal of subsidies in all parts of the value chain to include ecological and social externalities in the price of goods. This will enable governments to start to put a true price on the goods and services provided by the environment, much of which has been a free ride for industry. They should start to tax emissions; not just carbon, but also use of critical resources such as water and minerals.
- Limits – putting caps on the use of resources, including,



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where appropriate, outright bans. In this regard, tough action must be taken on forests and fisheries, which will include the fight against corruption. To rely on the markets to work is to hark back to a failed ideological premise promoted by the West.

These actions will have a direct impact on the most egregious forms of consumption. Putting in limits will force companies to adapt to a new type of resource pricing and consumer reality. Most importantly, it will begin to change behaviours and expectations and allow more people to have a fairer share of limited resources. Examples would include how land, water and biodiversity is distributed, used and priced in relation to promoting industrial agriculture and food production, so that the oil-palm-based cookie is no longer exaggeratedly under-priced.

BLEAK FUTURE

If Asia, especially China, India and Indonesia, does not lead the way, then we need to accept that the threat of climate change and other looming environmental challenges will only get worse and we are going to live in a very bleak world. Asian governments will need to demonstrate that the actions they take are not only necessary but equitable, and therefore legitimate.

These Asian governments should make clear that their approach does not mean saying that people will be poor or that they cannot aspire to be prosperous. It means that their expectations have to be aligned with the constraints under which all societies will have to operate – but Asian ones (almost certainly) first of all.

While international agreements on a new economic model would be ideal, Asian governments should not wait and must act unilaterally and locally if needed; it is unlikely the West will take the lead, as its challenges with regard to these issues are very different. Grandstanding and blaming the West for past injustices does not help, either.

Needless to say, suggesting a future where economic policy is framed around limits, restraint and restrictions is to invite controversy and even ridicule, but Asian governments must start now. They have no choice. They will be held accountable and responsible, not just by their citizens, but by the world at large. The WEF would be the ideal platform for this harsh reality to be stated and for a new approach to improving the state of the world to begin. **TP**

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