

XSTAFF BCO Conference 2023

The Future is Now. Sustainability and Economy

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I thank you for inviting me and let me speak about a tiny little phrase that has such an immense importance for the planet, the people and our prosperity: The Future is Now.

It is a trivial phrase, so it appears at the first glance. Where would you expect the future but in every second, every hour and year that has not yet passed? All will agree. But then, a definitely not trivial issue comes up. Many people and in particular the hard-nosed economist say, wait a minute: future comes anyway, that is a constant, no variable. So, we'd rather wait for better times to invest. In decades, machinery and technology will be cheaper than it is now and regulation will be easier to implement, and so it is wise to wait. Then, in the deep future we are still „on time“.

This assumption no longer holds true, if it ever had.

This summer has been stunning. For a few years now, global warming is causing things to happen that we've never seen before. The world of climate change has us in its firm grip. grip made of heat waves, droughts, floodings, loss of nature, heat deaths and damage to people and assets.

We are in a veritable gamble with our planet. In the 1950s, the historic first gamble was the atomic bomb and the uncertainty of physicists as to whether or not its first detonation would burn up the entire atmosphere. Today, we are again gambling with the world as we know it.

So that little sentence expresses a fundamental political consideration: Delaying solutions makes problems worse. Playing for time does not put us in any better position. Waiting is for losers.

But that does not mean that the society and politics - as a whole - are following suite. The Berlin bubble upsets about gender language, (de)regulation, weapons and subsidies of all kinds. The sustainability scene is sidelined. In this setting, the actual future fields play no or only a subordinate role: What business model will Germany have in ten years that would meet geo-economic dimensions? What will be progress then, and how do we talk about it? What about Africa, digitization, AI, sustainability at large? What about the big global technology bets? How do we deal with the need for collaboration in the geofrictions of competitiveness?

Against this backdrop, here is the topic of my talk. I will start with a few remarks on the current discussion about business and sustainability. Secondly, I will make the point that transformation is the defining element of our times, and that we are only beginning to understand this. My third point is on infrastructure, and that we are heading into a new era of infrastructure. In closing, I will elaborate why the business of business is the transformation of business.

1. Over-feared and under-explained: When a debate misses the point.

These days, Germany is talking much about the so called standstill. The standstill is as popular as the proverbial German Angst. It is a commonplace.

Germany's economy, it says, is sick. The Energiewende damages competitiveness. Digitality lags behind, education and skilled work are a single dilemma, migration policy is failing. Too much bureaucracy, too little climate protection, and if so, too much greenwashing. And all blame is on politics and on governments. The big picture is: there is a lot to do, and the government is doing nothing.

This is wrong, in several ways:

The current administration is actually doing quite a bit, but at a level of activism and not strategically tied back to a larger reading of the times we live in and the challenges as a result of unsustainable development

The standstill is not the defining element of our times, transformation is. The standstill-talk is just scapegoating to avoid having to face the breathless poly crisis head on, and the big transformation stuff. That overestimates fears and risks, and it produces mistrust. Under-explained is the bigger backdrop of transformation, what it really means and how a transformation could work.

Since 2007, Europe slid into a new kind of problem with displacement and migration, war times, pandemics, climate impacts, loss of nature, geopolitical frictions, and cyber fakes. The total of those problems is an awkward new specimen. This is because interdependencies are mutually reinforcing, and our policy instruments are nowhere attuned to this. Conventionally, policy wisdom (and in this case, science, economics, social welfare) would cut problems into slices that seem digestible and can be dealt with. Dealing with the slices works quite well and is routine; dealing with the whole pie is additional work that is often over-complex. Dealing with the emergence and origin of the cake is already out of the ordinary. So, maybe understandably, dealing with the new specimen of dynamic interconnectedness is well out of reach. Who would admit this publicly?

This is a challenge beyond all normal challenges. That is exactly what a transformation towards sustainability is supposed to be, in a comprehensive way, encouraging and empowering people, and with high-ambition targets.

2. The transformation is the Archimedean point in our times.

The transformation towards a sustainable development is gaining momentum, despite all undesirable developments, malpractice and despite of the media gossip about the standstill.

In 2015 the world community agreed on ambitious targets for sustainability and on combatting global warming. The recent UN stocktaking about direct impact and progress is sobering. But we also have to see indirect impacts. Because, since then, warming forecasts have fallen significantly: In 2015, scientists were assuming an increase of up to 3.2 degrees Celsius by 2100. Today, the figures are much lower (between 1.7 and 2.6 degrees). Of course, emission cuts are not on track to meet Paris climate targets, but they have been going down.

There are also other achievements:

Economically, tech-fixes for sustainability are on a success path. That is undeniable. The cost of eco-technology dropped substantially. Circularity is gaining more and more economic traction. After too long a time of ignorance, we are taking first steps to carbon capturing. Finally, we are beginning to acknowledge the strategic importance of natural climate solutions and of biodiversity's irrecoverable carbon stocks.

For more and more leaders and young pioneers, concern for restoring our environment and biodiversity is the turning point in their careers. Two decades ago, this was the exact opposite. I was told that taking on the post of Sustainability Council was a career-ender and that sustainability was like ashes in your mouth.

Today, more money than ever is being invested in transformation. Major science programs are devoted to sustainability. A sustainable lifestyle is no longer something completely offbeat.

According to the September briefing of the German Federal Bank, de-industrialisation is not happening, although it remains a common thread to the industries.

Companies are reviewing their business model and are moving on with the transformation en route with sustainability. This is no niche, not anymore. I can tell from my experience with the annual German Sustainability Award, a reference scheme for the increasing traction of transformation in the private sector that is now in its sixteenth year.

Germany is fulfilling its financial commitments in global climate protection, providing developing countries with almost 6.4 billion euros in 2022 alone.

To be very clear: All of that is not enough. We are far from having done our job. But all of that it is not nothing either.

And yes, we look back on an impressive series of failures, namely when Germany deliberately gave away its lead in CCS/U technology 20 years ago. Or when we scuttled the Desertec initiative for no good reason. Or when we failed to take advantage of our good position in relation to the emerging BRICS system. The same applies to the decades-long non-decision-making in terms of Energiewende and circular economy. We should finally start learning from the mistakes.

It is good that politicians are now considering a subsidized prize for industry power, which I think we need under the precondition that it gets linked to the sustainability agenda.

As regards the transformation, we need to better understand its intrinsic asymmetries, the defining differences in speed and social impact, the conflicts of interest and the inconsistencies, the dirty duck-and-hide game of the carbon rich who hide behind the carbon poor. We also have to develop a better sense of the big wins, the opportunities offered, the gains in purpose and trust, freedom and hope.

There is a little exercise about context and comprehensiveness. I would give you a 14 digit number announcing that I am sure that you would immediately remember it. Of course, the audience would also immediately think that this is completely nonsensical.

You would have forgotten the 14 digits in the second you would have heard it. Then, in solving the riddle, I produce a multiple choice test and ask whether the number given was either 0,4, 110 or a 14digit number.

The message is clear. Context is easier to remember than details. What people remember is the scene of me staggering through a completely nonsensical number. In memory, the detail is far, the context is near.

Context works the magic. Context builds up the way we can learn to think comprehensively. And context has a technical side: infrastructure.

3. Infrastructure heads in a new era.

Infrastructure has been important in the past. For the future, we will see an increasing importance of infrastructure. It goes well beyond ports, roads and railways, and the internet.

- Regularly, infrastructure is set to connect two points, A and B. The future design sees infrastructure as enabler of circular economy work streams. It reconnects A to A and recollects the material flows previously distributed in B to Z. Admittedly, today only a ridiculously small portion of secondary raw materials finds the way back into the productive economy. That will change with the future in architecture and construction, textiles, cars and non food consumer goods.
- Climate neutrality requires all kind of new infrastructure, from technical equipment and energy supplies to financial infrastructure and skilled work competences. Offsetting is a key to the future. I am aware of the public campaign against malpractice in offsetting projects, and there is a point. Vague and obscure parts of the voluntary carbon market have encouraged malpractice. But that does not make offsetting a drag on climate protection. Anyone who can bring carbon emissions to zero through renewable energies alone is to be congratulated. To say the least: It won't be most people and industries. Basic industries and freight transportation, not to mention the public sector, social services, and health care, will only achieve carbon neutrality by 2030, 2040 or 2050 if they offset their remaining carbon pollution, having first avoided and reduced to the best of their ability. Offsets and compensations are essential for climate neutrality. I urge industry to be bolder about offsetting. We need to make offsetting the backbone of global climate cooperation to strengthen the global South.
- The global warming makes us look even beyond mere achieving the Paris targets. In the (not so) long run we will have to face how to reduce the amount of atmospheric carbon. We need to clean up the atmosphere. This is a technologic challenge and a question of building up an infrastructure of e.g. direct air carbon capturing and carbon removal.
- Generally, our most important common infrastructure is something that we usually do not even call infrastructure. It is biodiversity, soils and climate. A nature-positive economy will calculate its full cost and its full benefits.

I am a Fellow at Conservation International, a U.S.-based NGO that works concretely in dozens of countries in the global South. We promote carbon neutrality primarily by working with local communities that contribute little to nothing to global warming. In contrast, they store large amounts of carbon in their natural ecosystems and biodiversity. We must not lose this carbon, it is irrecoverable.

It's as simple as this: even if all cars and ships in the global North were powered by clean electricity, that wouldn't come close to stopping global warming if we don't save the carbon stocks that are naturally stored in ecosystems. Countries in the biodiversity belt will not save the natural carbon stocks until they are recognized and paid for as infrastructure.

Nature-positivity must become the backbone of climate justice, on par with mitigation and adaptation.

4. The business of business is the transformation of business.

Sustainability and business - they are no longer the classic opposites. The phrase "first comes making money, then comes the environment" no longer applies. Sustainability sells.

The transformation of business is enforced by two ways: Either by global warming or by informed choices. That means, it is either anonymous and random or it is purposeful and strategic.

The US Inflation Reduction Act and the European Green Deal provide unprecedented incentives for transformation. The US alone will spend 369 bn in subsidies for climate protection, over the next 10 years. That looks like big money, but is only as much as the global pet market is expected to amount to by 2030 and lets me ask whether we are putting priorities right.

The transformation, if successfully managed, will determine the promise of freedom and the openness of society. This resonates in these four words: The future is now.

The future is now. It is true, in a concrete and very practical way, for those who invest in ships and aircraft, in buildings, or any other long-life machinery or infrastructure. The ambitious climate targets apply immediately for long-term investments that do not want to end as stranded assets.

The future is now, not only for capital and long investments. How we think and communicate about sustainability is being put to test. The usual policy speak adds to the Big Alienation between the classes, the class of those who talk about transformation and those who pay for it and may feel victimized by others. I am pointing to the usual SDG language, the technicality of ESG talks, the language we use in COPs and Meetings of the Parties. Without wanting to do so, that language establishes hierarchies in our groups and outside. One proves one's status by dropping names and reciting the zoo of acronyms flawlessly, with converts trying to outdo prophets. The representatives alienate themselves from those who are supposed to understand them. If this is not a serious problem, what is?

The future is also a future of communication and education. Man is no funnel: You cannot put in scientific graphs and data, the pure rationality, at the top and expect climate action to come out the bottom automatically. Rationality couples with emotion. All depends on context. Contextual communication determines how we get stuff done.

The future is now. That finally says something about our concept of time. We need to adapt this concept, because times are changing. Given the prevailing circumstances, rising sea levels are sinking future, as Antonio Guterres puts it. Time does not simply trickle away, it is no longer an innocent concept. As problems are still outpacing solutions,

we can no longer afford the conventional political attitude that sacrifices the second and third best options for waiting for the perfect claim. Perfectionism is a weapon against the future. Stakeholders must leave perfectionism behind.

It will be interesting to see what role international shipping and logistics will play in due course. It is clear that the industry must bear its share of responsibility in addressing climate change by introducing zero or near-zero technologies.

The future is now. Let us emphasize the importance of this little phrase again and again, with ever more care, competence and verve.

Please forgive me for bending the language a bit: The future is now, and it cannot be any „nower“.