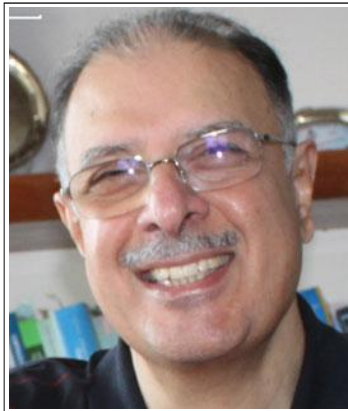


# The Greatest Risk Ever



**Nawshir H. Mirza**

Imagine you are a director of a company that makes and sells energy drinks. The plant is in Central India and you sell all over the country as also export the product. In the past ten years the business has been in turmoil. Water is an important input but in three of the ten years the plant has been unable to run most of the year because of failed monsoons. In two of the other years there has been serious destruction of the plant and of local infrastructure because of torrential rain. Over the ten years the plant has also had to be shut on about 400 days when temperatures were too high to continue operations. Many employees have moved from that locality because continued life there is very hard. The major markets were in north India but those have been severely disrupted as the region has turned to desert. In the remaining markets the total breakdown of law and order has resulted in many consignments being looted. There is no insurance available any longer for any of these risks – indeed, most insurers have been liquidated. The company also has difficulty because the collapse of the legal system means that all business is done for barter or gold is the currency. Banks have now been reduced to storing gold for their customers. Maize, which is a major raw material, has become very scarce because plant yields have collapsed. The only thing that is dependable is the power from the factory's solar power field whose efficiency is now near 75% PLF. No exports are possible because the docks are all under water and there is no assured payment mechanism.

Naturally, you would say that it would be high time to shut shop and go home. If there remained a home to go to. Why should one look at this doomsday scenario? Why should business managers worry about things that are never going to happen and, if they did happen, about which nothing can be done? Let me discuss each question in turn.

Such a scenario will never happen – By 2100 CE the mean temperature in India during summer is likely to be 5 ° C higher than it is now, summers are likely to last 30 to 45 days longer, rainfall is likely to be 15 to 40% higher but in more intense bursts and with greater unpredictability, sea levels are likely to rise by one meter and drought spells are likely to last far longer. These are predictions from The World Bank's Climate Change Knowledge Portal (Climate Change Knowledge Portal, 2016). They give the average for India, a vast country. Obviously, many regions will be hit much worse; indeed, each

impact will be in magnitude from the current base. Therefore, regions with very hot summers are likely to see rises in temperature much greater than the mean 5° C predicted. This means that Delhi could have temperatures in the high 50's on bad days, which will also last for much longer. Or Mumbai could discover that its massive rain event on July 25, 2005 when 24 inches of rain fell in one day becomes a regular occurrence. Similarly, vast swathes of north and peninsular India would have such hot weather and severe droughts as to make agriculture and animal husbandry near impossible. Indeed, it would not support the vast Indian population predicted to reach 166 crore people by then (United Nations, Dept. of Economic & Social Affairs, Population Division, 2015). What both these reports do not say is that due to sea level rises a big part of coastal and estuarine Bangladesh will be under the sea resulting in displacement of about 3 crore people directly and many more indirectly, all of whom will have no option but to retreat into India (Grid Arendal (UNEP collaborator), 2016). They will add to the many crores similarly displaced from the coastal cities and towns of India (Kolkata being the worst affected). This vast surge will find that most of central and north India is unable to support them for acute want of water and means of livelihood. The Ganga and Brahmaputra are estimated to lose about half their glacier sources by 2050 (Grid Arendal (UNEP collaborator), 2016). This all looks bad enough, but it could be worse. Ever since scientists began predicting the climate's long term impact on the Earth, each succeeding prediction is worse than its predecessor. Scientists hedge their predictions by providing a range of outcomes; but they are unanimous that every predicted impact is certain to be severe, the uncertainty only being as to the degree. Indeed, any person who is no longer juvenile will attest to this from their own experience. It is not a scare mongering scenario suitable for the scripts of disaster movies. It is likely to be reality by early next century.

India could well be hollowed out with only its periphery being inhabitable; the coastal areas (set back from the current coast because of sea rise), the north east and the Himalayan Terai and lower regions might still support life and economic activity. Much of the rest might resemble the Sahel – a desertified region with terrorism rife. Imagine 170 crore people squeezed into this narrow space. Obviously, vast numbers will begin migration back north – towards Central Asia from which the Aryans are first supposed to have descended about four millennia ago. This will set up a situation for violent conflict as the current inhabitants resist the newcomers: Syria today, only about a hundred times greater in magnitude. Undoubtedly, such a scenario will play out in every country. But the direct impact will be far greater in the regions between the tropics; in other words the regions that are the poorest and the least able to mitigate the impact. In magnitude, India is certain to be the worst hit

and the least able to cope.

There will exist business opportunities in this chaos – security & transport services, new homes to be built and furnished, migration advice, supply of scarce basics such as food and water and some others: Making money out of human misery. But economic activity as we currently know it will be a memory. So, you would think that governments and businesses would be addressing it with extreme seriousness. Indeed, given the fact that we have already crossed the line by which we could reverse the likelihood of the impact, it would be the one topic on every agenda. But reality is different. Politicians squabble over who should pay for the mess; Nero like, they do not see that while they grand stand to their constituents the situation is plummeting to extreme disaster. The rich countries have both, the resources to mitigate the impact and the unfair good fortune of being in the temperate and polar regions where the impact will even be partly beneficial (warmer winters, for example). They have far less a reason to act than do countries such as India. But would not suo moto action be political suicide? Besides, a hundred years is a long time.

Business is well aware of the risks but as there is no unitary voice in that community, no single group of businessmen want to act in response to the risk. Besides, they expect that technology will come up with a magical solution – a solution on a scale affordable and likely to be adopted by the over 1000 crore people inhabiting the Earth. They point to the solar initiatives of the government; overlooking decades of government schemes that achieved success only on paper. Besides, solar power nibbles at the edges of the problem. The only hope of reversing the impact will be if in the next decade or so all of power is from renewables. A 166 crore people consuming power at the same rate as Malaysia currently does would require land for solar panel fields equivalent to the combined area of Rajasthan and Madhya Pradesh. Undoubtedly, many advances would have been achieved by then and this vast area would not be required. But it puts into perspective the claims of the government and of the scale of change called for, both of which, considering the change we have witnessed in the past 70 years appear unlikely.

Businessmen point to the uncertainty of all predictions and question if it makes sense to recognise them. They position the creation of shareholder value as a service to society. Finally, they say that even if all of this is to come to pass, there is nothing that one or a group of businesses can do to stop it. Que sera que sera they sing in unison.

There is nothing that can be done about the problem – Indeed there is. And much of it has to do with business and the capitalist system. Even fifty years ago an average human being consumed a fraction of the energy that they consume now. No doubt this is because of what is presented as an improvement in the quality of life. This may well be true for the very poor who now wear cheap plastic slippers whereas their parents went barefoot, even if they live in a worse state of slums and hygiene. They can afford to watch TV, visit malls, surf the web,

and generally do many things that their parents could not. This is presented as development. What has driven it? Business and the single-minded objective of enhancing shareholder value is the answer. All of what humans have achieved in the material world has been driven by this. The capitalist system's cycle is simple. Create demand for consumption and then encourage people to fulfil that demand by producing more and earning more. But there has been a side effect of this furiously spinning cycle: the providers of capital have got far richer than all the other providers of inputs to the system. That cannot be grudged, they have earned it legitimately. But there has been a far worse impact – the rape of the environment and the pillage of natural resources, all of which are priced nil. As oceans of fuel have been consumed to fuel the cycle, they have caused climate change to happen. The mantra of the system has been –

Consume what you can  
Consume more than you can  
Waste what you cannot consume  
Consume what you do not need  
Consume more than what you need

The world around us is constantly bombarding us with these messages. Advertisements are in every place that you can conceive of as well as in several that you would not expect to be used for that purpose. Malls have been set up to trap you with temptations galore. For those who refuse to leave their sofas as they watch reality programmes on TV (with hidden advertising messages every minute), consuming mountains of food they should never be eating, there is online shopping. And all of this creates a continuous supply of consumers for the health care sector. Everyone gains. Perhaps they are even happy or happier than their parents. Politicians pretend that it is their policies that have resulted in this Elysium. With nary a thought for their children, who too are eager members of the consumer society. None of them are prepared to accept that they are setting up a terrible future for their progeny. And who can blame them. They are unwitting bots trapped in the system.

But it is one of the laws of nature that any factor that results in a serious imbalance is, through its own weight, destroyed. This was true of the dinosaurs as much as it is true of cancer cells. We see that this future is now presaged for not just business but for human kind. The very survival of our species in the long term is now at stake. Business dismisses such talk as Malthusian: We need to tell that to the people in the desert lands of North Africa and to the millions of Indians who died of famine in the past 100 years.

There is only one way in which this inexorable rush to our extinction can be arrested. It is not by any of the policies that have been touted by governments and business till now. Those are all policies designed to replace one type of consumption with another kind, albeit "greener". Most green initiatives of business and

government are a chimera, designed to deceive the public. The only way is to have a mantra that is the very opposite of the capitalist mantra given above –

Refuse to consume  
Reduce what you consume  
Reuse what you consume  
Recycle what you consume

This is a chilling mantra for business. It will pay a very heavy price. It will begin to suffer the euphemism-istic tragedies of “negative growth” and “consolidation”. A few might even think it a price worth paying for ensuring the survival of human beings. But as the situation worsens and life becomes increasingly more difficult, even politicians will begin to see merit in reigning in the business shibboleth of “must grow to survive”. At that point, those businesses that have prepared themselves for such times will survive. The rest will be killed.

So, what can business do to mitigate this greatest of risks? Here is a list of some of those things:

Acceptance by the controlling shareholder. This entity needs to accept that their behaviour is one of millions of contributions to creating this threat. That the business needs to act NOW, not after the threat has turned into reality. Acceptance by the entity that every business needs to act without waiting for its peers to do so. Until

the controlling shareholder accepts the need for forceful and immediate action, nothing will happen.

Reduce the resources consumed both, in aggregate and per unit of output.

Do not make products or provide services that are not essential to their consumers. So, develop others that are.

Do not encourage consumption of products and services in quantities beyond what is essential.

Do not create wealth of stakeholders out of proportion to the real value that is added by each of them, thereby reducing their ability to consume more than what they need.

Business needs to acknowledge that it is the consumer culture that it has created what lies at the heart of the problem of climate change. It must realise that until it reverses that behaviour, the inexorable rush to the extinction of humans over the long term is inevitable. It is conceivable that new technologies, adopted on a massive scale will diminish or obviate this huge risk. What it needs to think is should it proceed on that basis or should it begin to brake, accelerating again only when they are discovered. No doubt many businessmen will have less wealth to leave for their successors. But it will enhance the probability of there being successors. After all the only test of success is not size, it is survival.

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