

# Victim of success: civilisation is at risk

Peter McManners [Henley Business School, University of Reading, UK]

Copyright: Peter McManners 2019

You may post comments on this paper at

<https://rwer.wordpress.com/comments-on-rwer-issue-no-87/>

## Introduction

Our current civilisation is the grandest and most ambitious in all of human history. Humans have never been more powerful, more capable, or richer. This should be the best of times as we enjoy peak civilisation; but it could be short-lived. If history is our guide, we can be sure that civilisation will collapse. Every civilisation which has existed in all of history, no matter how powerful it becomes, ends up falling apart (Ehrlich and Ehrlich, 2013). There is little reason to suppose that our current civilisation will be different. When collapse comes, there will be accusations of incompetence as people wonder why we did not see it coming. We don't see it because we do not open our eyes to the reality of our situation. Using logical analysis (rather than wishful thinking) it is clear to see that collapse is inevitable on the path we are on. Stopping the collapse may no longer be possible, as we have moved so far away from a sustainable track, but we should at least try to soften the landing. It may even be possible to prevent collapse entirely if we take bold action without delay. As we consider what action to take, it is important to understand that to keep civilisation on the rails in the coming decades will require switching track.

I believe that we should approach this challenge with optimism to engage people with an upbeat message which motivates and encourages positive action. However, I admit that a decade ago, I descended into a dark negative mindset. My mental nose-dive was due to disturbing insights from my research, leading me to really understand the glorious stupidity of the current generation of world leaders. They are wilfully blocking progress in shifting the economy onto a safe track. My response was to write the book *Victim of Success: Civilisation at Risk* (McManners, 2009). One person confided in me, that after reading the book they didn't sleep for a week. What kept them awake was my explanation of the mechanism of the collapse of civilization. This comes from simple logical analysis and was entirely believable when I wrote it a decade ago, and remains entirely believable today. The pending collapse of civilisation filled just the first few chapters of the book; most of the book was about how the future could be different. I explained that if we changed our ways, civilisation could be shifted onto a safer track. The ideas in my book did not diffuse out to a wide audience; perhaps people were so completely fixated by continuing with a successful economic formula that they do not want to have to consider changing it. A decade later, I write this essay knowing that we are exactly and precisely where I predicted we would be, on the road to ruin. Collapse now seems ever more certain; but the choice is still available to change direction. My focus in here is to outline how to make the adjustment of mind-set required to make it possible to contemplate a major shift to a different economic model which can intercept our decline before it happens and secure a safe future for humanity.

## A global civilisation

The great civilisations of the past have been regional in extent. The ancient Egyptians of the Middle East, the Incas of South America and the Romans in Europe. When their civilisations collapsed, the fallout was isolated to a region; the world was not at risk. Other civilisations

with roots in other regions could arise and become the next great civilisation. The British Empire was perhaps the first civilisation to reach into almost every corner of the globe. It too disintegrated of course, because that is the transitory nature of human success. The current global civilisation is not regionally based, or based on any particular cultural identity, but is connected through economic globalisation. Our great civilisation draws resources from everywhere with the potential to provide people everywhere with what they need. Whilst there are ample resources, economic globalisation seems to be the economics of success. This civilisation is not “Roman” or “Inka”; “European” or “American” in nature, but “economic”. Focussing intently on economic outcomes, and using economics as the glue which holds global society together, has delivered increasing output, increasing wealth and makes us materially better off. This approach is based on the assumption that this is good for society.

The prime measures of success used by politicians and governments are economic metrics such as growth, wealth, income and consumption. The policies of free-trade and open markets, maximise efficiency and work to expand the economy. A commonly used metaphor to explain the benefits of a global market, is that a rising tide lifts all boats. To extend the metaphor into the future, what happens when the tide goes out? Who will be safe and who will be left stranded? We also welcome that some people become incredible wealthy (even when it seems excessive) because the benefits will “trickle down” to lower levels of society. How about when resources run short? The rich will no doubt ensure they secure their supplies; what will be left for the less wealthy? Because we measure success by economic metrics, it should come as no surprise that the needs of society can be side-lined in the narrow pursuit of keeping the economy motoring along.

It is not just society that comes under pressure from economic myopia. The ecosystem is also put at risk. In the words of economics, the ecosystem is an “externality” so does not generally enter as a factor into the economic analysis. This leaves it vulnerable, to be used, abused, and if necessary, sacrificed for the greater economic good. The consequences for a civilisation based on economic principles is that society is steamrollered and the ecosystem degraded. It is a logical certainty that such a civilisation is time limited.

### **The ecosystem**

Civilisations come and go, whilst the ecosystem continues as the backdrop on which history plays out. It is the long-term foundation on which society depends. We have assumed that it will always be there for us to support how we live and enable us to thrive. We now understand that the planet is not an unlimited resource but has boundaries which must be respected if it is not to be damaged (Rockström et al., 2009). Human civilisation used to live within the constraints of the ecosystem, not by design, but simply because our impact was small compared with what seemed like a vast planet of limitless resources. Now our advanced capabilities have become so powerful and operate at such vast scale that we are capable of destroying planet Earth. We are slow to realise that our new-found capability is so profound that we need to take responsibility to use it wisely. This means working out how to reconcile economic aspirations with the fundamental constraint of a planet of finite resources.

If the challenge was simply resources, the outcome of hitting resource limits would be relatively straightforward. As resources run out, we would find alternatives and take greater care in reclaiming and reusing materials. It is not that simple; it is not just resources constraints we should be worried about. We are totally reliant on the ecosystem to be able to

live. Operating society and the economy in ways which retain the integrity of our life support system should be fundamental to any system of human governance. In the past we did not have the capability and the scale to do lasting damage, so we did not have the means of suicide. Now we are capable of turning off our life support. I don't think any sane person would take deliberate action to alter the ecosystem so that it no longer supports us. However, neglecting to protect it can have the same outcome. To advance to the next level of human progress we need to learn to be stewards of the ecosystem. The economic principles which have been used to drive policy are out of date, need to be rethought and replaced. If economists can't do this, then people outside economics will have to step in and insist that principles are set which transcend economics and frame the formulation of economic policy. It will take careful analysis and deliberate decisions to overrule the narrow pursuit of economic efficiency. Instead of a maximised global economy operating without constraint, the world needs a civilised economy which supports human aspirations to live well into the long future.

Human impacts on the ecosystem in the era of globalisation are not careful manipulations to improve how it supports society, but are more akin to acts of vandalism. Conventional economics regards the ecosystem as there to be exploited, and within the economic model there are no intrinsic safeguards. Almost any impact is acceptable provided sufficient benefit shows up in the economic figures. Pushing back against the guardians of economic orthodoxy meets resistance. It is exceedingly hard to convince mainstream economists that the ecosystem should be protected and conserved using higher order principles to frame the economic analysis. Environmentalists can be accused of being unworldly dreamers, when in fact it is the economists who continue working on the assumption that the ecosystem will remain intact by default, who are in cloud-cuckoo land. It is a fact that natural systems are being overexploited; we need to understand that this is the inevitable consequence of economic globalisation. Environmental regulations cannot provide the solution unless we first fix the flawed economic model.

### **Reconciling economics and ecology**

We have allowed an economic system to evolve, and become deeply rooted in the current version of civilisation, which is in conflict with the ecosystem. At first, this was not obvious. The original architects of economics, such as Adam Smith and David Ricardo, proposed economic concepts which still underpin modern economics. They developed the ideas of economic efficiency and free-trade in a world in which human activities did not have the scale to destroy the planet. If these great economists were alive today, and could sit down with us to discuss the challenges of the 21<sup>st</sup> Century, I believe they would engage with the debate and support making changes to economics. Adam Smith, I feel sure would be particularly concerned. In addition to writing the seminal economics book "An Inquiry into the Nature and Causes of the Wealth of Nations" (Smith, 1776), Adam Smith also wrote an equally powerful book "The Theory of the Moral Sentiments" (Smith, 1759). From this we can be reasonably sure that Adam Smith would be concerned at the impact of the current globalised economy; and horrified that the economic theory he developed had not been reframed to fix the problem. He would fully expect that, more than two centuries later, economics would have advanced to address the emerging challenges of environmental consequences, not by adding yet more detail and ever more exotic theory, but rethinking the fundamental basis of economic theory. Society needs first and foremost policy to secure social cohesion within a safeguarded ecosystem. Economic policy has to sit in support of such aspirations. Social and environmental policy should frame economic policy (McManners, 2014). This is blindingly

obvious when you pause and think deeply, but pushing back against two centuries of economic “wisdom” is not easy. It is particularly hard when, as I argue, economic efficiency becomes a secondary objective applying to the implementation of policy, and not to setting policy objectives. We don’t *need* growth and expansion; but we do need social cohesion and ecosystem stability. Abandoning the growth objective leaves economists struggling to know what to do. We need nothing less than reframing economics for the 21<sup>st</sup> Century.

Ideas for how economics should change are outlined in other essays in this special issue of the *Real-World Economics Review*. Not all will pass close scrutiny, but all should be considered. Policy adjustments have been proposed; such as trading carbon hoping it might help to reduce emissions; and offsetting ecosystem destruction in one place with eco-conservation in another. These are well-intentioned first efforts but fall well short of resolving the situation we face. Stating clearly the challenge is perhaps a good place to start.

The challenge is to reframe economics to support cohesive society living on a finite planet in ways which safeguard the ecosystem into the long future.

To my mind, this is fundamental. The key words are “cohesive”, “finite” and “safeguard”. It is worth reflecting on current economics and the extent to which social cohesion, planetary limits and ecosystem attributes such as biodiversity, are included in economic modelling and frame economic policy. The answer is very little. Social policy and environmental policy are seen as separate to, and in some people’s minds, inferior to economic policy. No wonder the world is in such a dire predicament.

It may seem that to solve challenges such as climate change, biodiversity loss and social disintegration, we need social and environmental policy. The reality is that the way economics is framed must change, to have any chance of making progress. The new economic policy has to start with principles, which sit above the economic analysis, and frame the development of economic policy. This shift of mindset is huge. If we liken the progress of civilisation to a train running on a railway network, it is like switching the points to switch onto a different track. Trying to make adjustments to the controls in the cab on the train will make no difference except to slow or speed up the train. The only way to arrive in a better place and secure the future is onto a different track. The switch required is a total reframing of how society and the economy operates.

Reframing economics fulfils two purposes. The first is to bring economics back under the umbrella of higher-level objectives and aspirations. The second is to set up economics as the enabler of high-level policy. Whilst economic principles are used to drive high-level policy we are seduced by the apparent success; but this success has consequences. There is a lot to like; many people are better off, both at the top of the wealth pyramid and at the bottom where people are being lifted out of absolute poverty. We have achieved all this through exploiting the planet’s resources at an accelerating rate without constraining the economy to respect the capacity of the ecosystem. This has brought us to a civilisation which is already consuming more than the planet’s capacity, with consumption increasing apace (WWF, 2018). Something has to give; and that is likely to be civilisation itself; unless we do something bold and dramatic to change direction.

We are as rich as we are, because we are not constrained by resource limits or the need to take care of the planet. We are rich at the expense of other people being exceedingly poor in the future. Poor in terms of resources and environment – which is what really matters. It

would be irrelevant to use economic numbers to argue that a planet stripped bare and covered in concrete has greater economic value. This situation is deeply wrong. The people who will suffer are our children and grandchildren. This disregard for them is perhaps the first sign of social cohesion falling apart. As resource limits are reached, game theory research by the economist Petros Sekeris shows that conflict between nations is the expected consequence (2014). Combined with accelerating environmental degradation and an economy which hits the buffers these will be dangerous times. As the younger generation starts to allocate blame to those currently in power it is highly likely that social cohesion will unravel. This is not a prediction which I enjoy making, but on the current track, this outcome seems certain.

To be able to set up economics as the enabler of policy requires total clarity of the current situation. It is now absolutely clear that adopting economic principles as high-level policy drivers could only ever be a short-term blast. This opens up the debate about the future unconstrained by the baggage of old economics to work out the economics to apply going forward.

In this essay, my objective has been to alter the policy frame and steer policy makers' mindsets to think differently. If I have made a persuasive case for fundamental change, which can win people over to be willing to be part of the change process, then I will have succeeded.

Assuming it will be possible to win the argument that 20<sup>th</sup> century economics needs to be overruled, this will have no substantive impact until the new economic toolbox is developed to replace the old. I hesitate to go too far in explaining what I believe should comprise such an economic toolbox, because this is a debate in which I do not have all the answers; and a debate in which it is quite right that there should be many voices. However, I think it is worthwhile to explain one tool, which I propose should make it into the new economic toolbox. This tool is the principle of Proximity (explained in detail below). I do not insist here, in this essay, that it is accepted and adopted. I use it to illustrate that reframing economic policy and adopting a different mind-set does indeed lead to developing different economic tools.

Developing the tools for the new tool box of economics will include new and innovative ideas. It will also include established economic tools, but applied in different ways according to principles which become bedded in the new economy. This requires people inside and outside economics to work out the detail. One trap to avoid is capture by the edifice of conventional economics. Long-established experts who have been responsible for developing and expanding 20<sup>th</sup> century economics, dominate the peer-review process for leading economic journals. They can get very defensive when new ideas threaten the old. Peer-review has a valuable role to maintain quality and rigour of published academic research. It can weed out bad research and papers based on spurious logic. The process should not be used to stifle debate in building the economics needed to deal with 21<sup>st</sup> century challenges.

The development of the new economic toolbox must be based on a fundamental shift in focus from economics as the policy driver, to economics as the policy enabler; from master to servant. It will not be easy to gain acceptance for this change of focus. I have experienced first-hand "expert" economists who will not accept that their discipline will be less powerful and less influential, with regard to high-level policy decisions, than it has been in the past. I also risk accusations of economic incompetence when I argue that there are decisions and choices which come above, and are superior to, pure economic efficiency. Such accusations

would be odd because it is plainly obvious that decisions within the family, within the community, and by national governments are driven by people's aspirations and what they believe to be morally and ethically right. Such parameters sit alongside precise constraints such as environmental limits and the availability of resources. Applying the old 20<sup>th</sup> century economics involves crafting an economic and business case. Once completed, the case is subsequently subjected to social and environmental impact assessments. This sequential approach reinforces the dominance of economics and ensures that long-term overexploitation of resources and environmental damage is almost inevitable. Positioning the social and environmental analysis at the front of the process, sends the economic analysis down a different track.

As more and more people accept the demotion of economics to an enabling function, the easier it will become to build the new economic toolbox. This is a task for many people, both inside and outside economics. A multitude of ideas are needed to enter the debate, to be scrutinised, criticised, adjusted and then applied to real world situations. Nothing should be ruled out by those of a fixed "economic" mindset in the search for good policy derived from high-level choices. As a consensus emerges of what comprises "good" policy, this can guide and frame the design of appropriate economic policy.

### **One tool – proximization**

Proximization is an example of a policy frame designed to ensure economics is an enabler rather than driver. This shows that the shift of mind-set proposed in this essay is not just a subtle alteration of how economics is framed but leads to significantly different policy. I don't lay claim to ground-breaking novel ingenious economic theory. Economics has always been an enabler, but the overreach of economics causes the problem. Reining back allows economics to regain its standing as a respected and useful means of analysis. I use proximization to illustrate how an adjusted mind-set leads to different economic policy proposals. The proximization policy framework is something I proposed a decade ago (McManners, 2008). Back then, it was out of sync with conventional economic thinking; a decade later such a framework is looking ever more relevant and ever more necessary. The framework derives from the mind-set explained in this essay. I realized that proximate economies suit the challenge of the 21<sup>st</sup> century far better than economic globalization. I use it as an example of the generation of new ideas. I believe it to be a sound frame for economic policy but I accept that it has not yet passed the scrutiny of others, so I present it here as a potential component of the new economics to be considered, debated, and tested.

"Proximization is selfish determination to build sustainable societies, aimed at social provision and driven by economic policy, whilst minimising adverse impacts on the environment" (McManners, 2008, p. 31).

Beneath this definition lies a set of four supporting principles (McManners, 2008, p. 32; 2010, pp. 12-13):

- decision making on the basis of sustainability – balancing the economic, social and environmental consequences;
- subsidiarity – control left at the lowest possible level;
- the primacy of the state – where power and responsibility reside;
- use of market economics – constrained to fit local circumstances.



My book *Green Outcomes in the Real World* (McManners, 2010) expanded the concept and examined how it played out across the economy:

“The proximization framework aligns economic levers with the needs of sustainable society. People do not see systematic global problems as their personal business. The key to the success of the proximization framework is that it brings the challenges facing human society within the sphere of national control, with decisions based on local circumstances. However, proximization is not synonymous with isolation and is not a policy of localizing everything. There will still be global trade, but at lower volumes, based on real needs and sustainable ways of satisfying these needs” (McManners, 2014, p. 197).

The 20<sup>th</sup> century economic mind-set does not take kindly to the concept of proximization. Using a different mind-set, in which social and environmental issues are uppermost, it looks like an entirely sensible and rational framework to employ. Would it be economically inefficient? Absolutely it would. Economics is allowed to play out to facilitate efficiency at every level but not to overrule the more important high-level objectives and policy choices.

In my view, the set of principles which comprise Proximization should be a fundamental component of 21<sup>st</sup> century economics. I accept that it needs close scrutiny and examination by a variety of experts across many disciplines. I expect many economists to be deeply sceptical. I accept that it conflicts with current mainstream economic thinking; this does not mean it is wrong. This is a different track, which takes the world in a different direction. Whether I have identified the best alternative track, is for others to judge. Over the last decade, I have reflected and reconsidered proximization. It seems to me that this framework is the best, and perhaps only, sensible pragmatic policy which, if implemented in a timely manner, could prevent civilisation entering a death spiral of over-consumption and environmental overload.

My advocacy for proximization as the framework for future economic policy, shows how altered mind-set leads to different thinking and new proposals. I await whether my proposal gathers support and survives examination. In the context of this essay, it shows how the formulation of economic policy can be enriched by reframing economics as a flexible supporting discipline able to adapt to changing circumstances and evolve to address new challenges.

### **Switching track**

Economics has evolved over the last two centuries, from Adam Smith’s ideas to expand into a colossus which is now the dominant driver of policy. This has set the world on a track of extraordinary success, as measured by GDP and wealth. Continuing down this track, defined by economic objectives, leads to levels of consumption beyond our dreams and beyond the capacity of the planet. Success today comes at the price of downfall in the future, as “economic civilisation” hits the buffers of resource limits and unacceptable levels of environmental degradation undermining human health and agricultural capacity. Collapse of civilization has been on the cards for some time, because it is a logical certainty that a civilisation which uses economic glue to hold it together, requiring ever more expansion and ever-increasing consumption, will come to a grinding halt sooner or later. We take solace in

the thought that this will not happen in the near future, and perhaps not in our lifetimes. This is no longer the case; collapse could come within two or three decades and certainly within our children's lifetimes – if civilisation continues on the same economic track.

Switching track without delay is vital to a vibrant and successful future for humanity. This cannot be done by good intentions leading to minor tweaks in policy and perhaps global environmental agreements without enforcement mechanisms. The world has to confront the cause of our predicament. That means pushing back against conventional economics. We need to find the courage and determination to insist that economics is demoted from “policy driver” to “policy enabler”. This shift of language may seem trivial until you pause and reflect. This shift of mind-set takes economics down a quite different track. This reframed focus of economic policy places social and environmental objectives at a high level in the policy hierarchy, above economic efficiency. This is an alien concept to the current pervading economic mind-set which so dominated the 20<sup>th</sup> century. In the 21<sup>st</sup> century, we need to develop a new and better economics which supports a sustainable society living on a finite planet into the long future. Instead of economics driving policy, it should enable policy; instead of being master, economics needs to accept its true place as servant.

## References

- Ehrlich P.R., and Ehrlich A.H. (2013) “Can a collapse of global civilization be avoided?” *Proceedings of the Royal Society, B* 280, 20122845. [available at: <http://dx.doi.org/10.1098/rspb.2012.2845>].
- McManners, P.J. (2008) *Adapt and Thrive: The Sustainable Revolution*. UK: Susta Press.
- McManners, P.J. (2009) *Victim of Success: Civilisation at Risk*. UK: Susta Press.
- McManners, P. J. (2010) *Green Outcomes in the Real World: Global Forces, Local Circumstances and Sustainable Solutions*. UK: Gower.
- McManners, P.J. (2014) “Reframing economic policy towards sustainability.” *International Journal of Green Economics*, Vol. 8 (3/4), pp. 288-305.
- Rockström, J., et al. (2009) “Planetary boundaries: exploring the safe operating space for humanity.” *Ecology and Society*, 14(2), p. 32.
- Sekeris, P. G. (2014) “The tragedy of the commons in a violent world.” *The RAND Journal of Economics*, 45, pp. 521–532.
- Smith, A. (1759) *The Theory of the Moral Sentiments*. London: Millar.
- Smith, A. (1776) *An Inquiry into the Nature and Causes of the Wealth of Nations*. London: Strahan and Cadell.
- WWF (2018) *Living Planet Report - 2018: Aiming Higher*. Grooten, M. and Almond, R.E.A. (Eds) Gland, Switzerland: WWF.

**Author contact:** [p.j.mcmanners@reading.ac.uk](mailto:p.j.mcmanners@reading.ac.uk)

---

### SUGGESTED CITATION:

McManners, Peter (2019) “Victim of success: civilisation is at risk”, *real-world economics review*, issue no. 87, 19 March, pp. 106-113, <http://www.paecon.net/PAEReview/issue87/McManners87.pdf>

You may post and read comments on this paper at <https://rwer.wordpress.com/comments-on-rwer-issue-no-87/>