

Sustainable Developments

Looking after the Future

Don't pit today against tomorrow: instead focus on the public capital we will leave to the future

BY JEFFREY D. SACHS



Many of the greatest problems facing the planet will hit hardest in 50 to 100 years. Climate change, which already wreaks havoc through local droughts and heat waves, could well unleash global-scale havoc in a few decades.

Higher temperatures and changing rainfall patterns could cut global food production sharply and trigger mass famine in needy parts of the world; conceivably, the great ice sheets of Greenland and Antarctica could partially collapse and raise the sea level by several meters, flooding the coasts.

Prevention of those disasters is usually seen as pitting the current generation against the future: we are advised to cut back on consumption, energy use and other resource-depleting activities now to ensure the well-being of later generations. The conflict is thereby framed in ethical terms: What does the present owe the future? How much should the current generation tighten its belt on behalf of later ones? Such questions are important, but they miss a crucial and overlooked aspect of the challenge.

Suppose we take extant consumption levels as a given, set by shortsighted politicians responding to a shortsighted electorate. We can nonetheless affect the well-being of future generations through how we manage public investment decisions that have long-term consequences. Imagine that we can head off future climate change through a more expensive energy system that costs an extra 1 percent of national income. For instance, this plan might include the research, development and deployment costs of carbon capture and storage technologies at coal-fired power plants or those for a large-scale solar-based electric grid.

These extra costs need not be borne by today's generation. Instead they can be financed through long-term government bonds to be serviced by later generations. Without changing our consumption levels, we thereby have a choice of what we offer the future: a low-carbon power grid and a stable climate, at the cost to later generations of a somewhat larger public debt, or a dirty power grid, runaway climate change and a smaller public debt.

Rather than asking how to sacrifice for the sake of the future,

we can focus instead on how to leave a given amount of public capital to the future. Naturally, future generations might prefer that we pay for the cleanup through belt-tightening today. Yet if that was not to be, later generations would presumably choose a safer climate and a sustainable energy system at the cost of inheriting a somewhat larger public debt.

The challenge of effectively allocating public capital for the future involves more than climate change, of course. We can bequeath to the future more or less biodiversity (versus human-built infrastructure) or a larger or smaller global population (depending on public investments to support voluntary reductions in fertility through access to family planning). Those choices do not pit the present against the future; they represent alternatives for the kinds of public capital being left to the future.

Our political process is designed mainly to make choices about collective investments for those alive now. It is poorly equipped to deal with long-term problems, even when they are recast to make a future generation bear the costs of its own well-being. Nor are today's politicians and the general public prepared to think about such choices with any clarity.

We need to experiment with new ways to represent the future politically. We can use powerful analytical tools, such as the "generational accounts" developed by economist Laurence

J. Kotlikoff of Boston University, to examine various balances of public, natural and private capital that we leave to later generations—and thereby elucidate our alternative effects on their well-being. We might introduce trained ethicists or even politicians as ombudsmen to represent future generations at the negotiating table. Such ideas might sound outlandish but are less so than would be a future beset by environmental devastation because we failed to think clearly about the consequences of our choices. ■

Jeffrey D. Sachs is director of the Earth Institute at Columbia University (www.earth.columbia.edu).



An extended version of this essay is available at www.SciAm.com/nov2008

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