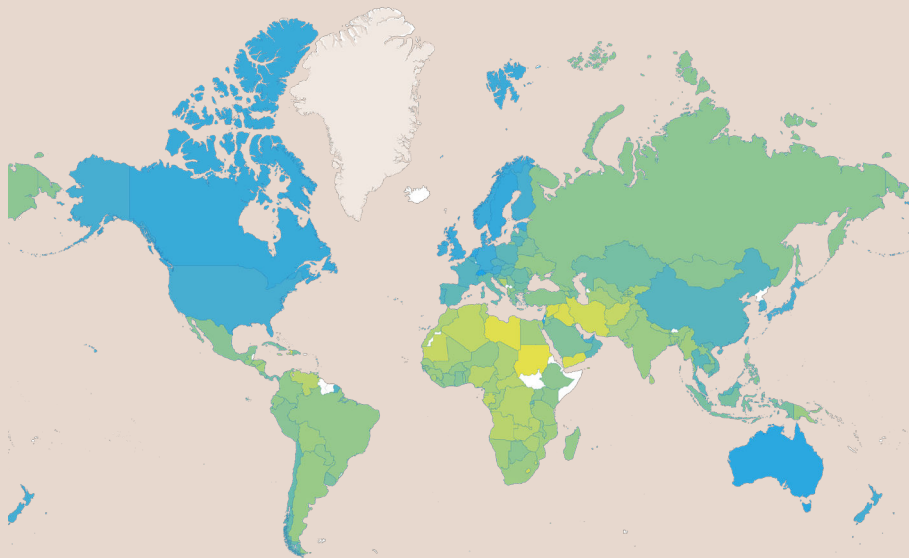


This PDF includes a contribution from the following book:

ELITE QUALITY REPORT 2022

Why the depletion of natural resources is both an unbearable burden on future generations and a paradox

Elia Müller, University of St.Gallen, Switzerland



Cite as:

Müller, E. (2022). Why the depletion of natural resources is both an unbearable burden on future generations and a paradox. In T. Casas-Klett & G. Cozzi. (Eds.), *Elite Quality Report 2022: Country Scores and Global Rankings*. Zurich: Seismo. doi: 10.33058/seismo.30769.6873

Published by Seismo Press AG, Zurich and Geneva in partnership with the Foundation for Value Creation.

©2022 the Foundation for Value Creation, St.Gallen, Switzerland, distributed under the terms and conditions of the Creative Commons license CC BY-NC-ND (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Why the depletion of natural resources is both an unbearable burden on future generations and a paradox

Extraction is the transfer of Value from one subsection of society to another. If one considers the exploitation of natural, non-renewable resources in a multigenerational time model, all future generations are significantly disadvantaged by the past and present depletion of non-renewable natural capital. The current consumption of fossil fuels means that they are unavailable to future generations; while their combustion has a negative impact on global warming and leads to an acceleration in climate change. Moreover, the reliance on a non-renewable commodity often implies dwindling supply and higher prices. This consequence of rising future inflation must also be borne by young and future generations.

From an ethics perspective, it is self-evident that burdening future generations with the environmental and economic costs incurred by the present is problematic. When the so-called “veil of ignorance” is lifted, it cannot be plausibly argued that there is any justification for past and present generations to have the right to exploit natural resources at the expense of all future generations. But is the remedy quite as simple as stopping the current consumption of non-renewable resources? In order to reflect on this matter further, let us consider a few Indicators from the Sustainability EQx-Barometer and focus on some country-specific situations.

The *Environmental Performance Index* (EPI, iii.9) conceptually belongs to the Political Value Index Area and to the Unearned Income Pillar. Benefiting from Value not earned is a red flag, and political elites should be vigilant in addressing such cases by taking the lead in elite business model transformation so that they only appropriate value created. The massive efforts now underway towards a more sustainable energy supply chain evidence such a transformation. However, with continued dependence on non-renewable resources are these initiatives but a chimera? For example, Switzerland stands

out with excellent environmental performance (EPI, iii.9, rank # 1), exceptionally low *Natural resource rents as % of GDP* (NRR, iii.9, rank # 1) as well as convincing environmental, social and governance efforts by Swiss listed corporations (ESG, iv.10, rank # 6). At the same time, the prevailing industrial model and general prosperity is only possible because of extremely high *CO2 emissions (metric tons per capita)* as the poor ranking for this Indicator shows (CDO, iii.9, rank # 81). The quandary is whether it is possible to prosper sustainably without creating a massive ecological footprint and extracting from future generations?

In fact, this observation applies to a whole host of other developed Western countries: France (EPI, iii.9, rank # 1; NRR, iii.9, rank # 9; CDO, iii.9, rank # 82, and ESG, iv.10, rank # 2), Spain (EPI, iii.9, rank # 13; NRR, iii.9, rank # 10; CDO, iii.9, rank # 90, and ESG, iv.10, rank # 5) and Germany (EPI, iii.9, rank # 9; NRR, iii.9, rank # 17; CDO, iii.9, rank # 107, and ESG, iv.10, rank # 7). All of these countries receive high scores for EPI, NRR and ESG, yet exhibit significant potential for improvement regarding their CDO Indicator performance.

The first step in solving this paradox is much greater technological and social innovation. Not only must new sources of renewable energy be researched and their costs brought down, but also behavior that is associated with the emergent notion of the circular economy, such as how we travel or the types of food that we eat, must all be encouraged and rapidly evolve. More importantly, as a second step there must be the political will and leadership to consistently support the transition to sustainability. The Sustainability EQx-Barometer is one of the many evidence-based benchmarks that political elites can reference to take the necessary action.

Elia Müller,
University of St.Gallen, Switzerland