



OPINION

The right man for this moment in history?

The new global development paradigm will need to be eco- rather than ego-centric.

BY JOSEPH INGRAM

The acclaimed Israeli author and social historian, Yuval Harari, recently observed that truth tends to lose out to fiction, as fiction is easy and can be made emotionally appealing, while truth is often costly to reveal and not necessarily appealing. If so, how then is the public likely to react to the recent report from 60 of the world's leading climate scientists that, at current levels, of CO₂ emissions—40 billion tonnes per year—the earth will breach the 1.5 C increase in the average global temperature since pre-industrial times within the next three years?



Joseph Ingram is a fellow of the Canadian Global Affairs Institute. Photograph courtesy of Joseph Ingram



Prime Minister Mark Carney. We are fortunate in Canada to have a prime minister who is uniquely equipped to confront the ominous polycrisis we face today, writes Joseph Ingram. *The Hill Times* photograph by Andrew Meade

The scientific facts—drawn from NASA, from the World Meteorological Organization, the United Nations' International Panel on Climate Change, and endorsed by some 97 per cent of the world's climate scientists—are stark and compelling.

With more than eight billion humans now exploiting the earth's natural capital, including the accelerated production and burning of fossil fuels, the presence of CO₂ in the atmosphere has risen every year since the industrial revolution, from about 180 parts per million (PPM) to 427 PPM in 2024. As a result of the greenhouse gas effect—revealed experimentally in the late 1800s by the Swedish chemist and 1903 Nobel Prize laureate

Svante Arrhenius—this has resulted in the inexorable rise since the mid-20th century of the global average temperature, reaching 0.89 C above the average in 2022.

These are the scientific facts; truths that are neither emotionally appealing, nor costless to correct. They will, however, prove extremely costly if not addressed quickly and resolutely. They are already contributing, both directly and indirectly, to the so-called polycrisis we face today; growing risks to our environment manifested in the loss of bio-diversity and access to food and water, increased public health hazards and pandemics, failed states and gang violence, growing inequality, increased homelessness, distrust in public institutions, and

accelerating levels of international migration. Reflected at the macro-level is the fact that in 2025, the United States will record its third consecutive annual trade deficit in agricultural commodities in 70 years. At the same time, the share of the global population living below the poverty line of \$6.85 per day rose to 44 per cent in 2024; this while the richest one per cent of the population owns 45 per cent of global wealth. Added to this perverse income distribution is the fact that of the \$500-trillion in total global financial assets, some 45 per cent is estimated to be in the form of non-banking financial assets, not subject to the regulation and more robust due diligence of the formal banking sector.

What people of all income levels do not want to hear, however, is that at the level of the macro-economy, these environmental truths are already resulting in very costly damage to our fixed assets (through increased fires and flooding), increases in stranded assets, higher and more volatile prices, and reduced productivity growth and income levels. Nor do people want to admit that these facts may result in increased credit defaults and collateral depreciation (especially in housing), the need for re-pricing of assets and fire sales, increased losses and underwriting risks, and the ensuing disruption of financial institutions and processes. Exacerbated by several national leaders who loath the concept of multinational solutions to what are now global problems (and who consider global warming to be “a hoax”), all of the above is accelerating a breakdown in the rules-based international order that has prevailed since the end of the Second World War. What, then, can our political leadership—especially in democratically governed societies—do to effectively begin addressing these systemic threats and what scientists see today as a planetary emergency?

An international initiative housed at Middlebury College in Vermont, the Beyond Bretton Woods Initiative, which is looking beyond the policy and institutional architecture established at the 1944 Bretton Woods Conference, has identified the basics for a new global development paradigm fit for purpose in our 21st century world. Breaking the neo-liberal bromides of the University of Chicago School and prevailing conservative economic thinking, the new global development paradigm will need to be eco- rather than ego-centric. This will require accepting that, with rapidly declining birth rates in most developed economies, and rapidly growing populations in some southern hemisphere low-income countries, there will need to be dramatic increases in capital flows—on the order of \$3- to \$4-trillion per year—to the global south, while simultaneously increasing their representation in multilateral development institutions such as the International Monetary Fund, the World Bank, and the UN. The restructuring programs typically promoted by the IMF will also need to jettison policy conditionality, which in the past has often been ecologically damaging.

The value paradigms deployed both by public institutions—including both Bretton Woods

institutions, the IMF and World Bank—and private capital must quickly wean themselves off the deeply flawed approaches they continue to use today. These include ceasing to operate in financial markets that are both climate agnostic and ignore inequality and its costs, and abandoning pricing models that ignore the value of natural capital and exclude nature from balance sheets. They also need to heed the growing concerns of large financial asset owners—especially pension and insurance funds—that asset managers need to shift their primary focus from short term returns to securing returns in the long term, a factor that probably contributed to the recent downgrading—for the first time its history—of U.S. treasury assets to less than a triple-A rating.

At the same time, the continued use of GDP as the primary metric for measuring economic progress must be discontinued, as not only does it represent a very narrow slice of the development pie, but it also promotes the extraction versus the regeneration of our planet’s natural capital. Combined with the very generous government subsidies to our oil and gas sector, this is a recipe for disaster. Adjusting these systemic design flaws will

also require that our central banks, in collaboration with the IMF, play a leadership role in helping governments set new natural capital accounting standards, including establishing national accounts of natural capital, while linking those accounts to natural carbon sink capacity and a carbon price, which, combined, can then be used as collateral on new borrowing and lending.

We are fortunate in Canada to have a prime minister who is uniquely equipped—as a former central bank governor in two consequential G20 economies, and the author of a seminal book on the “Value(s)” paradigm—to confront the ominous polycrisis we face today. Let us hope he is up to the task of deploying policies based on truth—despite its short term discomforts—over fiction and its disastrous longer-term costs to our planet and our democratic societies.

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