

Growth of emerging markets, new technologies and urbanisation are historic world shifts

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LSE Business Review recorded a brief conversation with Nicholas Stern about climate change, business, academia and global affairs. Here is the first part, transcription and video. In Part II, to be posted next week, he talks about the idea of breaking the link between economic activity and damage to the environment, as opposed to pursuing a zero-growth objective. He also talks about the double challenge the world faces: overcoming poverty and managing climate change.

What role do universities play in helping businesses understand the world and where the world is going?

“The world is undergoing fundamental structural change. The balance of economic activity is moving to **emerging markets** and developing countries, as they have faster growth rates than we’re seeing in the rich countries. It’s **moving into towns and cities at an extraordinary rate**. Essentially we have about three and a half billion people in towns and cities now, 50 percent of the world’s population of a little over seven billion. And we’re going to move in the middle of the century to something like six and a half billion city dwellers, representing around 70 percent of a population of over nine billion.

“Just take those two things together. The infrastructure for those cities is going to be built. It’s a change which happens only once in human history — an increase in towns and cities on that scale. After that there will probably be a bit of plateauing, but this is a period, the next three and a half decades, and the next two decades will be particularly important, in which urbanisation will require tremendous investment and design, and the form of that investment, the form of that design, will shape our cities, our energy use, our greenhouse gas emissions, our air pollution, for decades to come. And of course the extent to which they shape greenhouse gas emissions will shape the kind of world we live in.

“The **emerging market** countries, my first point – the **rapid growth** we’re seeing there, they’re moving through periods of economic development in which the **extra demand for energy** will be pretty high. **One of the roles of universities** is to help business understand these quite extraordinary structural changes that are taking place, and their implications for a number of aspects of human activity, including the greenhouse gas emissions that are causing climate change, including air pollution, including the waste and congestion in our cities, including what might happen to our agriculture, our soil, our forests, seas and fisheries as a result of all this. So it is an amazing period of change and it’s the job of universities to help the world, of course including business, to understand that.

“It’s also my view that **business can help universities** a great deal through their own experience. Unilever sees palm oil up close. Google invents new ways of looking after energy and making energy more efficient. A lot of that goes on very quickly, in ways that universities really need to understand, because those are forces changing our world and businesses are very ready to share that kind of understanding, not all their patents maybe, but that kind of understanding with universities, so it’s a two-way street. But what’s remarkable is how important it is now, because of this extraordinary period of rapid change.

“Just add one more thought on technologies. We’re seeing **three great waves of technological change at the same time**. The first thing is digital, which we’re quite familiar with. Then you have materials, everything from graphene to new building materials for houses – now you see solar panels for houses that look much more like the slates on your roof, and that will do well in that changing world. You’re going to see your window generate electricity. All these things come about from materials. It’s quite extraordinary what is taking place.

“We have biotech, with whole sets of understandings, particularly around genetics and understanding how that

works and expresses itself in the medical sciences and elsewhere, but including in plant breeding, so on. All these big technological changes are going on at the same time. I would add that to the extraordinary urbanisation and the extraordinary restructuring of the world economy. We're living special times. And **it's our duty to help the world understand them in real time**. And it's actually a very enjoyable academic enquiry that we undergo."

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Notes:

- *The post gives the views of the interviewee, and not the position of LSE Business Review or the London School of Economics.*
- *Featured image credit: [Ryan CC-BY-2.0](#)*

Nicholas Stern is the IG Patel Professor of Economics and Government, Chairman of the Grantham Research Institute on Climate Change and the Environment and Head of the India Observatory at the London School of Economics. He is President of the British Academy (from July 2013), and was elected Fellow of the Royal Society (June 2014). He has held numerous posts, including Second Permanent Secretary to Her Majesty's Treasury, and Head of the Stern Review on the Economics of Climate Change. He was knighted for services to economics in 2004 and made a cross-bench life peer as Baron Stern of Brentford in 2007. He has published more than 15 books and 100 articles and his most recent book is [Why are We Waiting? The Logic, Urgency and Promise of Tackling Climate Change](#).



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