

Taking a Giant Leap for Mankind

Making the case for wholesale change in the way we approach infrastructure

Featuring: Dr. Timothy Stone CBE

FORESIGHT

A Global Infrastructure Perspective



When it comes to infrastructure investment, one often hears numbers that are – quite frankly – beyond comprehension. In our first edition of *Insight Magazine*, we talked about the need to pump at least USD40 trillion into infrastructure globally, just to keep the figurative lights on.

Clearly, we are talking about a scale of change that simply dwarfs anything we have seen in the history of man.

Lifting our eyes to the future

But the reality is that – when we actually start to talk about the changes that must occur – we seem to struggle to transcend the incremental. Governments are forever talking about the cost of adding more generating capacity to the power grid; more roads to the transport network; more schools and hospitals into cities.

As a result, we tend to always be looking down at our feet; anticipating the next step rather than looking to the horizon and setting our compasses to the long-term goal that must be achieved.

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This is a significant problem. For one, this type of short-term perspective means that we rarely (renewable power aside) put our minds towards discovering new solutions to our existing problems. Is building more of everything really the right way to solve our most critical challenges like power, transport and urbanisation?

Danger ahead

Taking incremental steps also means that we tend to miss some of the big warning signs until it is too late. Indeed, some would argue that the unmitigated addition of new infrastructure assets in the 1970s, 80s and 90s has led us to the environmental conundrum that we are now in.

But it also means that we are stumbling ahead without noticing some of the important warning signs that hover just above our view. A good example of this lies in the UK’s nuclear energy program. Since the last plant was commissioned in 1985, we have spent the better part of three decades debating the merits of nuclear power. And now that we have decided to develop new nuclear assets, we are suddenly starting to realize that – even if we are able to secure the

necessary levels of funding – we now face an even bigger challenge: skills.

Think about it: a nuclear technician who was 30 years old (a relative novice in a highly technical field) when the last nuclear plant was built is now closer to 55. In just a few years, they will retire. Since 1985, the UK has trained precious few nuclear technicians to replace them and now, as we look to the future, we suddenly face the folly of our short-term thinking: we were so busy looking at our feet that we failed to see what was clearly looming ahead.

Nickel and diming ourselves to death

Another challenge of incremental planning is that we fail to appreciate the full impact of our decisions. Only recently have politicians and government planners started to think about the ‘affordability envelope’ of our investments. Regardless of whether assets are funded by banks, governments or private enterprise, the bottom line is that these costs tend to flow back to individuals, either as tax increases, user fees or higher interest rates.

At some point, the burden of paying for all of this activity will become too much

for the population to bear, particularly in an economy where real wages are barely rising and – in many cases – households are earning less than they were five years ago.

Taking off the blinkers*

So what is to be done in order to combat our tendency for short-term thinking? For one, governments need to place more focus on challenging the basic tenets of development. This means taking a ‘whole cost’ perspective that looks at not only the entirety of our infrastructure plans, but also the stated goals that we are trying to achieve.

We must also place greater emphasis on innovation and finding new ways to resolve old challenges. Simply maintaining the status quo is a recipe for certain disaster, as we are increasingly learning. We must spend more time asking ‘Why’ and ‘How’ rather than ‘When’ and ‘Who’.

Finally, we must start to think about how our past and current decisions are changing the realities of the future. Otherwise, we will forever be taking a small step for man, rather than a giant leap for mankind.

* or, as my American peers would say, ‘blinders’.

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