

## SM147 | 11.4.2023

### Commodities in Asia | Episode 4

Lee Howell, Executive Director, Villars Institute

**This week on our *Commodities in Asia* series, we welcome Lee Howell, Executive Director at the Villars Institute, into the SmarterMarkets™ studio. Host David Greely sits down with Lee to discuss the shifting tides in international affairs and the new geopolitical realities that are being created by the energy transition – and Asia’s place in it.**

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**Lee Howell** (00s):

All of these challenges are interdisciplinary, and the solutions, though, have to be intergenerational. Young people sort of figured out the math, you’re going to need many ways to do this. And so I think it’s smarter to already engage the next generation or multiple generations in some of these approaches to the transition so that we don’t go one step forward, two step back, or have the politics catch us blind, you know, blindsides us.

**Announcer** (23s):

Welcome to SmarterMarkets, a weekly podcast featuring the icons and entrepreneurs of technology, commodities, and finance ranting on the inadequacies of our systems and riffing on ideas for how to solve them. Together we examine the questions: are we facing a crisis of information or a crisis of trust, and will building Smarter Markets be the antidote?

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**David Greely** (01m 04s):

Welcome back to Commodities in Asia on SmarterMarkets. I’m Dave Greely, Chief Economist at Abaxx Technologies. Our guest today is Lee Howell, Executive Director at the Villars Institute. We’ll be discussing the shifting tides in international affairs and the new geopolitical realities that are being created by the energy transition and Asia’s place in it. Hello, Lee. Welcome to SmarterMarkets.

**Lee Howell** (01m 29s):

Hi Dave. Thanks for having me.

**David Greely** (01m 31s):

Well, really glad to have you here today. I’ve been looking forward to this conversation because you’ve been at the center of the conversations shaping the course of international collaboration for more than a decade, producing the World Economic Forum’s annual meeting in Davos, and the annual summer Davos meeting in China among others and I’ve been looking forward to discussing with you these shifting tides in international affairs and geopolitical realities that are being created by the energy transition and Asia’s place in it. I, you know, maybe we can start with an observation or speculation on my part, which is that it seems we’re seeing a shift from a world where international trade’s been arranged around World Trade Organization or WTO principles to one where we’re seeing the reemergence of industrial policy. We’re seeing policies like those in the Inflation Reduction Act in the United States, and to a lesser extent the CBAM in Europe that are picking winners and losers in a way reminiscent to me at least, of the industrial policy of China and Japan, that the US and Europe long opposed. Maybe it’s not as simple and tidy as all that, but I was curious for your opinion on do you see these climate change and energy transition policies shifting the consensus around how international trade should be conducted in the world?

**Lee Howell** (02m 51s):

It’s a great question, David. Great observation, because I think we are at an inflection point. Most of it, of course, is around the narrative. I think The Economist had an article recently called, you know, the Homeland Economics of the Homeland Economy and you know, of course they’re arguing their point and what they see in Rise of Industrial Policy but here, you know, I’m based in Geneva and down the road is the World Trade Organization and the last month at my institute in Villars, we had a hundred trade negotiators and experts come and talk about this very issue. And in it, I think, you know, I observed two things. One, a recognition that you, you know, the WTO when it was created through the Marrakesh agreement in 1994, actually explicitly linked trade to sustainable development but two, the narrative around sustainable development has changed.

**Lee Howell** (03m 34s):

As you pointed out, it is not just about sustainable development goals. We have concerns around everything from, of course, net zero climate change, but even nature loss in terms of, in you know, in ways of thinking about biodiversity, right. It aligned with climate goals. So I do think we're at a point where trade experts in particular also feel that they are struggling to find relevance, right. In today's sort of political debates, like where do they sit and so that's not a bad time though, because I think that means people are open to try to rejuvenate the system and I think the energy transition and, you know, goals they link to climate and to sustainable development are things that I think the, the trade community now I'm talking more about, I'm not talking about the political people, but at least the, the experts and the negotiators think they get it, that they have to become part of that and part of the solution, not part of the problem when it comes to where we want to go with the global economy in terms of right, reducing carbon emissions and, and again, preventing biodiversity loss, et cetera.

**Lee Howell** (04m 38s):

So I think they're up for that. The problem is that, you know, all politics is local and, and, and the local narratives, right, change. I do think though there are, you know, national politics in some quarters are finding a way to still address climate. And in a way with probably big carrots like the, you just mentioned, the IRA, you know, in the United States, maybe some parts of the world jurisdictions are favoring a bit more of the big stick. You know, recently we had, of course the, you know, in the EU at least, and Switzer's not part of the EU, but in, in the region, the discussion about, right, what the double materiality piece about companies having to really list much more in terms of what their impact is on the environment. So yeah, I think it's still open. I wouldn't call it either way yet.

**Lee Howell** (05m 19s):

I do think that there are competing narratives, and again, I'll go back to the economists talking about, it's all about, you know, the homeland now you're going to see others speak about, it's all about the energy transition and how do we facilitate and enable that and others will say, well, this has all got to, you know, preserve and protect the planet. So how's that gonna work out. How are we gonna have prosperity within planetary boundaries? They're all competing, but that's at the multilateral level, I think in some ways, because I think nationally, each, each country is just doing its thing. And, and some of it is surprising, like what happened in the US as you describe recently near closer to where I am in the UK, people are a bit more than disappointed, I think, with the direction of the UK government when it comes to their climate policies and what's happening on energy. So yeah, I do think it's too early to call and we'll see more people sort of really, you know, trying to capture the hearts and minds of those who make the decisions when it comes to trade.

**David Greely** (06m 11s):

And when it comes to this question of countries increasingly going their own way, doing their own thing, following their own priorities, one thing it brings to mind is, of course, in the energy transition, there's gonna be new industries, industries will rise, industries will fall. We hear so much conversation around hydrogen, liquified, natural gas, coal, where do we need more of? What do we need less of and you know, to what extent do you see governments around the world getting engaged in the business of trying to pick the winners and losers and making big bets on certain industries?

**Lee Howell** (06m 45s):

Well, I think the biggest bets so far have been in electrification, particularly the, you know, the notion that battery technology is gonna really a, going to be is critical, right. In terms of the, the future of mobility and it's also critical for the future of renewables in terms of right, the storage capacity and in that you already have, of course there's one big dominant player in China, of course, and it's able to, you know, produce and, and manufacture these batteries at, you know, very, very competitive rates, right? And people worrying about and sort of flooding the market, particularly in Europe, US obviously with IRA and other initiatives is, is trying to build that capacity and really trying to French shore everything, and also, of course, to the best of its ability you know, revisit its capacity to mine and harvest lithium, right?

**Lee Howell** (07m 38s):

But in Europe it's tough because Europe, there's some stock of lithium discovered in Sweden, but recently there was a great article about they know where there is deposits of lithium in Portugal, but it's really on a very, you know, it's in a rural area where the community is really against it and they don't want to see that strip mining come and so yeah, it's, we're I think there's sort of like three perspectives where Chinese said, look, we've, we had the foresight, why are you so, you know, against us helping you decarbonize and, and you know, throwing up barriers to our manufacturing of bat exported batteries for your vehicles in the US or directly to Europeans.

Why are you holding us up from exporting low cost electric vehicles, right. That's their view and then, but then that's, that's kind of a chi, it's kind of a Brussels, Beijing, Washington debate, right?

**Lee Howell** (08m 25s):

Because there's other countries on the sidelines that are also trying still not clear. If you're Japan, you, in Korea, you made big bets on hydrogen, right? I mean, you're still in the battery space, clearly you know, the, they're, they're big players. Mat, you know, Panasonic, LGs, you know, and, and the like but yeah, it's really the big three right now sort of pulling at this thing and I, so I think at the end right now that what's captured most people's attention is the, the narrative around electrification and EVs and, and correspondingly batteries and the re run for the, the resources behind those batteries. And it's not just, of course, lithium, cobalt, you know, other precious metals and also those rare earth metals that are in China, right. So yeah, that's the, I think that's where the, the thing's gonna take us is really quickly into kind of a scrum around, okay, what are we gonna do here when it comes to this electrification of everyone's economy?

**David Greely** (09m 17s):

And, and the nature of this scrum is really interesting. I love that you brought up the, the term friend shoring, right, because we went from a, a long period of offshoring where it's China's gonna be the manufacturer for the world and now with this list of what technologies are considered critical, what are necessary to feel secure as a nation, it's growing and suddenly offshoring your technology to be manufactured in China doesn't necessarily seem like the things that politicians in the United States and Brussels, you know, in Washington and Brussels want to do and I'm curious because we've seen governments becoming more protective of their own technology and more wary of others, you know, have, you've seen that with Huawei and the US restrictions on semiconductor sales to China and I'm curious, do you see this mainly as like a US China shift or a broader shift in how countries are approaching technology?

**Lee Howell** (10m 11s):

Yeah, I think it's, it's, it's broader and it is obviously very difficult if you're Japan or in the Netherlands or anyone, anyone else who's in that, in that space where you're talk particularly about a certain class of processors that are particularly, let's say, very important initially in gaming and, Bitcoin mining and such. But now of course in AI, yeah, I think it gets quite complicated because the reality is sort of, we're going back to the future because a lot of this is around dual use, the narrative of dual use, right. Which I think maybe listeners may be too young to remember, but that was a, a phrase that people lived during the Cold War, and scientists and engineering firms, you know, always were sort of wary of being, having whatever they're producing or discovering, researching to be considered dual use. Because once you have that, you're, you're, you are lack locked into the sort of military security apparatus of your country, and it's very hard to operate in that kind of an restricted environment.

**Lee Howell** (11m 05s):

And also the, the worst thing maybe is the chilling effect. It would just have on fundamental research, because there's still a lot of that happening, but it does happen. It's even more complicated because some of some, you know, some of the best scientists, if you take particle physics, you know, they're Russian, right and it's hard for Russians to go anywhere and work on these things and then if, if not, they're just gonna go, you know, it's the Chinese and the Russians then, is that, is that where we want all sort of an access there when it comes to, you know, basic research and then it's sort of us and Europe and the rest of the world kind of a thing that's really not, not gonna be good because, you know, obviously we need the best minds to work on these important interdisciplinary problems. But yeah, I think it's going to get worse before it gets better.

**Lee Howell** (11m 43s):

I think people are already, in a way, it has a chilling effect, you know. There's no rule, there's no really sort of blatant protectionist sort of rules. I mean, there are some, I mean, clearly with, with some of the, the new acts in terms of the, how they've structured incentives around where you produce and where you don't produce. But yeah, I think people are factoring that. And that said, I also think people are, are smart enough. Also, we are hearing stories about in the Middle East and others that developing their own chips there's a lot of interesting things happening, right because it's, it is, you know, data and, and the processing power are sort of the real things, you know, the new fossil fuels that will drive the, you know, replace the fossil fuels that are driving, you know, this old economy of the third or fourth industrial revolution, and the next one will be all about the data and processing power, right?

**Lee Howell** (12m 25s):

So that's where I think things are headed and it'll be tricky. It'll be tricky, particularly for the smaller countries that are in sort of in between, right, important in the value chain, but not the value chain, if you know what I mean. So they're gonna be sort of squeezed

on, on very small things and, and I can imagine there's a lot of different small, medium sized manufacturers that don't really have the capacity or the, or the, the legal departments to navigate all of this stuff you know, that's gonna be also a big burden on, on those firms.

**David Greely** (12:54):

Yeah and this burden, you know, on the one hand talking about going from kind of WTO world to more of, you know, industrial policy world sounds very academic, but it has real implications, right. It's about how difficult is it to transact across borders, the burden put on smaller companies. Feels like to some extent, we have to kind of go back and dust off a lot of the conversations from, you know, 15, 20 years ago and understand those terms when you brought up dual use. You know, it made me think, we had Robert Friedland on the podcast about a month or two ago, and he was bringing up how there's a lot of technology that's been developed on the military side that has very good applications on the civilian side for mining and helping us extract the resources we need and of course, now there's a lot of technology that's being developed on the civilian side that could fall under a military use. So it, it starts to get caught under that umbrella and I'm curious, like, do we think that, obviously throughout history there's been a lot of conflicts, military conflicts that have arisen over disputes, over resources and energy. Is there, you know, how should we be thinking about the military aspect of this changing, you know, international order that we seem to be going through?

**Lee Howell** (14m 04s):

Well, I think it's, it's, it's important because obviously our headlines are full of, of really tragic and alarming developments, right. In Gaza in the border of Israel, or it could be, you know, Ukraine, Russia, but there are other places that are less known in parts of Africa and such. So we're aware that these, these are not the best of times when it comes to sort of scary instability, but I would think when it comes to that, that political military layer of analysis on this, I think you have to look at other domains because Traditionally it has always been about the energy, right. It's been sea lanes access to the energy and such. I'll take for example, you mentioned dual use technologies that sort of came out of the military and that ended up having amazing applications in, in our sort of daily lives and of course, the most ones that, that we're all familiar with is, you know, global positioning systems, GPS.

**Lee Howell** (14m 54s):

And what happened there, of course, is that other European developed its own platform, the Chinese, but what people aren't appreciating is that if you were to count the number of satellites in the sky today, you know, most of them are a privately owned satellites by, you know, factor, you know, pretty large factor, right. I think there's less than a thousand that are really owned by governments and most of that is military, but there's over 3000, nearly four, 5,000 is growing every day of private sector, small sort of satellites of all shapes and size and of course the most famous example of this is Starlink, right and that the revelation and the Walter Isaacson book about the discussion around whether to allow access to those GPS coordinates for, you know, allow the Ukrainians to have access to it at a particular point in time.

**Lee Howell** (15m 41s):

Right and the conflict, right and kind of the narrative that if they had done so, it escalated things and therefore the decision does wasn't with any government or anybody, you know, on the field. It was really a private individual deciding whether to allow the access to that, to the GPS system, right, the satellite system. So yeah, we're in a different world that wasn't, that wouldn't have been in part of the, that, you know, the domain of space has always been very important. I mean, it goes back to Sputnik and if we could go back, you know, to the Cold War kind of timeline, but today, yeah, it's you know, we see it all the time that how important, you know, having communications being able to see things. Geospatial technology, by the way, is also amazing today because of what it can do potentially to save the planet. I mean, how else are we gonna measure, measure if people are really capping methane flares from their oil rigs, right? How are we going to actually meth measure in real time as accurate as possible, deforestation and very critical parts biomes of the world. So the flip side of that is also a very important for planetary health. But at the same time it's can be used obviously in ways that we know we wouldn't, we prefer not to see it being used, right. In terms of military advantage in, in very tense conflicts.

**David Greely** (16m 53s):

And when you look at, you mentioned we already have a, a few real wars occurring, actual conflicts, you know, in Ukraine with Russia, in Gaza and Israel. Are there other conflicts that we should be worried about potentially arising as, you know, you mentioned, you know, traditionally conflict over sea lanes or just as we're changing the, the nature of where we're getting resources and the resources and the technology. So are there certain flashpoints that you think we need to be aware of?

**Lee Howell** (17m 24s):

I do. I mean, I think, let go back a step. You know, we talked about the health of the planet, and one of the narratives of course is that, you know, if we, if we get past 1.5 and we're on the track for 1.8 degrees warming nearly two, then you know, the massive migration that that climate change will produce, right. Obviously will exacerbate tensions in various communities and, and not, and I think that's, I think that's still valid thesis and, you know, it's not a direct thing. It's a bit indirect but I could see, you know, because already politically, people are fleeing countries and, and, and at large scale and disturbing the heck outta politics in Europe and the politics in the United States, right and it's really, we're not even really tying that directly to, there's other things involved that are obviously concerning, you know, in Latin America, the governments there, but also, you know, just the sort of crime and the lack of opportunities.

**Lee Howell** (18m 14s):

But also, you know, you have people in Europe coming across from Afghanistan, still, still from, from Syria and other places, right hopeful for Ben life. So it's, that's already having, I can imagine if you sort of, you know, literally ratchet up another level with forced migration because it's, you just simply cannot stay in your community because of absent lack of water any sort of sort of, you know, we can't grow crops or something, or the heat, just generally just the heat and humidity. It's got to a point where you, it's not now that, that's, that's plausible. That's, that's very more than probable, I don't want to call it probable, but we're in that direction. It's probable right then, you know, that's there but the one I think you're talking about is really all of these things. You know, what, what bothers us in this is that this is more like, you know, historians still argue as, you know, to this day about what really triggered and caused the first World war.

**Lee Howell** (18m 59s):

I think it's kind of clear in the minds about the second World war, but you know, if there's a third one, would we really know where the flashpoints would be. Would it be as some would say, you know, some sort of mistake that happened in the South China to see, but it wasn't it, you know, but it involved Filipino Navy and the Chinese Navy, and all of a sudden because of the security arrangements, the US has to step in and sort of back up Philippines. People aren't aware that there's, there's these institutional relationships that still are around, right and the one I just mentioned is the US and the Philippines we're pretty familiar with NATO and, and, and, and in Europe, and people are familiar with the US and, and South Korea and the US and Japan. But, you know, and all of these things are flashpoints and I think that's, that's the, the trouble. And also you have sort of very odd actors coming together, right. This is the week, as you all know, the belt and road form and you had President Putin arrive in China, which is very rare, but only a month ago, very rare to have the, you know, head of North Korea, Kim Jong going, Tomas, I mean, this is, these are, these are very different unexpected travel logs.

**David Greely** (20m 02s):

It is, and you're making me think, you know, of years ago there was Tom Friedman's book, the world is Flat, and it feels like the world is, I'm not sure what it's becoming, but it seems to be becoming less flat and I was hoping you might be able to help us understand Asia's role in all of this, because I think it is much bigger than China's role, and countries throughout Asia have different identities and cultures as well as different political and economic realities. So I was wondering, you know, how do you think about the role that the countries in Asia will play in how the world's organized going forward?

**Lee Howell** (20m 35s):

Yeah, it's interesting. I mean, it's more than interest, right because just the, the number of people, and if we were to put define Asia as, as really from Pakistan to Japan, then we're talking, you know, this is just, you know, three, four, you know, nearly 4 billion people almost, right and I think, but that said, as you mentioned, the diversity and the historical biases that, that actually shape a lot of the decisions even today are there, they're not gone. I guess what I would think about is, is a following, there was a thesis as you know, that, you know, the growth of China would be good for the region. Everybody would supply and would benefit from the Chinese consumer and tourism and that was very clear. There's been a new sort of reality, though some people have been very critical, for example, that the financing capital that went into Belt Road initiative.

**Lee Howell** (21m 24s):

And so that's always, you know, there's always gonna be sort of people certainly seeing the upside or downside of this. But I do think what we hadn't contemplated in all of this was an interesting security discussions. I, you know, I would just say, for example, the notion that, you know, India in this, this new region called the Indo-Pacific, right? Because it's in a way the Asia-Pacific of the traditional Western powers sort of inviting and including India as a player, as a partner in this Indo-Pacific in the big maritime forces of the US and Japan and Australia, right and now with India, and that's different. That's new. That's, that's in the, that's only recently in the, you

know, our vernacular. I wouldn't say, you know, it's not something we were talking about 20 years ago. The Taiwan straits of course still very, very important and, and very key.

**Lee Howell** (22m 08s):

What we're more concerned about is that in this last several years, the Chinese capabilities in terms of they're able to, you know, to have aircraft launched from their own carrier groups. That's a big difference. It's not just, you know, and the development of mischief reef and all that's been there, but now really they are not, in many ways people are concerned because they have the capabilities, they've invested quite a bit in the next generation of, of military aviation platforms and things. So I think that's also significant and also had to turn around in terms of what the Japanese and even the Koreans are, are capable of sort of working and thinking clearly, because North Korea's still around, right? So, yeah, I think that part of the world has always been a place where at times there's great, great positive narrative about a, you know, transpacific trading area and indeed thinking about a great value chain, you know, that would sort of raise, lift the boats, you know, across the region.

**Lee Howell** (23m 04s):

And people had absolute poverty and that's still true, but it's always been, you know, there's always been also this sort of underlying fragility when it comes to the political military arrangements in the region and so that's why it's, it's all in a period of transition and I think, you know, it's interesting how the US's discussion with Vietnam 20 years ago was about more about just opening their markets at that time. And now it's has this sort of different dimension to it when it comes to collaborating because they have very important seaports, right. And assets for, for the US Navy. So it's just, that's kinds of, you know, that's just different conversations and what I worry the most, Dave, is that you know, we're losing, we've, we're pretty much at the point where most people have lived through the horrors of the, in that region, the Korean War, or even the Vietnam War, but certainly the world's second world war, they're passing on and no, you know, and we're, and that's important because there, you know, there's always a kind of reminder of what's really at stake when you have people with their sort of lived experience tell you that it's not worth it.

**Lee Howell** (24m 05s):

When those people disappear, you might think, ah, it might be worth, you know, this might be worth the gambit. Right. And that's dangerous.

**David Greely** (24m 12s):

Absolutely. I'm curious because you've been involved in these conversations for so many decades, and I think a lot of the rest of us who aren't as deeply connected, we kind of adopt the short hands, you know, of offshoring friend shoring and I guess what, what I'm curious about is when you look within the region of Asia, what do you see as some of the big things that the various countries want their place in the world to be. Now, there was a period where it was using the US and European consumer being the manufacturer for those markets, and that was a way to grow and develop and then it was, you know, the, as you said, the Chinese consumer that everyone wanted to get access to, and which you give up technology to help get access to such a, a large market. How do you see some of these different countries seeing their role like what's their aspiration at this point in terms of their own development and place in the world?

**Lee Howell** (25m 11s):

Yeah, I mean, it's a good question. I think those countries, some of them of course, and, and what's really fundamentally changed, I think are two points when, when, if I were in Asia to sort of really think through this, one is the big part of the developed marketing that world is getting older, right? It's, it's actually flipping demographically and we've never really experienced what's happening in Italy and Japan, and we don't know what that's going to do. So how can you really bet on them, you know, those countries, the west buying more of whatever x and y you make and secondly, there tend to be countries that are not inviting your sort of the population to come and the younger population to come to, you know, their countries and take on the jobs, right. We're not seeing that labor mobility, maybe like a hundred years ago, or even Japanese immigrants would leave and work in Sao Paulo, Brazil or show up in Juan the shores of Hawaii.

**Lee Howell** (25m 57s):

We're not seeing that, right. Those kind of migration migratory moves. So I think that's something you have to reflect on that okay you know, I guess what's consistent is the change, and this time though, something we've never seen, which is the demographic one. The other one we've never seen or we're only aware of now, which is, you know, these countries, they have to think about their place in the world in what, what some people call the Anthropocene, right where we know that human, you know, humans are changing literally,

you know, the geology and so the structure to earth, right? Particularly the climate. So I feel that in some instances there're gonna be some countries that maybe realize that there'd be more bit like Brazil. They have actually some of the key biomes of the world, and actually they are gonna be very important to preserve and to protect, and people can recognize that and hopefully they'll be rewarded for that, for their forbearance and right.

**Lee Howell** (26m 46s):

And sort of stopping sort of the logging when it comes to, to palm oil and things like that. And maybe that will happen, I hope it does happen. The other side of it is, you know, there's a little bit of like, well, why should we change because if that's the model, what are, why are we denying it now. What comes in between that is the possibility of leapfrog. Maybe that will be the thing that, I mean, most of these countries are already active only on mobile phones. I mean, you can't really find anybody and they're paying, buying stuff, you know, sharing things and such. So maybe there's a possibility there to be, but I think fundamentally what's gonna happen is they're all gonna have to go through a period of low carbon development. So how does that work back to the energy transition, right?

**Lee Howell** (27m 25s):

It's not, it's inevitable. I mean, they may come later, but that's what they have to work towards and so I think those, you know, that'd be something to watch but the reality is that, you know, in Asia historically, you know, the whole absent poverty narrative has been really about China and India, because the numbers we sort of forgot about the number of people in Cambodia you know, or even more, more Indonesia that we, you know, still we need to lift out of poverty and so we also have to be careful too, that that's the part of the world along with parts of Africa as well, Latin America, where, you know, we talk about energy transition, but there's fundamentally about, you know, over a billion people who have no access. So what are they gonna have access to in terms of their energy needs?

**Lee Howell** (28m 05s):

So yeah, I do think it's a, it's, it's a mixed bag. It's not sort of that post-colonial and then being the beneficiary of, of a sort of the cold war between the Soviet sphere and the American sphere and, and sort of, you know, playing that and being non, non-aligned and then sort of sort of ski, you know, and then over time, picking out what areas that you want to be part of, someone's sort of extended global value chain. I, you know, I think it's a different game because there's just different parameters now that you have to, to deal with, but the biggest one I think for Asia is still a relationship with China, right in relationship with the us. Like how does that work, I mean, in a perfect, you know, for any Asian, they'd say, look, if the Chinese and Americans get along, good for everybody, good for business, good for everything, right?

**Lee Howell** (28m 47s):

And so it's been, I remember there's a famous senator ambassador Japan, former majority leader of the Senate named Mike Mansfield, you know, in the 1970s, he would say, his quote was, for those who were type Japan watchers, like me know the US and Japan is the most important bilateral relationship in the world. Bar none, you know, nobody would think that's the case today, but that moment in time, it was a really big deal in the seventies, right? In the eighties. So today, you know, where is that big bi, you know, is it, is it Russia, China, as the media sort of wants us to think is, that's probably the, is in some ways, you know, if there's a, a way of, of, of reconciliation between China and the us could that be something in a, and we're still searching for what's that new, I don't think there's a roadmap, but we're still looking for where the compass points are right.

**David Greely** (29m 32s):

Well, and you've also started something new for yourself as well, so this could be a good time to talk about that. You've recently taken on a new role as the executive director of the Villars Institute, which is aiming to accelerate the transition to net zero and improve the health of the planet and I wanted to ask you, you know, why this new chapter for you, because I'm curious how much is driven by your own views of how the nature of the challenges that the world faces and the approaches we need to take have changed?

**Lee Howell** (30m 01s):

It's something that I look at primarily as from a perspective as a parent. I have two boys and they're 12 and 14 and it sort of hit me one day is that we talk about all of these goals that we want to achieve for the benefit of the planet and obviously in the first and foremost is sustainable development goals in 2030, which I don't think we're gonna get to, but there's the bigger, more existential planetary goal of, you know, obviously keeping and controlling emissions by 2050 and getting to net zero emissions globally, which is right and I reflected on that. I said, well, first principles, you know let's assume we have enlightened leaders that got us to that goal in 2015. We're really celebrating, but where are they today and I realize they're, they're today, they're very, you know, it's, they're this, there's a young generation, they're in high school, maybe going into university right now.

**Lee Howell** (30m 46s):

They're the ones that what do they, where, where are they right now, well, they're in a place of probably more echo anxiety and then echo ambition, and we spoke about this and what's missing is the sense of agency, right and that's what led me to say, well, you know, what could we do as an institute and two things we said, look, one is to be honest about the nature of the challenge and all of these challenges are interdisciplinary, and the solutions though have to be intergenerational and that's, you know, that's hard to get people's mind around because most things we don't, when we approach it, are very, very often, you know, very, it's very rare. Even I'm sitting here today at the University of Geneva where my office is, and a professor, you know, you don't see, you're not, you're not really rewarded and encouraged to do interdisciplinary work per se.

**Lee Howell** (31m 28s):

But there are, you know what, increasingly these problems are interdisciplinary. And we know that. Secondly, even when you address them, you know, the, we speak about the future, but it's really not intergenerational because in a way, there are a lot of things that we've done to only discover the next generation Absolutely does not believe the, the approach that we put into place you know, the classic one in the energy transition that I tell people all the time is, look what happened Germany and in nuclear energy today. I mean, they built these power plants and there was a period when the people protested them and then there was, you know, the really political and, and, and, you know, just a crass political decision by Chancellor Merkel to, to shut them down after the Fukushima tragedy in you 2011 and sort of doubled down even on natural gas pipelines through Russia, even after the Crimean, you know, in invasion of Crimea by the Russians in 2014.

**Lee Howell** (32m 10s):

And now what are we looking at. We're stuck at Germany burning more coal, right. That's where you ended up and young people saying, what's going on with that. Why aren't we doing, you know, back to nuclear power and if you, it's funny, it's trending on social media as young people sort of figured out the math, you're gonna need many ways to do this and so I think it's smarter to already engage the next generation or multiple generations in some of these approaches to the transition so that we don't go one step forward, two step back, and, and or have the politics catch us blind, you know, blindsides us. So that's the, that's the thing. I would, that's what we are focused on. So the idea is at the institute is, okay, number one, let's show everybody explain how the system works. Once you have the system works, you can at least have some sense of how you might approach it.

**Lee Howell** (32m 52s):

And agency two, appreciate that. You can't just deal with climate, it's also by diversity and water and at the end of the day we're dealing with, you know, the planet and the, there's some clear systems that we have to address and can't do without. And lastly, whatever we do, you know, we need to consider that this solution will only work if we got buy-in not just across the various stakeholders of today, but we also have the, you know, encouragement and engagement of the next generation, because that's what it's gonna take, right because it's not, it's we're 2023 and 2050. That's, that's a couple of generations in my opinion to get there, right?

**David Greely** (33m 25s):

Yeah and when you noted that we often take steps that we think will be for the benefit of the next generation, only to discover that they did not want us to do that. That's spoken as a true parent.

**Lee Howell** (33m 36s):

I think I kind of came to that too. It's funny, Dave, because there's scientists, you know, it's one of my mentors was talking once about these new National Academy of Science in, in engineering in the US often do lists of great, you know, engineering feats of, of one century and then, you know, next year they talk about the big challenges, and often you can draw a connection that some of the greatest things like the, you know, the, the discovering use of plastics, which people forget. I mean, it's, it is important and when you think about what's happened in, in, in so many industries, including the medical industry, but then we have this whole narrative about, you know, plastic garbage patch in the ocean and ingesting microplastics, take civil aviation great but now today it's still the really hard part of the transportation sector to reduce emissions, right? They're really difficult. So you know, take a technology, you know, often we're just gonna find, and I guess that's partly, that's, that's what's concerning people around the debates around for example, you know, artificial intelligence and, and the like but there's something to that, right and I guess the key for us is how do we exercise an approach that it's not about foresight, it's about being a trustee for the future. So really sort of measure twice, cut once kind of approach to some of these things.



**David Greely** (34m 45s):

And I've realized in talking with you today, you know, there seems to be a thread throughout your career of this focus on fostering collaboration, you know, and that continues with your work at the Villars Institute now, you know, collaboration between nations, collaboration between generations, collaboration between academic disciplines and approaches to working on problems. So I was hoping maybe as we wrap up today, you could share with us, you know, maybe your perspective, some lessons on what can we be doing to try to approach these big global challenges in a more collaborative way, a more peaceful way, given your own experience?

**Lee Howell** (35m 25s):

Yeah, I think one thing I've learned is the people that are good at this, and I'm not claiming to be because I'm new and I'm trying to study and understand this though, are people who are smart, but if where they're exceptional is not necessarily in, in terms of measuring their IQ, it's their EQ, right because what we've realized in terms of systemic change, the accelerated, you have to work at a human scale. It's about trust and coordinating and basically not having actual authority to do things. So you have to convince others to go along. You recognize that what you're dealing with is really getting building narratives where people feel that they have agency to sort of complete the story, right. Narratives are not, are open-ended and, and they're sort of inviting the stakeholders to come along and really shape that future. Those are all skills in a way that, you know, traditional management, training and others, we didn't really, it, it never really recognized or emphasized, right?

**Lee Howell** (36m 19s):

I mean, it's been always about control and stability of a process and sort of in-depth knowledge about the subject matter, the technical matter. But in reality, these are all complex issues because we are learning from other disciplines like behavioral science that we're complex, we're not rational and, you know, look, what's, I can point, you know, anybody can point to, you know, we can go back. I want sort I want to get into the op-ed space, but like what's happening in the United States in terms of some of the politics and happening in this in the house doesn't seem rational or some of the reactions to some of the policies in the past related to public health. And, you know, vaccines, it doesn't seem rational, but, you know, we can't wish that away. That's the nature. But we, that means we need people to sort of, who understand people who can bring people around different views.

**Lee Howell** (37m 02s):

But I think the key in collaboration that I've observed is articulating what your common values are. You may not have common approaches, but we can, I think, agree that there's only one planet and we all have to do our best to sort of operate and prosper within what scientists have identified of these nine planetary boundaries. If we can agree on that, then, and we have, by the way, because that's how we address the issue of the ozone layers depletion in the 1980s when every country in the world signed the Montreal Protocol. Every country that existed at the time did, and we've managed to heal and repair that you know, part of the atmosphere. So it's doable, of course, it's, but at the same time, it makes us have to kind of reconsider our own approaches to, to leadership and also our willingness to also exercise followership and say, look, maybe in this one I'm copilot, or maybe I'm in the backseat. Because you then, that's the only way to get things, you know, moving, right.

**David Greely** (38m 01s):

Thanks again to Lee Howell, Executive Director at the Villars Institute. We hope you enjoyed the episode. Join us next week as we continue our series Commodities in Asia with He Yiyong, Founder and CEO of LNG Easy. We'll be discussing the role of LNG in Asia and how it differs from the role of natural gas in the US and Europe. We hope you'll join us.

**Announcer** (38m 23s):

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