

Are the big car companies the capitalist dinosaurs whos...

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As the [FT notes this morning](#):

[D]espite months of pressure by the UK, four of the world's five largest carmakers — Volkswagen, Toyota, the Renault-Nissan alliance, and Hyundai-Kia — have not signed up [to ending new car emissions by 2040].

BMW is also holding back, I believe. There may be others doing so. Their claim is that they cannot make electric cars unless they also produce fossil fuel ones to subsidise them.

The reality is that each of these companies is trying to preserve their existing business model. None of them appear to have accepted the fact that climate change demands that we live a different lifestyle to that which we have at present. Their assumption would seem to be that a bit of tweaking around the edges is all that is required. That, though, is simply not true.

At the same time, their behaviour might tell us something else. Implicit in their refusal to endorse this necessary demand might be a recognition that their business models cannot, as they stand, be adapted to the world that we must live in. Although they do not say so, what they might be suggesting is that this demand that they adapt is, at present, beyond their capacity to deliver. Maybe we should applaud them for this: whether they appreciate it or not, they are being honest as to their inability.

What, however, does that inability represent? Explicit within the concept of [sustainable cost accounting](#), which I have been proposing for some time, is the idea that a company may be carbon insolvent. What this means is that a company can either not see a way to eliminate emissions from its business model or, alternatively, if it can see the way to do so it cannot do so in a way that lets it remain as an economic going concern. In other words, what it knows is that its product will cease to be viable in the new way of living which we must embrace.

My question is whether by refusing to sign this agreement these companies have admitted that they are carbon insolvent? They might be saying that their business

models are now redundant in the world that cannot use their products and simultaneously maintain human life as we know it on this planet.

If that is the case, then we face a quite different question to that which most will pose in reaction to their refusal. Most will think them to be climate change deniers. I admit, I have some sympathy with that. But if what they are actually indicating is that we have to rethink transport in all its forms if we are to succeed in tackling climate change then their message might actually be quite important.

Of course, that means that the task may simply be bigger than we have thought. What this alternative message implies is that we must reallocate capital from those unable to adapt to those willing to innovate to find the solutions that we need. It would help if these companies admitted that this was the case. That they are capitalist dinosaurs whose time has come might be the real story on this issue.

Climate change is going to have many more victims if we are to succeed in constraining it than most appreciate. These companies have put themselves on the list of those who must become extinct if we are to survive.