

# Statement On Business And The Environment To the World Economic Forum

GENERALLY SPEAKING, business and government respond to public opinion - they are followers, not leaders, in environmental matters.

Environmentalism is perceived by business as no-growth or anti-growth and as a great expense difficult to afford in good times, and just about impossible during a recession.

It is true that part of the ecological movement rejects industrialisation, but the vast majority of those concerned seek a form of industry which ensures reasonable prosperity without inflicting unacceptable damage on the environment, either physical or social. And this cannot be achieved by technology alone, no matter how creative. Technology is a tool and its effects will depend on the wisdom of those who use it - the greater its power, the greater the opportunity to improve or to injure. That is a broad consideration, too broad for today.

So. I will concentrate my answer on the more limited subject of running our economy in a less environmentally damaging way. Currently, the U.S. uses about twice as much energy per unit of output as does Japan. And Japan's standards can still be much improved.

I realise that there are many structural differences between Japan and the U.S. But if the U.S. were to catch up with Japan's current level of energy efficiency, it would result in massive savings.

The recently created Energy Foundation, jointly established by the Rockefeller, MacArthur and Pew Foundations, is quoted as stating that it had been estimated that the U.S. could save in excess of \$150 billion per year on energy. Whatever the figure, it is enormous. This would reduce the need to import oil and would transform the U.S. balance of payments. The U.S. could abandon its policy of devaluing its currency in an attempt to improve its trade balance.

And as we all know, industry is addicted to waste, so similar opportunities exist throughout its activities. The benefits would not just be economic - aggression on the environment would be correspondingly diminished.

But there is another dimension to the story. A great programme of capital investment is needed to develop and install new technology which would heal some of the wounds of the past and minimise damage in the future. Many describe such investment as unnecessary and wasteful. I believe that they are wrong, not just on environmental grounds but also economic.

Usually, the economy prospers when there is great growth in a new and important industry, for example motor cars, computers, communications or services and leisure. Investment in the environment could be just such an opportunity.

Why, I wonder, would it be less economically viable to invest in improving the environment rather than injuring it? Why would investment in developing alternative energies be unproductive? Why would an investment to preserve the quality of air, water and forests be less productive economically than investing in theme parks? Why is building a Disneyland considered to be economically positive whereas investing to restore or preserve the Mediterranean is described as being a heavy burden on the economy? In each case, there is capital investment, employment, growth in the GNP and the cost, ultimately, is paid by the public. It goes back to the old idea that the only good investment is an investment in machine tools to build machine tools. What is more, environmental efficiency can also lead to improvements in industry's overall operating standards with consequent direct economic benefits. The Wall Street Journal recently chronicled a number of such instances.

So to resume, a great reorientation is now possible. Vast funds can be liberated by conservation and efficiency throughout our industrial society. These can be used to finance a new phase of the industrial revolution - healing the wounds of the past and for the future, finding the way to maintain prosperity in a sustainable fashion and without inflicting deep environmental and social damage. CEO's should embrace this new opportunity.