

BUSINESS AND THE BIO-ENVIRONMENT

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The title of this presentation, 'Business and the Bio-Environment' may be viewed both as a problem and a challenge.

The problem is basically that it involves everything. In the great movie "Cabaret" starring Liza Minnelli, there is a beautiful song titled 'Money, Money, Money Makes the World Go Around'. Unfortunately it is true and will continue to be true for a long time to come. In Albert ten Houten's final remarks it was stated that all of our problems are fueled by our greed. The way we do business, the basic motives behind it are in fact the cause of many of the problems we are facing. I, therefore, feel compelled to restrict myself and depict the items that I think might be of interest.

The problems are clear and have been stated several times during the discussions of the conference. These are:

- over-population: 5.3 billion people today, 11 billion 40 years from now, of which more than 80% will be living in so-called developing countries. In addition, in order to meet the needs of those people which now have quintupled we will have to increase the volume of economic output fivefold;
- consumption: 20-25% of the present world's population in the industrialized countries consumes 70% of all the world's resources;
- pollution: just 7 countries in this world, in which approximately 15% of all people live, account for 45% of the human causes of greenhouse emissions;
- poverty: the poverty gap between the rich nations and the poor has widened since 1960. 20% of the world's population now in fact owns or produces more than 80% of the gross world product.

The above-mentioned problems have exploded onto the scene in the last 50 years. If one realizes that human beings have inhabited the Earth for approximately 2 million years, and comparing these 2 million years with a 24-hour day, then the last 50 years mean that within 2 seconds in one day we created, as humans, the major problems that are surrounding us. This is the paradox we face.

It is necessary, somehow, to renew economic growth in order to address poverty and stop the population increase. But, if this is attempted in the manner as it was done in the past—business as usual—then it will mean suicide for humanity. Albert ten Houten talked substantially about a possible answer to this: sustainable development. It is interesting that only in the past year have governments, government officials, academic leaders and business people come together for the first time in history, at more than 80 meetings and more than 75 reports on this subject, in preparation for the Rio Earth Summit in June, 1992.

This could be a new start for a new way of life. However, we talk about revolution; nothing more, nothing less. One may wonder what role business can play in this whole process of sustainable development. There are many issues involved but only a few will be illustrated:

- applying clean technology;
- redesigning products;
- energy efficiency;
- the use of less destructive agriculture.

It has been calculated that advanced technologies could slash the hazardous industrial wastes in the United States by 75%. According to studies by the United Nations but also presently proven in the Netherlands, with the proper infrastructure, industrial countries could recycle more than 50% of their paper, glass, plastics and metals. New technologies could also head off the 75% increase in global energy demand, which the Worldwide Energy Conference projects for the year 2020. The newest air-conditioners now on the market, furnaces, refrigerators, lighting fixtures are 50 times more efficient than the old products. At the current rates of economic growth, installing cost-effective technology alone could cut electricity demand in industrial countries by 20% by the year 2000. Possibilities go far beyond these. In the United States and parts of Europe, conservation, crop rotation, and more efficient irrigation are stemming erosion, water waste and agricultural pollution. The market for chemical fertilizers in Western Europe is decreasing.

Even ecosystems could be harnessed for industrial applications. For instance, instead of spending 30 million dollars on a chemical treatment plan for waste water and sewage, the city of Arkata in North Carolina has invested 5 million dollars to create 95 acres of marshes, because marshland plants and organisms absorb the heavy metals and pollutants in the waste water. The wet lands is now full of birds and other natural elements. For instance, 3M, a big multinational in Canada and the United States has set goals to reduce air and water emissions by 90% and solid wastes by 50% from its 1990 levels. There is good chance that those goals will be reached and by doing so, the adjusted cost per unit will be even 10% lower.

Why is a company doing this? In the first place because they see business in it. But also they see the law approaching: Rio de Janeiro, new civil legislation in the United States and especially in Europe. They want to be prepared. However, it is interesting that thinking about the demands made on the environment, that is in terms of total quality management, also appears to be economically wise. Another example: Dow Chemical's new ethylene plant in Alberta, will release 10 gallons of cleaned-up wastewater per minute into the river, whereas in the old system, this was 36 times more. It will cost 8% more than usual, but Dow chemical expects to recoup this by lower maintenance cost. In the United States, but also in Europe, industries are gearing up to meet not only the requirements of the environment, but also rethinking their basic business policies. In Germany, instigated by the actions of the very energetic Minister of Environmental Affairs, Klaus Töpfer, there was a packaging ordinance approved by parliament in April 1991, probably the most ambitious environmental legislation any nation has ever attempted. This legal framework forces retailers to take back the packaging from customers. It then forces manufacturers to take back the packaging from retailers and packaging companies to take back and reclaim their material from manufacturers. It should be effective by 1993. One can imagine how the German businesses reacted when this was announced. But parliament and the Minister held their ground and now it will become a reality.

An interesting aspect is that a lot of spin-off effects came from these measures. Hewlett Packard, for instance, a big international company, is adjusting its design and packaging policy to German standards worldwide. One reason is that the German market is so big, that the company cannot afford to have separate product specifications; also, it is a new, stimulating way to do business. Other European countries do not have such tough regulations as in Germany in this respect, but they, too, have different means, legislation, and agreements with industry. Volkswagen for instance is establishing the so-called demontage plants, allowing cars to be stripped down in only 20 minutes. In fall 1991 Volkswagen became the first automobile supplier to the German market to guarantee that vehicles should be taken back free of charge at the end of their lives. It is the first in a row of automobile producers that will do so.

Will this be enough? Will sustainable development really take off and the companies really be motivated? There is no clear answer. The only thing known for sure is what our destiny will be if we do not transform our way of life towards sustainable development. But on the other hand, with these examples it is illustrated that it is also normal economic thinking to believe that for business it is wise to be an eco-producer. Sustainable development could offer huge opportunities for industries. Demand for environmentally sound technology could open new markets, create jobs and give companies opportunities not only to save resources, but also to lower costs.

The economic factor alone is absolutely not enough. We have to re-evaluate our value systems. Education has been stressed during this conference and the need to start education at a very early age. Education is not only related to knowledge and skills but in this respect to the development of a new value system: deep beliefs and convictions giving a new direction to our decisions and consequent actions. Respect for ourselves and for one another, for others' culture, as well as respect for bios in general is born in the soul, not in the mind.

Consequently, the problem is posed already as to how to develop higher ethical standards and where to start from. No one has answers, but it is interesting that the question itself is posed, not only during the B.I.O. Conference but also for instance, at the Harvard Business School. Let us conclude by stating a very interesting development. The Harvard Business School, renowned for its educational system, received a grant 5 years ago, worth 20 million dollars, from the former chairman of the Securities and Exchange Commission John Shad. The terms of his donation to the Business School were that the grant could only be used on the development of a curriculum which enhances the ethical cultures of the students. The Business School did not know from where to start. People in the Business School were quite embarrassed but after having thought, struggled and fought with it, they became very committed. In the first year of the Master's Degree program, students are obliged to take courses on ethical thinking. The interesting point is that they also use literature, in a sense that novels help them to shape a general attitude toward living and encourage them to think about what they really want. They do it by using the work of authors like F. Scott Fitzgerald and Arthur Miller, they talk about this literature, and use it for self-reflection and self-inquiry through metaphors.

The interesting point is that a business school like the Harvard Business School has committed itself continuously to this subject. It is acknowledged to be only a start and will be developed further and further. It is also important because, as an imperative in academic life, it will pass into the rest of the businessmen's lives.

There is no answer whether sustainable development may ever be achieved. No one knows whether we have already passed the critical line and are on a sure path to suicide. But at least in business, at both the university and the broad levels of business, some major leaders have stopped and are rethinking their values, focusing not only on the value of the result at the bottom line, but also comprehending that there's much more than just a figure of profit.

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