

## HOW TO ESCAPE FROM THE CYCLE OF ENVIRONMENTAL DEGRADATION

### Assimakis Fotilas

f. Head  
Investments Promotion Centre, UNIDO  
Greece

Some 200 years ago, one of the anomalies of the industrial revolution became apparent. The procedure of economic development had already been driven into deadlock. Production, as a consequence of the implementation of new technologies, was in a position to supply the market with a large variety of cheap products. Yet, the working class that produced these products, together with the financially weaker were, in general, unable to consume these products. Financially impotent, they were not in a position to afford them. The situation led to a price war, as a consequence of which, earnings were diminished and profits reduced.

Entrepreneurs attempted to deal with the problem by controlling wages. Labour costs were the easiest of the three factors of production to be controlled. This additional financial weakening of the labouring class led to the further impoverishment of the individual and consequential reduction in production, a further decrease in employment and, ultimately, increased pressure on the income of the poorer classes.

The economy was obviously entering a vicious circle, the centre of which was the traditional concept of profit as the exclusive criterion for organising production, in correlation with the production cost per item. Thus the entrepreneurial concept, at the time, was reminiscent of the "Drunkard's Budget" doled out on a given restricted revenue as follows :

"10 for alcohol, 5 for rent, 3 for food, so much for this, so much for that; total, so much. Not enough ... Let's start again. 10 for alcohol, 4 for rent, 2 for food, and so on ..."

In the capitalist's case, profit per unit of production was substituted for the drunkard's alcohol.

This was not the end of the story, since human ingenuity cannot tolerate deadlock. It was therefore soon discovered that the cost of each source of production is not the only factor of profit, and that the more complex notion of productivity is a major factor, and that this factor is extremely sensitive and responds instantly to the financial strength of the working people who constitute the main mass of buyers.

This discovery set a limit on any further irrational and ill-considered reduction in worker earnings. Social sensitivities and new ideologies, developed by the end of the 19th and the beginning of the 20th centuries, established State intervention as a rational and calculated method of regulating economic relations.

Today, the vicious circle appearing in industrial development has still the same centre: that is, entrepreneurial profit as related to the cost per unit of production, and as such, the cost is formulated by the introduction and use of clean technology. Once more the entrepreneurial conviction seems to be the same: the less we spend on environmental protection, the lower the cost, and as a consequence, the position of the insensitive entrepreneur is the stronger, compared with that of the sensitive, and ultimately the greater his profit.

The keys to unlock this vicious circle are identical. The first is to get rid of the prejudice, which a narrow use of financial criteria is creating, and the dominating preoccupation with the notion of cost and profit. The persistent, narrow-minded conviction, that environmental protection is simply adding to the cost and diminishing the profit, has to be purged by a conceptual reappraisal of profit definition. The confrontation of the many complex problems appearing in the environmental crisis, as a result of uncontrolled development, demand imagination and courage.

What seems to be indisputable, may be challenged, for instance, with examples of the introduction and application of advanced technologies compatible with environmental protection which, while having considerable initial cost, finally result in actual savings, either by the use of less energy or raw material, or by the rational exploitation of by-products, so that the final costs may appear to be substantially less than those initially calculated.

Careful studies and observations, together with inspired experimentation have identified hundreds, if not thousands, of cases where what appear to be prima facie additional costs, turned out ultimately to be substantial savings.

In Tanzania, for example, rehabilitation of the electro-static precipitators in a cement factory is reported to have resulted in a significant reduction in air pollution and a saving in cost of about US \$8,000 a day. In Brazil, a steel mill introduced cleaner production with an improved rolling mill using water gas treatment and charcoal handling systems. This reportedly led to a savings of US \$1,500,000, per year, and a reduction in tree felling of 1,000 hectares per year. In India, it has been calculated that an investment of 36 billion rupees in industrial energy conservation would be required to realise an energy conservation of 35% throughout the industrial sector, whereas, an estimated total

investment of 58.25 billion rupees would be needed to generate that amount of energy on a per capita basis. The Organisation for Economic Co-operation and Development (OECD) countries, consumed nearly 20 times more, energy in all its forms, than developing countries in 1985. However, the industrial energy consumption, per million US dollars, of real industrial value-added, was twice as high in the developing countries than in the OECD countries. So it seems that it is a mere prejudice that the adoption of methods for a sustainable and clean environment only add to the cost.

The second key that can and must release us from this vicious circle of self-destruction is the decisive intervention of State and, even more, international authorities. The shortcomings of Rio de Janeiro are certainly most discouraging, but the international outcry against environmental degradation day by day is growing, and it is a real compensation that, joining the voice of the environmental protectionists, are voices such as that of Ripa de Miama, the inspired Italian Commissioner, hurling his resignation in the face of the great leaders and refusing to co-operate in the fiasco. Other enlightened individuals, from the economic sphere, are also speaking out: this intervention of Mr. Yannis Boutaris, for example, who spoke at the Greek-American Symposium of December 14th, 1993, organised by the Biopolitics International Organisation:

"We are inclined to ignore the fact that to look upon such problems, in a narrow minded way and from a purely economic point of view is a method with inherent weaknesses. Such a method disregards the qualitative difference between the cost of replaceable and irreplaceable boots. It also disregards the fact that man is a part of nature and not really its master. Figures and statistics may depict a flourishing economy but how can we depict, in statistics, anguish, insecurity, alienation and personal disappointment."

To all this we may add: how can we depict nostalgia and the melancholy caused by landscapes destroyed once and for all; the lost joy of a drive in an automobile rolling along the picturesque road? The incomparable loss of the sunset over Athens and the crystal-clear seas; also lost forever in the disgusting mass of human industrial filth? It is imperative that political authorities must intervene decisively with appropriate legislation.

This is the key that should be used and is certainly going to be used to let us out of this vicious circle. My aim was not to offer solutions. It was simply to add my voice to this determined struggle for a better environment in which the Biopolitics International Organisation is leading the way.

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**Assimakis Fotilas'** career has included Head of IPS, UNIDO, Athens, Parliamentarian and Euro-Parliamentarian, and Head of the Greek Socialist Group. From 1981-1982, he served as Deputy Minister of Foreign Affairs, and was appointed Minister for Immigration (Greeks Abroad) and member of the Council of Ministers, in 1984. Mr. Fotilas holds a Law degree from the University of Athens and an M.A. in Economics from Boston University, and has served as legal advisor in international firms, and numerous industrial, commercial and construction enterprises. He has also published several articles on political, legal and economic matters.