

BUSINESS STRATEGY FOR THE PROTECTION OF THE BIO-ENVIRONMENT

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I would like to thank the organizing committee for inviting me to represent the Greek Government. Clearly, today's event provides valuable material for inquiry and extension. This is not only because of the need to update and make the Greek economy more competitive, but also because of the need for the establishment of terms and conditions for healthy and viable development.

As the basic mechanism for development, the enterprise unit has mainly economic functions, which cannot be separated from their social, cultural and environmental content. This perception has clearly gained important ground. It implies the need for new business strategies under conditions ensuring environmental protection. It implies a new outlook on the relationship between macro-economic policy and micro-economic practice; an outlook which alters and extends the assumptions which ensure the competitiveness and viability of businesses.

The pressure applied to nature by economic activities and the consumption of natural resources at higher rates than those of their renewal, today places further restrictions on businesses. These are with regard to the proper economic use of the factors of production. Thus, because of the nature of these factors, the meaning of, and relationships between, basic economic terms such as profit, productivity and development have to be redefined. Given this redefinition, the classic micro-economic hypothesis, that a firm performs better in a limitless world, is inadequate and can no longer be reconciled with the idea of viable and sustainable development.

The need for a new business mentality and new business practices in favor of viable and sustainable development underlines the simple, but not always evident, truth that environmental degradation also means social crisis, alienation of values and morality and, eventually, cultural decline. The threat of a devastated world is the threat of annihilating the value of human life. It is clear that from this perspective every notion of viability, economic or otherwise, loses its meaning and refutes itself. This is the other side of the coin, as we realize that environmental degradation corrodes not only the foundations of the economy, but indeed the whole socio-economic structure.

The question of business strategies is, therefore, multidimensional. For example, problems such as ensuring a supply of raw materials, the preservation of the work ethic and the effectiveness of the infrastructure, will have to be dealt with simultaneously. Additionally, there is the problem of maintaining markets for products that public sensitivity is not willing to accept in the future because they are of a polluting nature, or because of the anti-environmental processes involved in their production.

These are conclusions which concern all countries, irrespective of the extent of their development. What distinguishes the developed from the developing countries is the time scale in which these problems assume top priority. In the light of these conclusions, some indications as to a definition of the components of the new business strategy are offered.

The first point concerns the relationship between business and society. In Greece the traditional theories have already begun to be abandoned. These are theories based on an inadequate connection between business, social and cultural activities. A business today is called on to participate actively in the social sphere and to be sensitive toward social demands, values, needs, attitudes and the cultural specifics of every region.

The attainment of a balanced, dynamic relationship between businesses and society, on the one hand reinforces social stability and on the other, ensures long-term business viability. More specifically, in the case of environmental protection, something of this nature will help to bridge the gap between ecological "utopia" and simple economics. In such a way the consent required for real viable development can be secured.

This dimension of business strategy concerns the whole production process and what it produces. It concerns the development of social and local initiative as well as the confrontation of hyper-consumption, through the restructuring of supply and demand, to satisfy real needs and specific characteristics. It also concerns the decentralization and regional organization of businesses, especially of those whose operations go beyond the national level. And, finally, it concerns social participation.

A second important direction for the necessary change in business strategies has to do with the incorporation of environmental protection itself into the business operation as a factor of production. This leads to interconnected changes in production processes. The application of the principle of "clean production" and "prevention of pollution at source" changes the environmental consequences from externalities - that is to say, non-economic factors for the business - to structural parameters of productive readjustment.

The transition from the logic of treating negative environmental consequences, to the logic of their prevention, as the experience of Europe and

the United States shows, can bring important economic and environmental benefits. In this way the belief that every measure to protect the environment is unprofitable for business begins to lose ground. The key factor here is the realization by businesses of the return on investment which is necessary to achieve such changes in the production process. For example, investment in "clean" technology, that is to say technological prevention such as the extraction of raw materials by recycling products, very often leads to a reduction in production costs. On the other hand, redesigning products and developing new products according to the requirements of environmental protection have already established dynamic markets, thus satisfying the social conscience and new requirements of consumers.

It must be stressed that all these changes simultaneously bring into being a framework for effective cooperation between those charged with development design and those charged with business activity. The negative climate that is sometimes created between government and businesses, when the former attempts to impose the necessary environmental protection and prevention measures on the latter, can become a thing of the past. Moreover, this challenges the issue of how effective the implementation is of the principle "the polluter pays".

A third point is inter-business cooperation. With regard to environmental protection, businesses are increasingly realizing the need for mutual support. The gloomy prospect of the destruction of the environment and the exhaustion of natural resources under the present wide-scale production can be prevented by widening the fields of industrial cooperation. The competitiveness and viability of businesses require cooperation both within, and between, the various sectors. Joint financing, research and development, development of scientific knowledge and information are only some of the components of such cooperation.

Finally, the fourth point is one that follows naturally from the others. It involves the training of personnel so that they can adapt to the new ways in which businesses face the outside world. Just as the scientific community places ever greater importance on an interdisciplinary approach to the solution of problems, so business personnel are required to have broader horizons of knowledge and an all-round view of business reality. Technocratic knowledge must be accompanied by an amalgam of the following:

- social approach
- political sensitivity
- ability to link the knowledge and information that concern mankind, nature and the environment.

Of course one question which craves attention is the proper use of information itself, as raw material in the production process. In today's world, where problems are increasingly globalized, such types of information, taking into consideration the development prospects of each region, is of crucial importance in facing common environmental matters. The importance of training applies not only to business personnel, but to every citizen who, as consumer and economic agent, considerably influences decisions in the economy - and especially in a free economy.

With these thoughts I would like to salute this Conference, on behalf of the Greek Government, in the belief that its aims can be achieved through constructive dialogue and the cooperation of everyone concerned.

George Papandreou, Greek Minister of Education, studied Sociology at Amherst College, Massachusetts (1970-1975) and Stockholm University, Sweden (1972-1973), where he researched migration issues. In 1976, he obtained an M.Sc. in Sociology of Development from the London School of Economics. Mr. Papandreou has been a parliamentarian since 1981 and has served as President of the Parliamentary Committee for Education and Vice-President of the Inter-party Committee for the Freedom of Radio. He has also served as Deputy Minister of Culture and Deputy Minister of Foreign Affairs. He is a member of the Board of Directors of the Mediterranean Research Foundation, Vice-President of the Centre for Research and Self-Education and fellow of the Harvard University Centre for International Affairs. He has been awarded the Botsis Foundation Award for "the promotion of journalism" for his initiative to institutionalise "free radio" in the Greek Democratic Constitution.