

Growth Models to Combat Climate Change and Alleviate Poverty

***Dr Madhav Mehra**

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Global warming has become the defining issue of our era. We think that combating climate change is the foremost social responsibility of the business. The scientists are warning us of the impending doom and telling we are getting closer to it with each passing day. While the IPCC report predicted that Arctic summer sea ice will disappear by 2080, we are now being told we have already passed the “tipping point”. After reviewing his own data Jay Zwally, the NASA climate scientist tells us that “the evidence of recent melts leads him to conclude that the Arctic ocean could be nearly ice free at the end of summer of 2012”.

While the media and vested interests are sensationalizing the climate change to advance their respective agenda there is little action to prepare the world to combat the impending catastrophe in a holistic manner. What concerns us most is the terrible irony of climate change. Billions living in South who have never switched on an electric bulb or experienced a motorized vehicle face the worst consequences. As such climate change threatens not just the environment but also the international entire peace and security of this planet.

The overriding issue therefore is of the impact of climate change on the sharpening inequalities which already pose the greatest threat to security. Poverty and hardship seem more insidious when juxtaposed against abundance and opulent consumption. People can stand poverty but not injustice. It is the perception of this injustice that becomes the breeding ground for all forms of terrorism. Even more so in this connected world.

It is because of this that we are looking at climate change from a holistic perspective and exploring cohesive and integrated approaches that could use climate change as an opportunity to transform the world to make it not only cooler but more humane and equitable. The changes that scientists are telling us have taken place over a pretty long horizon. As such any mitigating solutions will also take a long time to impact. The best way therefore is to focus on adaptive strategies that enable us to use this catastrophe as a gift horse to change the way we live and work. None can do it more effectively than business.

Business is the biggest beneficiary of globalisation and therefore has a vested interest in ensuring security and stability. It also has the power of technology to innovate products and services that have least impact on environment. Climate change is the biggest threat to the business as usual. Business thrives in change and chaos. This is why the World Council for Corporate Governance targets businesses to spearhead the change. Hence the theme of this conference.

New business models are emerging which are material efficient and service-based. Smart companies are not following piecemeal approaches to climate change. They realise that modern technology can give multiple benefits. The classic example is Interface Corporation, a \$ 1.1 billion company that provides “carpet service” rather than selling carpets. This resulted in 35 fold reduction in overall use of materials. Ray Anderson the CEO says: “Sustainability doesn’t cost. It pays.

Bridgestone, the Japanese tyre company no longer sells tyres in Europe. They charge customers on “pay as you use” basis. Tyres have sensors to track their usage. So instead of proliferating models, the company focuses on improving the durability of tyres. Because customers pay on usage, even the poor can afford thus the company enhances its market, improves its sales and boosts social inclusion. Lots of other companies operate similarly multiple agenda that improve their bottomline, alleviate poverty and save the planet.

India’s 600 million tonne agricultural waste can generate equivalent of 80,000 mega watts of electricity, i.e. 60% of its installed capacity, and empower the rural India by creating 30 million new jobs.

Stabilizing the earth’s climate would turn out not costly but profitable in more ways than one. It would unleash a new trajectory of unifying and inclusive growth. People will start questioning our obsessively acquisitional, excessively consumeristic and emotionally destroying model of growth that clutters the planet with proliferation of unneeded products that are dangerous for health and disastrous for ecology. This in turn will release an explosion of innovation and multiply business models such that of Interface Corporation .

As Madonna’s recent jaunt to Rajasthan culminating in joy rides on camel’s back and discovering the quaint and the unbeaten tracks has confirmed, the wet dreams of rich and famous are not acquisition of masserati objects but go for outlandish experiences that add to their brand of uniqueness – being one and the only one to have done it. With the rise in technology the luxury is becoming commoditised . The growth economies of India, China, Brazil, Russia are adding millions of HNIs (High Networth Individuals) and hundreds of billionaires each year. It is no fun for the status conscious to own things that millions of Joneses do. They are looking for lusty experiences which are also emotionally gratifying. Businesses that create such experiences reap the moolah without damaging the planet.

World economy is fueled by 2 billion teenagers whose value system is vastly different from their parents. A study of their shopping behaviour reveals they punish companies with poor record on environment and social issues and reward those who champion these issues. They are the ones who are clanking the tills at Marks and Spencer and Wal-Mart egged by the social and environmental promise of these companies. There never was a better time to be good and make money.

Climate change is an opportunity for social change that we have been waiting for. Its great potential lies in bridging the North South divide by empowering the rural poor. Climate change will revolutionise the fight against poverty and shape the future of business as never before. It will power unprecedented growth through new business models based on low carbon, zero waste and dematerialized growth that emphasizes and enhances the human experience on this planet. A robust response to climate change offers not only the biggest business opportunity of this century but also hope to the world’s poor that their misery may soon come to an end.

In exploring the growth models to combat climate change and alleviate poverty illustrious participants of this conference have the most challenging task. It is equally rewarding. These participants have the power to change the trajectory of this planet in a way that will enliven the lives of coming generations. I hope you all enjoy the explorations and the conference and turn your business into an instrument of fulfillment.

*Dr Madhav Mehra is President of World Council for Corporate Governance, UK