

Opinion & Analysis

Big business edging towards a green future



JOHN GIBBONS

OPINION

World Economic Forum's new document on a low-carbon economy is a welcome turn of the tide

HENRY FORD is best known for bringing motoring to the masses, with his famous Model T. What really set Ford apart from his peers was his attitude to wealth. The Ford Motor Company paid its workers well above the going rate, and he passed on price cuts direct to customers. "I do not believe that we should make such awful profits on our cars," he once said. "A reasonable profit is right, but not too much."

In today's corporate world, Ford's philosophy is more likely to be dismissed as dewy-eyed naivety. Indeed, in 1916, he was sued by fellow directors, who argued that shareholders alone had a right to all the company's wealth. The courts agreed.

The legal principle that a corporation's first and only obligation is to make their shareholders money is now firmly enshrined worldwide. "Corporate social responsibility is thus illegal – at least when it is genuine," observes law professor and author, Joel Bakan.

It has long been axiomatic that big business is the mortal enemy of environmentalism. Many corporations have been content to reap the profits while leaving others to bear the "off-balance sheet" burdens, such as pollution

and environmental degradation.

When big businesses do go green, their efforts are often met with more than a little scepticism. A new phrase, "greenwashing", has entered the lexicon to describe some of the more cynical recent efforts at corporate eco window-dressing.

However, there may be a welcome turn in the tide, as evidenced by a document published in recent days by the World Economic Forum (WEF), a group representing over 80 of the world's largest companies. "Nothing less than a rapid and fundamental strategy to reach a low-carbon world economy is needed," it argues. Emissions, the WEF continues, "will have to fall very strongly in all countries by 2050 if we are to avoid dangerous climate change . . . we do not have much time."

The forum accepts the Intergovernmental Panel on Climate Change (IPCC) analysis that the only way average global temperatures can be kept from crossing the dangerous two degree threshold is if carbon emissions can be slashed by 50-85 per cent by 2050.

This dramatic reduction must occur in the face of a rising population and sharply increasing demand for food and energy. In

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essence, emissions have to be decoupled from growth. This is a formidable challenge.

Achieving even the more modest aim of cutting greenhouse gas emissions by 50 per cent by 2050 requires total global emissions to drop to around 22 billion tons a year. Share this out among a mid-century population of nine billion and you arrive at average per capita emissions of just over two tons.

Bear in mind that right now, you and I and everyone else in Ireland account for 17.5 tons per head of emissions a year, and you begin to see just how fundamentally we are going to have to rethink our relationship with energy. And no, we're not going to be able to buy our

way out of this with carbon offsets.

The boldest steps towards this low-carbon future lie in energy efficiency, says the International Energy Agency. To this end, US retail giant and eco-pariah Wal-Mart in 2006 announced its intention to go green. The retailer has already improved its massive truck fleet's fuel efficiency by 20 per cent. Banks of solar panels have been installed on the roofs of its stores, and the company is moving towards renewable energy. This, from the corporation environmentalists love to loathe, suggests that anything is possible.

If we simply continue to hack down the world's remaining forests, all the gains from energy efficiency are likely to be lost, the WEF acknowledges. "Reducing emissions from land use, and deforestation in particular, has large potential to reduce global emissions at a low cost relative to other options."

Consumers too have a key role, but only if they "understand the implications of their consumption and buying choices – they need clear, honest information and the right price signals", says the WEF. But since the public gets most of its signals via advertising from corporations, are they really prepared to now be truthful?

In business, what has no price, has no value. Carbon is a case in point. Right now, polluters profit while the planet pays. The only effective way to rationalise carbon emissions is to charge for them. The IPCC suggests in the short term a price of \$20 a ton. In Ireland, lobby groups such as the Stop Climate Chaos coalition have urged the Minister for Finance to introduce an annual "carbon budget". The Economic and Social Research Institute agrees. Earlier this week, leading climate scientist Dr James Hansen made headlines by telling the US Congress many oil company executives should face prosecution for crimes against humanity. The charge: colluding to deliberately mislead the public about global warming.

Big business and climate science may not yet be bosom buddies, but despite the name-calling, they may soon find themselves on the same side.

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