

**TO SAVE A CONTINENT**

**Business Responds to North America's  
Environmental Needs**

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**Introductory Remarks  
by  
Thomas d'Aquino**

to a

**Canada-United States Conference**

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This is surely the right time for a business conference on the environment. With sustainable development on everybody's lips and a different idea of what it means in everybody's mind, businesspeople in both our countries must sharpen their own awareness of the environment as a political issue with an uncertain and moving agenda. If business doesn't provide leadership in shaping that agenda, then others will and business will have to live with the results.

Right now, the public credibility of business on the environment is terrible. Two recent polls in Canada, for example, have shown that of all sources of information and public pronouncements on the environment, business is believed by the fewest people; in fact, almost 70% believe little or none of what we say about it. Politicians, incidentally, are only marginally ahead. The most credible are scientists, environmentalists, and the news media. The same poll shows that if there has to be a trade-off between economic growth and the environment, the environment wins with 70% of the public. And corporate environmental offenders rank somewhere between drunk drivers and sexual assaulters in public esteem.

Now I, for one, think business is taking a bum rap on the environment. To begin with, many of the charges levelled at us are loaded with ideological baggage of the kind that automatically defines the profit motive as a public enemy. Yet, ironically, the dirtiest industries in the world are probably those of Eastern Europe, where profit was not a motive until last month. More importantly, though, business already has done a lot about the worst environmental problems. The Canadian steel industry, for example, has cut its effluents into Lake Ontario by over 90% since 1971. Inco Limited has spent half a billion dollars to clean the air from its operations at Sudbury. IBM Canada Ltd., which has been a heavy user of CFCs, expects to be free of them by 1993. But individual firms have tended not to crow about their achievements, perhaps because modesty seemed the most appropriate demeanour given the enormity of the challenge.

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But the plain truth is that business is under seige on the environmental front and the only way out is to seize the initiative. The Business Council on National Issues has recognized the need for business leadership in Canada and has established a task force to map out a strategy. Sectorally, the members of this task force span the entire economy from mining and forest products through makers of computers and cars to banks and insurance companies. The Council's perspective on the environment is, therefore, a broad one. In the coming months, the task force hopes to be coming up with recommendations on key environmental issues for business, government, and the public at large. But, mindful of that credibility problem, we first have to stake out our credentials. So we have begun our work with a kind of credo, a statement of commitment that spells out what we ourselves are doing and intend to do in the way of leadership and example. We are going to publish this commitment as a Statement of Environmental Principles for Canadian Business. I want to run through those principles with you and illustrate some of the hard decisions business will have to make if we are going to put them into effect in any meaningful way.

- 1) The first element of leadership must be communication on the issue. We have a story to tell, and we've got to tell it. No one else will. People have the need and the right to know what business has done already to improve the environment, what more we can do now, and what should be possible in the future. And they should be told something about what it may cost to achieve significant improvement -- cost in terms of required investments, higher prices, changes in lifestyle, impact on employment and so on. It is up to business to ensure that it is identified in the public mind with forward thinking on these issues. At the same time, we have to communicate clearly and realistically with our own employees and with our shareholders about what is expected of us and what the implications are for our business.

- 2) A central theme of our business commitment is to recognize that environmental responsibility calls for a dynamic and not a static approach. This means it is not enough to say we will meet existing laws and regulations. Nor should we be satisfied because we may have applied the latest economically available technology. If we are to be taken seriously as leaders in the battle to save the environment, we must strive constantly to push ahead the frontiers of practical environmental science so that we can set and meet ever higher standards in the future. This means we have to make a permanent commitment to environmental research and development in our own companies, and through our support, in the universities and elsewhere.
- 3) The way we consume energy in North America makes it the most environmentally threatening activity of all. It therefore deserves special priority in our efforts to put the economy on an environmentally sustainable course. In particular, business is going to have to come to grips with the problem of fossil fuels. These provide 2/3 of our energy consumption, and yet they are the primary source of carbon dioxide and other greenhouse gases that scientists say are causing global warming and climate change. They also are the prime cause of acid rain. North American business has already made great strides in energy efficiency, using less energy per unit of output, and we are now able to remove many of the noxious gases from combustion of coal. But the long-drawn-out wrangles between our two countries over acid rain, and the hostile reaction from Ohio Valley power producers to President Bush's recent initiative show what a sore point this is with industry. So I ask you -- can we really speak seriously about cutting back, not merely switching from coal to oil to natural gas, but getting off hydro carbons and moving on to nuclear power or to new sources of energy

which do not release carbon dioxide? That would have tremendous implications both for the energy industry itself and for the industries that depend on hydro-carbons for fuel. Is it realistic for industry or for politicians?

- 4) I claimed earlier that business has gone a long way to clean up the most visible and palpable signs of environmental degradation. Maybe in fact that was the easy part. We are beginning to understand that environmental responsibility is not just about pollution. We must move the focus of our attention away from end of the pipe way upstream as it were, and build environmental considerations into every part of the planning, design and production process. Start with product design for example. We are a consumer society and are likely to remain one. But people are becoming aware that we do not have to be a wasteful society -- depleting our resources and burying them in landfill sites for our mountains of daily garbage. The current controversy over biodegradable versus sunlight degradable containers is at least an argument in the right direction. Industry will have to redesign old products and ensure that new ones are longer lasting, recyclable, degradable; in short, environmentally responsible. Imagine the cultural sea-change that will occur when marketing managers ask themselves, "Does the world really need this product?"!
- 5) Then take our industrial processes themselves. The emphasis must now be not so much on cleaning up what comes out the pipe, as on minimizing the amount of waste that is produced in the first place. It may not be possible for all industries to approach the model of a closed system with no noxious effluent at all, but this could at least be the goal that we set.
- 6) Two-thirds of all people in North America work in the service sector and almost two-thirds of our economic wealth comes from it. The potential contribution of this huge part of our economy to environmental improvement

is less obvious but it is real. The type of transportation equipment that our carriers provide, the packaging that our stores and food outlets offer, the plants that our engineering consultants design, the way we handle waste office paper products -- all have an impact on the environment and are amenable to more or less obvious solutions. But will the day come when bankers will demand an environmental assessment for the projects they finance, and turn down those that they consider irresponsible? Well, at least one financial service company in Canada has announced that it will act that way henceforth.

- 7) These examples all go to show that we are, or should be now instilling the environment into the very core values that determine our corporate culture, and integrating it into every stage of the decision-making process. This is going to call for imaginative new forms of managerial control and analysis. We are going to have to find ways to factor into our cost-benefit analyses, the value of goods like clean water and fresh air which used to be considered "free" but which are now seen to have an important if not yet quantified economic price. We are going to have to find new ways of auditing ourselves so that we can track our achievements and failures and our overall performance on the environmental front against the goals that we set for ourselves.
- 8) Business is also going to have to watch carefully and promote international progress on the environmental front. There is little point, for example, in forging ahead in North America with ever tighter and more expensive disciplines only to find that our competitiveness is undercut by other countries who are content to produce things in the dirty old way. I hope we will never resort to environmental tariffs against this kind of thing; far better to insure that all countries move forward in tandem toward a cleaner future. Indeed this is the only way to address the global dilemmas of carbon dioxide, ocean pollution, ozone holes and so on. We have suggested that better

communication take place at the international level and I am pleased to report to you that initiatives are now underway to bring together leading business groups at the U.N. Bergen conference in May, 1990. We hope to secure the participation of:

- the European Roundtable of Industrialists;
- Keidanren (Japan);
- the U.S. Business Roundtable; as well as
- the Business Council on National Issues (Canada).

Our purpose will be to advance specific suggestions for joint efforts by business on a global scale.

I would like to mention a specific initiative that we have in mind at the Business Council to help industry in less developed countries catch up in terms of environmental technology. We, in Canada, have developed effective technologies in many industries for dealing with pollution abatement. It is not in our interest in the long run to sit on this knowledge while industries in Brazil, Korea, China or the Soviet Union are left wallowing in older polluting methods of production, because new technology is beyond their reach. So, we are considering establishing a Canadian Environmental Trust that would act as a common repository for the international rights to patents and copyrights of the technologies that our industries have come up with in Canada. Canadian companies would assign the international rights to this trust, either gratis or upon reasonable terms. The trust would be staffed with volunteers from Canadian business, academe, government and environmental groups. It would manage the portfolio of technological rights with a view to matching solutions with critical problems identified in other countries. It would charge just enough

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for such transfers to cover its costs. I will be interested in your reaction to this idea. I invite you to consider whether a similar trust might be established in the United States.

- 9) My last point is to stress the concept of partnership with other players in society. Clearly business is only part of the problem and can only be part of the solution. Everybody is going to have to change. Consumers are going to have to abandon their attachment to the throw-away society and demand environmentally friendly products. Investors are going to have to be induced to look beyond the quarterly bottom line in deciding where to put their money. Municipalities are going to have to stop dumping raw sewage and untreated wastes into our water systems and find new ways to reduce and dispose of garbage. We are all going to have to become more energy efficient. But none of this absolves business from the need to exert leadership itself. In Canada, we intend to do just that. Perhaps at the end of business to-day, we will have discovered creative solutions in which the business communities of Canada and the United States can join forces as together we meet the urgent challenges that lie ahead.

Arthur Hugh Clough, a British poet who wrote in the 1800s, penned the following:

This world is very odd we see,  
We do not comprehend it;  
But in one fact we all agree,  
God won't and we can't mend it.

Mend it we must! And it will take all of our collective effort. We must start today.