

# FIRM

## *Undertakings*

*In the first part of our feature on greening industry, Carlo Carli and Kerren Thorsen argue that the green movement has to learn to live with the corporate sector...*

**A**t the recent ACTU Congress, the union movement supported a new environment policy which sought to redefine the labour movement's relationship with the green movement. The policy called on unions to consider issues of clean production and environmental performance in negotiations with employers. Historically, the labour movement has sought to improve the working conditions of its members: the new en-

vironment policy calls for a commitment to extend this intervention into the environmental impact of production and of products.

This is a step in the right direction. We should be actively seeking to include industry in the debate. Greens, unions and industry have different motives, yet these differing motives can be brought together into an agreed goal that suits each party for its own reasons. An opportunity now exists to define common ground between the labour movement, the greens and Australian industry to work towards the greening of Australian manufacturing.

On the part of the greens it demands recognition that production and industry is not all bad, nor growth necessarily bad. For most firms improvements in environmental performance demands investment and investment demands economic growth. It is also pointless to argue to workers that certain harmful forms of production have to be stopped—that they can just leave an industry and do something better. Such changes have to be negotiated.

The current economic recession demonstrates that negative economic growth has an uneven impact, falling hardest on the weaker sectors of society. In social terms it is disastrous. While economic growth in itself does not reduce poverty, unless the wealth that is created is also equitably distributed, negative growth worsens the position of the weak. Asking the poor to cut their energy bills makes little sense when they cannot afford to heat their homes.

*For trade unions, greening industry demands better working conditions and more participatory structures in the workplace*

Negative growth is also bad for the environment. The current recession has seen the collapse of industrial investment, including investment that would improve the environmental performance of companies.

To speak of common ground assumes a willingness on all sides to negotiate. The ACTU environment policy demonstrates such a commitment within the union movement. If each side argues but refuses to listen to the argument of the other it will remain a sterile debate that manifests itself in intractable disputes.

Greens and 'economic rationalists' have sometimes had a common refrain, claiming that many evils in Australia are due to an inefficient industrial sector. They urge us to give up manufacturing in inefficient industries such as automobiles in favour of the more efficient/more 'natural' industries such as agriculture.

Yet other areas of production are possibly more environmentally damaging than industrial production. It could be argued that the greatest environmental problem facing Australia is not industrial pollution, but the extent of agricultural land degradation. The problems of salinity and soil erosion threaten the sustainability of large agricultural areas. The loss of production is in the order of hundreds of millions of dollars, and the total cost to the community from degraded land and deteriorating water quality is many times greater.

Economic rationalists who claim that our efficient agricultural sector has subsidised our inefficient industries should re-work their figures taking into account how the community and future users of the land subsidise our 'efficient' agricultural exporters. Greens who dream of an idyllic existence in a village living off artisan production and the fruits of the land should consider the reality of life on the land: the current rural crisis, its social cost to rural communities and the pressures on farms to cut costs for short-term survival with detrimental environmental consequences for the future.

Conservationists concerned with the problems of industry will face contradictions in their relationship to the firm. Without the co-operation of companies the planet will not grow cleaner, yet companies are responsible for much of the current mess. Furthermore, in a market economy, companies are driven by the need to expand markets and buy and sell more. Yet the environment is best served by using fewer goods for longer.

In the future environmentalists will have to cease viewing the corporate sector as an homogeneous entity with destructive intentions on the planet. The task will be to spot the companies which are tackling green issues and to use the emerging green consciousness to drive corporate decisions. In this process alliances with the labour movement will be critical to the success of the greening of industry.

The scope for change is immense. International chemical giant Monsanto has pledged itself to cut toxic air emission by 90% by 1992 and then aim for zero emission. A US environmentalist claimed at a Vienna Conference on Clean Technology that the US could reduce its waste by 90% within the next 20 years. Furthermore the process of greening industry can provide new jobs, technologies and techniques that will benefit Australia.

The corporate sector is responsible for a considerable part of the degradation of nature and of pollution in the world. Yet it is the corporate sector that will have to implement the necessary changes, to develop the alternative processes, to reduce packaging and increase the recycling of materials. In this, not all companies are equal; a number see green issues as a challenge rather than a threat. Their motive is self interest—to increase sales or to drive the dirty companies from the market, or to protect their market from the import of less green products. Many companies realise that the pressure for change is likely to grow in the future and it is in their interest to make the necessary changes as soon as possible.

Some companies are responding to the problem because greening their production processes actually saves money. Products can be redesigned, equipment improved, production processes modified and raw materials recycled. All this saves money. However it demands both financial and managerial investments. These investments depend on a healthy economy and economic growth.

The challenge is to use the profit motive to influence companies to reduce their damage to the planet. In the past the pressure for change came from government regulations that set emission standards. This often did little more than reinforce corporate conservatism which sought 'end of pipe solutions'. Rather than investing in new and cleaner technologies the company responded with a cheaper filter or scrubber. The greening of industries relies not only on technology but also on changes in management, where workers co-operate in ensuring a cleaner and safer working environment. It thus demands imagination and co-operation—qualities which are often lacking in much of the corporate sector.

For trade unions, greening industry demands better working conditions and more participatory structures in the workplace. It would be reasonable to predict that future negotiations between unions and companies will involve environmental issues.

Green consciousness is manifesting itself in changes in consumer demand and a desire by many manufacturers to prove their environmental credentials. One of the oldest and most comprehensive eco-labelling schemes has been in Germany where the Blue Angel was introduced in 1977. This has led to an increase in green products and initiatives such as BMW's research on a recyclable car. While we clearly cannot shop our way to a greener living environment, it is fair to say that consumer demand is a very potent force for change.

Governments and greens can use changes in environmental standards to build up collaboration with companies. The most striking example has been that of CFC phase-out. Australia, as a signatory to the Montreal Protocol, agreed to cut CFC use by 50% by the end of the century. The federal and state governments have been able to accelerate this phase-out with the co-operation and assistance of the CFC manufacturers. These chemical companies established an



industry association which assisted users to recycle CFCs and to find alternatives. A further spin-off has been the growth of a small export industry specialising in machinery to recycle CFCs. This orderly phase-out has made Australia a world leader well ahead of the Montreal Protocol timetable.

Eco-labelling does not go far enough if we want companies to use resources more frugally and create less waste. One contributing factor to our current reckless use of resources is that the 'free market' cannot cost the full price of resource depletion and pollution.

The market cannot set a price on fresh air, or clean water which are currently free goods or even the real cost of mining and rainforest logging. It will be up to governments to ensure firms pay a proper price for resources in the same way that they pay a fair wage to their workers. Once the price of virgin material incorporates the full

cost of environmental damage in mining or in pulp paper making processes, the market for recycled products will become more viable.

There is a further parallel between the labour movement's struggle to improve the working conditions, health and safety and social security of working people and the struggle of greens to ensure the health and security of the natural environment. For the labour movement this struggle has led to various social reforms, the welfare state and a fairer and more equitable society. In the future, environment protection will increasingly be a source of concern and action, which may have some costs, but should ensure greater human and environmental well-being.

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