

# Sustainability – the widening gap between slogans and reality

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Millions of Dutch consumers recently received a price reduction voucher from the Postcode Lottery. The sustainable marketing campaign is called in Dutch: DOE MAAR LEKKER DUURZAAM, which means something like “enjoy sustainability your way”. In collaboration with Unilever and the Albert Heijn supermarket chain., the Postcode Lottery is stimulating Dutch consumers “to prepare meals from products that are better for people, animals and the environment”, including products from the Dutch animal welfare scheme “Beter Leven”, MSC certified fish and Unilever products from sustainable agriculture.

Dutch companies present themselves as sustainability leaders. Unilever, for example, wants to be seen as the market leader for products from sustainable agriculture and has committed itself to source ingredients from sustainable agriculture only within a few years. The global electronics company Philips is strongly committed to sustainability and is claiming to play a leading role in creating a ‘circular economy’, a virtually waste-free world. MVO Nederland, a network of 2200 companies is actively promoting ‘sustainable business’, focussing on issues such as climate neutral business and circular economy.

Sustainability, sustainable products, sustainable companies, they have become part of the daily vocabulary of consumers, companies, public institutions and consultants. Communication about sustainability is generally positive and optimistic. The tone is: we commit ourselves to sustainability and, as a result, we are on the road to a sustainable economy. In this vision, the coming circular economy means the end of waste problems and our production and consumptions systems will soon be climate neutral. But is there any basis for such optimistic expectations?

There is no reason to deny progress in responsible agriculture, improvements in waste reduction and energy efficiency. Many players make their own realistic and often modest contribution to a more sustainable world. But does this mean that we are on the road to sustainability? It is sufficient to look at climate and biodiversity to understand that, for the time being, the answer is negative.

I will not elaborate on the climate issue here. The developments are well-known. There is a lack of serious policy against global warming and existing policies are not being implemented effectively. With politicians who simply dismiss scientific evidence as irrelevant and top management in large corporations that prevents their own experts from telling the truth, the future looks bleak. Of course, many companies, government organisations and citizens are positively committed to fight irreversible climate change, but, under present circumstances they do not appear to have the power to fundamentally reverse the current trend that is completely unsustainable. The same holds for the ongoing biodiversity crisis. Primary rainforests of an area of twice the Netherlands is lost every year. Extinction of biological species is continuing at an alarming rate. The decline of the honey bee (and more generally the decline of insects) is just one example of serious problems in global ecosystems. Further decline or even extinction not only threatens nature, but will no doubt create huge damage to global food production.

The idea that the consumer can effectively contribute to sustainability by buying certified food products, as suggested by the DOE MAAR LEKKER DUURZAAM campaign is fundamentally wrong. Certainly the consumer can feel good about his or her responsible buying decisions, such as buying

products from certified palm oil or meat with an animal welfare label, but the contribution to sustainability, if any, remains dubious.

Unfortunately, reality looks much bleaker than the optimistic stories companies, governments, NGOs and their consultants want us to believe. As a consultant, I have been selling 'sustainability' to large companies, NGOs and governments for more than 30 years. I was actively involved in setting up the Roundtable on Sustainable Palm Oil (RSPO). My colleagues and I have been telling beautiful stories about sustainability, sustainable sourcing and sustainable products. The intentions of these stories were positive, but it seems that we have not only created illusions, but that we gradually came to believe in them ourselves. I am asking myself: how was it possible that we gradually started to believe in our own fairy-tales? What logical and factual errors have crept into our thinking about sustainability?

Apparently, much has to do with the problematic concept of sustainability itself. Therefore I will make a short historical excursion here. It is both the history of the sustainability concept and, closely connected, my personal history (1970s to present) of working in the field of sustainability and business.

More than 300 years ago, 'Sustainability' was first formulated in the context of forestry. Von Carlowitz published *Sylvicultura Oeconomica*<sup>1</sup> in 1713. His simple definition of the sustainability principle was: "Von den Zinsen zu leben und nicht vom Kapital": to use the rent from the capital and not the capital itself. Logging and re-forestation had to be in balance. This simple definition is still valid today. The central message is that the economic yield of a system must not threaten its future productivity. Long term interests have to be protected against short term interests.

Today the most used and best known definition of sustainability dates back to the 1980s. The World Commission on Environment and Development, better known as the Brundtland-Commission, presented the following relatively unclear definition: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."<sup>2</sup> Such a definition is open to many interpretations. It says that sustainable development takes the interests of future generations into account, but with the restricting clause that the needs of the present must be met. The Brundtland formula is the result of a political compromise, without which the sustainability debate would have died an early death. However, the result of this compromise is a rather vague definition.

The Brundtland compromise cannot be understood without paying attention to developments in the 1970s. At the time there was a fierce debate on 'Limits to Growth', initiated by critical scientists and nongovernmental organisations. Vested interests in established institutions vehemently opposed such heresy. A good example is what happened to World Bank economist Herman Daly when he wanted to publish a report with a diagram in which the economy was represented as a subsystem of the ecology. He was not allowed to publish the report before removing that diagram.

Twelve million copies of the Club of Rome Report, *Limits to Growth* (1972), were sold globally. It was extremely popular in the Netherlands, too. It brought depletion of natural resources and pollution as factors limiting economic growth to the attention of a wide audience. The base scenario in *Limits to Growth* showed a rather shocking development: increasing pollution, negative health effects and even a decrease in world population.

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<sup>1</sup> Hans Carl von Carlowitz, *Sylvicultura Oeconomica*, 1713. New edition by Oekom, München 2013.

<sup>2</sup> World Commission on Environment and Development, *Our Common Future*, United Nations, 1987. (<http://www.un-documents.net/ocf-ov.htm>)

The report sparked intensive discussions between supporters and critics of its recommendations. At the time, there was much (well founded) criticism of the assumptions, data and calculation methods used. At hindsight, it can be concluded that, despite errors and inaccuracies in the answers it presented, the report asked exactly the right question: what limits to economic growth can be expected by decreasing availability of natural resources and increasing environmental pollution? Real developments have been different from the scenarios described in *Limits to Growth*, but it should be emphasized here: the real developments are different, but by no means less serious than was expected back in the 1970s. Some of them look even worse.

The ideas expressed by *Limits to Growth* became highly popular during the 1970s, especially in the 'first world' (Europe, North America). Limits to economic growth were increasingly seen as inescapable. In the developing world, however, such a message was met with strong resistance. The essence of the third world's reaction to the first world was: "you have been exploiting huge quantities of natural resources, caused tremendous pollution and destroyed your forests. And now you are expecting us to refrain from exploiting our forests and other natural resources and to refrain from development. The last thing we need today is 'Limits to Growth' dictated by rich countries."

In 1972, conflicts between developing and developed countries threatened to result in a complete failure of the Stockholm United Nations Conference on the Human Environment. In his book *Where on Earth are We Going*<sup>3</sup>, the conference chair describes in great detail how he could save the conference by changing the agenda at the last minute. In Stockholm, 'environment' and 'development' were seen as mutually conflicting issues. He had to find a way to forge these apparently opposing issues into one integrated theme. He describes how he addressed the organizing committee:

"The basic thesis, I said, is simple: environmental and economic priorities are intrinsically two sides of the same coin. Of course, there will be conflicts and trade-offs in particular cases, but I pointed out that it was, after all, the process of economic development that has an impact on the environment, both positively and negatively. Only through better management, therefore, can the basic goals of development be achieved—to improve the lives and prospects of people in environmental and social as well as economic terms".

From a political point of view, there was no other option to save the Stockholm conference. Development and Environment had to be regarded as two sides of the same coin. Fifteen years later, the Brundtland Commission's work was a logical next step firmly based on the Stockholm compromise. The need for development (here formulated as "the need of the present") now figured as the first clause in the definition of sustainable development, followed by caring for future generations ("ability of future generations to meet their own needs").

We may be grateful to Strong (1972) and Brundtland (1987) that they prevented the sustainability debate from becoming stalled by a conflict between 'Development' and 'Environment' at those particular points in time. In the Brundtland definition, the conflicts have become virtually invisible. But have these conflicts been resolved? Of course not, as more than often serious conflicts between ecological, social and economic goals are real and cannot be simply denied. The destruction of rainforests can certainly contribute to economic development and positive social conditions, at least in the short term. Exploitation of oil reserves can be favourable for economic growth and at the same time result not only in negative effects on climate change but also contribute to social inequality, for example. Of course, there may occasionally be win-win options, but they cannot be taken for granted. Win-win options are not given. They have to be created. It seems that, since the publication of the Brundtland report, it is no longer politically correct to explicitly address conflicts between

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<sup>3</sup> Strong, Maurice, Keynote Speech: *Where on Earth are We Going*, Kyoto, November 27, 2001.

environment and (economic) development. The discussion is no longer about 'limits to growth' but rather on realizing 'sustainable growth' or 'green growth'. 'Growth' has become an issue with a positive connotation again. The publication of the Brundtland report can be seen as a farewell to the 'Limits to Growth' philosophy: 'growth' has become a necessary condition for development:

"Our report, *Our Common Future*, is not a prediction of ever increasing environmental decay, poverty, and hardship in an ever more polluted world among ever decreasing resources. We see instead the possibility for a new era of economic growth, one that must be based on policies that sustain and expand the environmental resource base. And we believe such growth to be absolutely essential to relieve the great poverty that is deepening in much of the developing world"<sup>4</sup>

Under the development countries' pressure, the environmental component in the Brundtland definition of sustainability was weakened. The dogma of harmony between 'environment' and 'development' helped to obscure the real trade-offs between the two. It implicitly gave the short term more weight relative to the long term.

During the 1990s, 'sustainability' became part of the vocabulary of business gurus and private sector managers. Awareness was growing that private sector companies could and should play a leading role in the transition to sustainability. An important argument was that there was a clear business case for doing that. Companies should work on sustainability for protecting their reputation, securing their markets and their access to raw materials. The way 'sustainability' was integrated into the private sector's words and actions became as superficial and internally inconsistent as the managers' daily life itself. 'Sustainability' was increasingly interpreted as 'Corporate Responsibility' (such as CSR<sup>5</sup> or ESG<sup>6</sup>, the need to be 'responsible' and to do 'good things'. To many it was (and still is) what these 'good things' exactly are or should be. To what extent, doing these 'good things' contributes to sustainability was and (still is) a largely unanswered question.

If you ask an arbitrarily chosen manager to explain what 'sustainability' actually means, more than often the answer will contain the slogan 'Planet, People, Profit' (PPP). He or she will probably draw a beautiful triangle to support the argument. If you then ask how this triangle relates to sustainability, most managers will not be able to give any convincing answer. This highly popular interpretation of 'sustainability' in terms of PPP states that an activity, a product or a company can be called 'sustainable' if it creates value on all three angles of the triangle: ecological, social and economic value. We owe this particular interpretation of 'sustainability', the translation to the PPP triangle, to sustainability guru John Elkington. In his book *Cannibals with Forks* (1997)<sup>7</sup>, he pays attention to the sustainability revolutions that he saw happening at the time and to the way companies should cope with them. His argument is surprisingly simple. A company that understands the challenges created by those revolutions has a bright future. Companies that do not find answers to those challenges have no future at all.

The cover text summarizes it as follows:

"*Cannibals with forks* passionately demonstrates how all businesses can and must help society achieve the three interlinked goals of economic prosperity, environmental protection and social equity, issues which are already on the top of the corporate agenda. Global in

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<sup>4</sup> *Our Common Future*. IV A Call for Action, par. 3 (<http://www.un-documents.net/ocf-ov.htm#I.3>)

<sup>5</sup> Corporate Social Responsibility

<sup>6</sup> Environment, Social, Governance

<sup>7</sup> John Elkington, *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*, Capstone/John Wiley, 1997

scope, it describes seven great revolutions which are already underway and whose eventual success rides our hope for a sustainable future.”

The central concept in this book is the “Triple Bottom Line”. Companies should no longer measure their success along classic economic and financial metrics, but equally take into account the value they create for society (‘People’) and the environment (‘Planet’). Companies that understand this have a future. Companies that neglect ‘People’ and ‘Planet’ are bound to fail. Elkington’s book reads like a threat. His argument is a rhetorically well-built sales pitch for selling a sustainable future to a company. Unfortunately, this argument (not unlike many other sales pitches) is based on many half-truths.

We should give credit to the way Elkington, through his books, consultancy work and hundreds of presentations, has managed to convince companies to take ‘People’ and ‘Planet’ more seriously. But it has led to a problem, too. Too many half-truths have become rarely questioned realities in the life of managers and policy makers. The following four illusions are based on such popular half-truths.

Illusion no. 1 is that sustainability is a matter of survival for all companies. If this were only true! Evidently, without paying attention to ‘sustainability’ companies that operate on sensitive consumer markets will not have a bright future. But this is not true for all other companies. Unfortunately, lots of money in this world can be made by destroying nature and disrespecting human rights.

Illusion no. 2 is that private sector companies will strive for sustainability, even without any regulation that forces them to do so. It is a beautiful story, but reality is different most of the time. As a rule, sustainability needs pressure from public policy.

Illusion no. 3 is that sustainability is the result of balancing the three angular points of the PPP triangle, finding equilibrium between ‘Planet’, ‘People’ and ‘Profit’. For managers and policy makers, this is a very comfortable interpretation. By using this equilibrium concept, it is easy to trade ecological, social and economic goals against each other: destroying some primary forest in exchange for creating better social conditions, for example. Needless to say that this has nothing to do with sustainability anymore. Who destroys ecological systems, on which finally all creation of economic and social value depends, destroys development chances for future generations. Fundamentally ecology cannot be traded against the other pillars of sustainability. Although many believe that it can be done, it does not have anything to do with sustainability.

The overly optimistic sustainability narrative has given rise to illusion no. 4, the assumption that it is would always be possible to design strategies that have positive scores on all three pillars of sustainability: ‘People’, ‘Planet’ and ‘Profit’: strategies that are good for the economy and the company, good for the environment and socially responsible as well. Sustainability related reports, flyers and websites are full of slogans about ‘win-win’ or even ‘win-win-win’ solutions. Most of the time, it is all too beautiful to be true. Most people are fully aware of the often difficult conflicts between ecological, social and economic goals, but most sustainability related texts keep completely silent about them. We appear to have disguised these unavoidable conflicts in beautiful win-win rhetoric.

What progress have we made from the 1970s until today? The debate in the 1970s was still dominated by pessimism about exhaustion of natural resources, environmental pollution and limits to growth. Under the development countries’ pressure, this lament was replaced by a much more positive story about sustainable development. No longer were economic growth and ecology seen as enemies, but they were regarded to be two sides on the same coin. Politically this made perfect

sense, but it did not solve the real conflicts between economy and ecology. They were merely swept under the carpet. The translation of 'sustainable development' into the simplistic private sector language was the next step in denying inevitable conflicts, in this case the conflicts between 'Profit', 'People' and 'Planet'. Also in this case, conflicts were not solved but were simply declared out of order by referring to fairy-tales about ubiquitous win-win solutions. As a result, pessimism about 'limits to growth' has been effectively replaced by optimism about 'sustainable' or 'green growth'.

The good news is that there is broad support for sustainability in politics and in business. The bad news, however, is that policy makers and business people are increasingly believing in their own superficial sales talk about sustainability, sustainable products and sustainable companies. The dominant sustainability narrative has moved light years away from the difficulties and conflicts in the real world. It is time now to face realities. We should recognise that the beautiful intentions of corporate social responsibility and marketing programs for promoting 'sustainable' products ("doe maar lekker duurzaam": see above) will not create a sustainable world. We should aim for real change, for a new and more courageous sustainability agenda, based on a more realistic analysis of the situation.

In the first place, we should become more realistic in our expectations to private sector and consumers. Companies such as Unilever or Philips and Roundtables for palm oil, soya, minerals and other raw materials have played a pioneering role in a transformation to more sustainable production methods and products. Consumers do contribute to sustainability by demanding more sustainable products. But markets for sustainable raw materials and sustainable products will remain only part of total markets so long as public policies do not legislate and implement strict sustainability requirements. The most important question at the top of the coming sustainability agenda is: how can public governance for sustainable development be organised? What new forms of government and legislation do we need?

In the second place, we should say goodbye to our simplistic win-win philosophies, to the illusion that there are no longer conflict between 'development' and 'ecology' or between 'economic', 'social' and 'ecological' goals. We should recognise that economic or social sustainability can never be realised without ecological sustainability: 'planet' can never be traded against 'people' or 'profit'.

In the third place, we should take physical and ecological limits to economic growth seriously again. After the 1970, this issue was intelligently side-tracked. Although there remains lots of space for more efficient use of raw materials and energy, this space remains finite. Unfortunately, fairy-tales are often preferred above common sense. Politics is being soothed by scientifically incorrect phantasies about a waste-free circular economy instead of creating effective policies for reducing waste and improving industrial design. As a result, illusions about endless (green) economic growth are flourishing as never before.

It is time to throw all these far too beautiful stories into the litter bin and to start working on realistic and practical solutions for sustainability by accepting that we do not live in a win-win paradise, in which ecological, economic and social goals can be reached in full harmony. It is time to take the conflicts between these goals seriously. Eventually, we will need to accept again that there are limits to economic growth.