

# The great 'sustainability' fraud

By Nick Cater, The Australian newspaper

## 'Sustainability' is "a leading-edge issue"?

'Sustainability' is "a leading-edge issue", which means no one has a clue what it is, not even Wikipedia. The best it can manage is that sustainability is "a multi-faceted concept" and "a matter of ongoing argument". So much for the wisdom of crowds.

Even the judges of the Global 100 awards were forced to admit that "determining which companies are 'sustainable' and which are not is challenging enterprise".

It is not enough just to stay in business for 197 years, keep the capital-adequacy ratio respectable and return a stonking great profit. Westpac had to score against "a set of quantitative and clearly defined key performance indicators" determined by "a rules-based construction methodology". It couldn't be clearer than that.

## The green-collar Oscars

For those who missed the live coverage of the green-collar Oscars, however, we will run through the main categories again.

Leadership diversity. It goes without saying that women run more sustainable corporations than men and, with chief executive Gail Kelly in the big chair, this one was Westpac's to lose.

Horizontally integrated remuneration framework. To achieve a perfect score in this category, the CEO's salary should match the company's average wage. Since Kelly took home \$5.6 million last year, Westpac did not quite get 10 out of 10, but since all bankers get paid pretty handsomely, it was presumably good enough.

Percentage tax paid. It may be counterintuitive to suggest that sustainable corporations pay more tax but that's what the rules say. In the weird world of Davos, the percentage of profits paid as tax is regarded as a measure of corporate virtue rather than government vice.

## Energy productivity

Westpac could teach BHP Billiton a thing or two here. The banker's profit was only a third of the miner's, but its carbon footprint was 250 times smaller. Clearly BHP needs to start thinking about recycling its printer cartridges.

The clean capitalist utopia as pictured by the economic romantics in Davos is, it turns out, unsustainable since it rewards those in comfortable offices who buy and sell money rather than those in fluoro who actually make it.

The fetish for paying taxes transfers money from the private to the public sector, and there is nothing remotely sustainable about that.

In these historically incurious times, it is worth reminding ourselves that business did not always operate this way.

As Adam Smith once noted, the baker, the butcher and the brewer used not to provide our dinner out of the goodness of their hearts "but from their regards to their own interest".

## Business' new mandate

Nowadays, however, we like our businesses to be socially responsible, environmentally aware, ethically orientated, big-hearted Arthurs.

Thus the corporate sector has surrendered to the dispiriting dogma of sustainability, the heresy that took hold among the hippies in the late 1960s and mutated into a misanthropic, deep green movement in the 70s.

Today it wears a pinstriped suit and sits in the boardroom signing off on the most egregious muddle-headed nonsense in the name of corporate responsibility.

Sustainability may present itself as harmless mumbo-jumbo that helps build a brand, but its underlying philosophy is antithetical to freedom and to enterprise.

## Ayn Rand warned us

"The uncontested absurdities of today are the accepted slogans of tomorrow," Ayn Rand wrote in 1972. "They come to be accepted by degrees, by dint of constant pressure

on one side and constant retreat on the other until one day they are suddenly declared to be the country's official ideology.”

Four decades later, her prophecy has been fulfilled. Sustainability is one of the three priority themes in the new Australian curriculum, polluting everything from algebra to zoology.

“The sustainability priority is futures-oriented, focusing on protecting environments and creating a more ecologically and socially just world through informed action,” the curriculum says.

Students are encouraged to consider “that unlimited growth is unsustainable; sustainability – that biological systems need to remain diverse and productive over time; and rights of nature – recognition that humans and their natural environment are closely interrelated”.

## Sustainability is Malthusianism

Sustainability is Malthusianism for the 21st century: the fallacy that population is growing faster than the available resources and that ruination is just around the corner.

The world viewed through the prism of sustainability is a deeply depressing place in which dreams are discouraged, imagination is restricted and the spirit of progress frowned upon.

Sustainability means never having to say sorry. In 1990 the World Hunger Project calculated that the ecosystem could sustainably support six billion people, and then only if they lived on a vegetarian diet.

More than two decades later, with 7.1 billion people living on the planet, global beef production has increased by 5 per cent per capita, pork by 17 per cent and chicken by 82 per cent, and that's not counting the eggs.

The World Food Programme estimates that there are 170 million fewer malnourished people than there were in 1990.

## The inconvenient prosperous truth

The inconvenient prosperous truth is that the human beings have, since the dawn of time, created more than they used on average over the course of a lifetime.

The happy by-product of an expanding population ever more interconnected is that the sum total of human knowledge grows exponentially.

The energy crisis, the one that is supposed to lie just around the corner, has been creating anxiety since the 1600s when Britain began to run out of firewood. Scarcity spurred the development of coal. The great whale oil crisis of the 1840s stimulated the search for oil. Time after time the coming catastrophe is postponed through abundance, and the inherent dishonesty of sustainability is exposed.

## Human ingenuity

Human ingenuity is an infinitely renewable resource. Prosperity comes from seizing the elements of nature and rearranging their form.

“Wealth does not exist as a fixed, static quantity,” wrote Rand. “It is the creation of a dynamic, boundless mind. And it has no inherent limitation.”