

# **Sustainable Strategies**

***We must think beyond fiscal stimuli in a resource-scarce world, says SHYAM SARAN***

When history is written of the ongoing global financial and economic crisis, will it be categorised as a temporary blip on the onward march of capitalism? Or is it likely to be seen, in retrospect, as one of those game-changing churning in history which transformed the global landscape and the way we perceive that landscape? I believe that it is more likely to be the latter.

Consider the fundamental disequilibrium in the global economy, which lies at the heart of the current crisis. The massive economic and financial stimuli which have been thrown at the crisis, to prevent a collapse of the global economy, are actually moving in a direction quite the reverse of what is required to correct the original disequilibrium - a disequilibrium caused by the accumulation of massive surpluses in a handful of countries and an extended and long-standing deficit in the world's largest economy.

It is important to look beyond the immediate and anticipate the contours of the world that is likely to emerge once the dust settles down (If it indeed does). Much of the social and economic terrain that we have been accustomed to will have been transformed. We will need new intellectual tools and fresh business strategies to deal with an unfamiliar terrain. A new wave of creative entrepreneurship and technological innovation would be required to face new and unfamiliar challenges, positioning India to emerge as a front-ranking power in this century.

I see two broad long-term trends that are already emerging:

First, the world is at the cusp of an energy revolution. Thanks to concerns about global warming and climate change, and the related challenge of energy security, the global economy must make, and is already making, a strategic shift from reliance on carbon based fossil fuels to the progressively greater utilisation of renewable energy sources. This is a revolutionary shift since it seeks to change a pattern of economic activity and development that has remained largely unaltered since the industrial revolution began over two centuries ago. It is this pattern of development which has led to the cumulative accumulation of greenhouse gases in the earth's planetary atmosphere and which is responsible for climate change. It is also becoming apparent that current trends of growth of the global economy, in particular the growth of India and China, cannot be sustained while the accelerated depletion of fossil fuels continues unabated. If energy is not to become a constraint on our growth, then a relatively rapid and significant shift to renewable and non-conventional energy sources becomes inevitable. Both climate change action and energy security dictate this.

Second, the world is moving away from the linear growth models that we have been accustomed to, without much regard to the finite limits of resource endowments in general. While we have grasped the importance and urgency of energy security, we need to extend the concept to encompass resource security. Energy is indispensable to development, but we need a diverse variety of resources as well, including land, water and mineral resources among others. Patterns of growth prevalent so far have been based on extractive processes, on the assumption that there are ample reserves worldwide for the foreseeable future. It has also been assumed that market forces will deliver better extractive processes as well as more efficient utilisation of existing resources.

A once-through production process, which is the norm today, will eventually result in a severe depletion of resource endowments. The uneven distribution of natural resources will create the

same kind of security concerns tomorrow that we have today with respect to energy: Therefore, resource security demands two radically different but related responses in our production' and consumption processes. On the production side, recycling must become an integral part of the business model of the future. We need to put in place technologies and facilities that enable the efficient and cost-effective recycling of an ever larger proportion of our depleting supplies of minerals. For example, in India a very large proportion of our aluminum and steel is recycled and put back into the production chain. Some of this is in the organised sector. Most of it is in the unorganised sector.

We must also take cognisance of the fact that consumption patterns which have developed and have, in fact, been encouraged by governments and business alike, are already witnessing a change under the impact of the global financial and economic crisis. In product development, disposability has, until now, been given a higher value than durability; novelty has been rated higher than reliability.

A value system based on use and discard has created an economic model that encourages waste, devalues thrift and sets conspicuous consumption as the standard by which to judge success. This may be beginning to change and across the globe, the values of modern economy are being questioned.

Some may see in this a lamentable loss of a dynamic socio-economic environment. I see this as an opportunity for India to position itself to meet the demands of a new age and a new humanity that values sustainability over excess. It means focussing consciously on technological innovation and product development that conform to the emerging value system. It means developing and producing goods that meet new standards of durability and reliability. It means more products that are reusable, not disposable and if reuse is not possible, then are recyclable. We must set the standards for a new age of sustainability, propagate concepms such as zero-discharge from chemical plants, water-positive processes in all water-consuming industries, energy-positive processes wherever possible through reuse of heat from production and the generation of power from waste. The ideal should be to create a world in which production and consumption processes are closed cycles with zero waste.

This will take time and may never be achieved fully, but it is a laudable ideal to aspire for. Concepts of linear growth must yield to concepts of sustainable growth.

In India, traditional culture places a high value on sustainability, enjoining upon all human beings to look upon Nature as a source of nurture, not a force to be conquered, subdued and ravaged. The world is currently living on a resource overdraft, not very different from the excesses that triggered the economic and financial crisis. Deleveraging our claims on Nature is as important as deleveraging financial overstretch. India has the intellectual and entrepreneurial resources to lead this newly emerging world, if we so choose.

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