

Behind every cloud

While nations grapple with the biggest recession in 70 years, it's not all doom and gloom. **Mark Irving** meets savvy entrepreneurs finding opportunities in the crisis — and leading the push for a greener future.

“WE’RE GOING GANGBUSTERS,” says Phil Livingston. “We grew by 4000 per cent last year and we’re growing by 30 to 60 per cent a month this year.” Such sales increases may be exceptional but Livingston’s company is not alone in enjoying strong growth during these supposedly depressed economic times. From Melbourne, Andrew Grant relates how his business has developed in just five years from a mere idea to a substantial player in its fledgling industry. Revenues have grown strongly this past three years — by 205 per cent last year — and Grant predicts: “This year we’ll be substantially higher again.”

Recession? What recession? Grant’s and Livingston’s businesses may be separated by 3000km but they’re united in benefiting from the effort to reduce Australia’s carbon footprint. Livingston’s venture is a solar power company he established with two other graduates of a Murdoch University masters degree in renewable energy; Grant is chief executive of CO2 Australia, which plants mallee trees for companies (and a small number of individuals) to offset their carbon footprint. “It’s a bespoke company that starts on a premise that one of society’s greatest challenges is, how does a business at large adapt to a world of carbon constraint at low cost,” Grant explains. “The trees are very, very efficient and low cost technology to reduce carbon dioxide from the atmosphere.”

Low technology maybe, but Grant also claims high-tech credentials for his company. Of his 30 staff, 25 have tertiary qualifications, six have masters degrees, two PhDs. “We’re a sophisticated, highly educated workforce dealing with very complex science,” he says. “We’re a business of the future — this is the way of the future. The world will make this transition. It has to make this transition.”

Livingston is equally passionate about Sungrid, which designs and distributes photovoltaic solar panels. “I work seven days a week to create new markets and products,” he says. “I love my job.”

Sungrid is based in an unprepossessing warehouse in O’Connor. Livingston says it is a “lean and mean” company with only six employees but in just 18 months it has grown to be the second biggest distributor of PV panels in the country. If sales keep growing like topsy, by later this year it will be the biggest, he claims.

And that’s just the start. The business has a joint venture with a company in China which makes Sungrid’s panels. The aim is to manufacture the panels in Australia and then develop into an electricity generator. “We want to create a solar utility at some point and being at the source where we manufacture our panels will allow us to get there,” Livingston explains. “This is my personal vision. Instead of complaining about global warming, if people just did something about it instead of faulting governments and other people for the reason why things are the way they are, I think the world would be a much better place.”

HOW TO MAKE the world a better place has become something of an international debating topic since last year’s credit crunch developed into a full-blown global financial crisis.

Unfettered capitalism was suddenly on the nose and it seemed political leaders everywhere were forming a queue to criticise. “Laissez-faire is finished,” French President Nicolas Sarkozy declared late last year. “The free market, which is always right, is finished.” Sarkozy wasn’t alone in his view that something had gone drastically wrong with the free market and that it needed a radical overhaul. US Vice President Joe Biden said in March before the G20 meeting in London: “The one thing that we’ve concluded in the States is that the status quo is not an option. Things are going to change whether we like it or not.” German Chancellor Angela Merkel declared after the G20 meeting: “This is a historic opportunity afforded us to give capitalism a conscience because capitalism has lost its conscience and we have to seize this opportunity.”

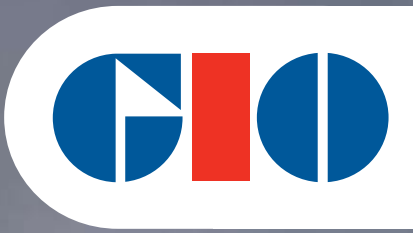
That the crisis also presents an opportunity has been seized on by others who have linked financial woes to climate change concerns. Pulitzer Prize-winning writer Tom Friedman recently wrote in the *New York Times*: “What if the crisis of 2008 represents something much more fundamental than a deep recession? What if it’s telling us the whole growth model we created over the last 50 years is simply unsustainable economically and ecologically . . . and that 2008 was when Mother Nature and the market both said: No More?”

Paul Gilding shares that belief. A former executive director of Greenpeace and founder of companies promoting sustainability, he coined the term “the Great Disruption” to describe the juxtaposition of economic stress, climate change and the exploitation of finite resources. “It is absolutely inevitable that at some point the current model of economic growth simply can’t continue,” he tells *West Weekend Magazine* from Sydney. “There is simply not enough stuff — not enough oil, not enough coal, not enough atmosphere — to absorb it all.”

The world already had a hint in 2008 of what was to come when we experienced record hikes in the price of oil, coal and foodstuffs, Gilding says. “This is not a little recession; this is a fundamental change in how our economy needs to run, heavily influenced by environmental issues. If we carry on with laissez-faire capitalism where people talk about unrestricted growth we’re going to double and triple the size of the global economy but that’s simply not possible, physically.”

So what sort of society would we in the West inhabit if we took this crisis as an opportunity to change? The same as before only with a few more rules and regulations? Or a radically different society? “We’re going to need wholesale system change both in technologies but also in terms of values and what we’re prepared to allow people to earn and what behaviour we encourage,” Gilding argues.

Full of energy Sungrid executive director Phil Livingston works seven days a week designing and making photovoltaic solar panels, such as this one at the Research Institute for Sustainable Energy at Murdoch University. Picture: Lee Griffith



Growing business Andrew Grant, chief executive of CO₂, which plants mallee trees as carbon sinks for Australian businesses.

Scott Ludlam, Greens Senator for Western Australia, is another arguing for wholesale change. “The economy has started to come apart and it’s really giving us the opportunity perhaps we wouldn’t have had otherwise, to take a good look at the underlying assumptions that’s allowed us to run the economy in the way we have. What’s going on at the moment gives us an opportunity to put the foundations down for the kind of economy that we’re looking for. We’re one planet operating along 18th century rules of what nation states do to each other.”

Likewise, Ludlam describes the polarisation of people into pro-economic growth and anti-growth camps as “profoundly unhelpful”. “We need to take a firm look at what we’re measuring — what we want to grow and the kind of growth we can’t afford any more. For example, wind and solar energy has been growing at 30 per cent every year for the past decade or so and that growth is good.”

Nicholas Stern, one of the architects of the global response, is of similar mind. In 2007, he led the Stern Review on the Economics of Climate Change for the British Government. This month he releases a new book, *A Blueprint for a Safer Planet: How to manage climate change and create a new era of progress and prosperity*. The way forward is not to slow growth drastically, he argues, because that would do nothing to lift people in developing countries out of poverty. However, investment in low-carbon technology and energy efficiencies would create drivers of growth that would be valuable, as well as create employment.

Such employment is becoming known as “green jobs” and in the US, one of its most high-profile advocates, Van Jones, has just been given his own green job in the administration of President Barack Obama. Last October, Jones published *The Green Collar Economy*, in which he argued for a new plan to tackle America’s “failing economy and ... devastated environment”. It quickly became a bestseller and Jones is now Obama’s special adviser for green jobs, enterprise and innovation.

British economist Richard Layard has taken a different tack. He recently argued for a more humane brand of capitalism “based not only on better regulation but better values”. He wrote: “Our society has become too individualistic with too much rivalry and not enough common purpose.” Layard says that despite a massive increase in recent years in wealth in Western countries, happiness has not risen in the UK, US or Germany, not least because human relationships have suffered in the name of efficiency and productivity growth.

Paul Gilding forecasts a less materialistic society and one that offers more leisure time will evolve from the Great Disruption. “The amount we work and the amount of stuff we buy is going to change,” Gilding says. “Who of us could not afford to spend 10 per cent less? Ten per cent would not be a significant reduction in our spending. Who wouldn’t like to have five more weeks holiday every year, because that’s the trade-off?”

That I think is a profound change: we have to think about working less, spending less, living more.”

Gilding says experience shows that it takes a crisis for society to change but change it can. “The evidence of history unfortunately is that we only respond when we’re forced to. But when we do respond the response is truly extraordinary.”

But Gerard Henderson, executive director of the Sydney Institute, is more sceptical of suggestions the world’s economies will be markedly different after the GFC is over, or that consumers will voluntarily reduce their demands. “I’m not a prophet and I never claim to know what will happen in the future,” he says. “But I suspect it’s more likely to be more of the same in a reformed way than any great cessation of what’s occurring because it’s pretty hard to stop growth at a time when the Western world is extremely wealthy and other parts of the world are not so wealthy.”

Peter Kenyon, professor of economic policy at Curtin University, is another who doubts any dramatic shift in how we in the West live. “When I see you no longer driving a car, or eating lentils and not buying international brands, then I’ll believe you,” he says. “I think people naturally want to increase their standard of living. People tell me growth is bad and we must cut back and I say, ‘What are you doing to cut back on your lifestyle’. The market economy will always exist and it’s the most efficient and only way you can organise economic activity and the funding of the market economy through the capitalist form is also essential. So that’s not going to go away. What we have to do is make sure we do it better and regulate it better and ensure we don’t get into this over-exuberant stuff — the bubbles — that we do.”

So materialism will win out? “I think it’s inherent in human nature,” Kenyon replies. “And one thing which economists are, I think, is realistic about human nature, both its good side and bad side. The greed of capitalism is horrible and leads to the mess we’re in; the positive side of it leads to rapid advances in living standards and new technology.”

“WE’RE GOING TO HIT THAT WALL ... AND WE ARE GOING TO HAVE TO CHANGE.” Paul Gilding

Mark Thirwell, an economist at the Lowy Institute think tank in Sydney, doubts the political pendulum will swing back to the failed doctrines of the 50s, like communism. “But equally it’s pretty clear the current system is broken, too,” he adds. “One thing that’s clearly up for grabs is people to come up with a new idea of what comes in. If you’re searching around for what might be some sort of viable alternative, then it seems to me the most likely one is some kind of mix of economic nationalism and green sustainability and nobody has managed to quite package anything along those lines.”

Until Thirwell’s “viable alternative” is discovered, government leaders continue to stimulate their countries’ economies to create jobs — while others believe there won’t be any economies left if we continue down a growth-for-growth’s-sake path. “You can’t keep on growing exponentially without hitting the wall at some point,” Paul Gilding says. “And at some point we’re going to hit that wall. Some people think it’s 20 years away, some people think 10 years away. I think we’ve hit it now. But it doesn’t matter when — we *are* going to hit it if we haven’t already and therefore we are going to have to change.”

Peter Kenyon believes the lack of a supra-national regulator is a big problem. “The real issue the world faces is because of global warming and the non-existence of a supra-national authority, what do you do? This really is a fundamental threat to the economic system. We’re sort of tinkering at the edges but we haven’t come across a means by which we can fix the problem,” he argues. “That is really a challenge to capitalism. We now have the capacity to basically destroy the economic machine by overusing it, unless we can change behaviour away from the less environmentally destructive use of resources. But how do we do it?”



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