



NEW VIEWS, NEW HOPES FOR CAPITALISM

BY LAUREN KELLER JOHNSON



Natural Capitalism:

Creating the Next

Industrial

Revolution

by Paul Hawken,

Amory Lovins, and

L. Hunter Lovins

"We have lived by the assumption that what was good for us would be good for the world. We have been wrong. We must... live by the contrary assumption that what is good for the world will be good for us."

—Wendell Berry, *Recollected Essays*

All around us, we see and hear disturbing statistics about the damage that humans are inflicting on the environment. These statistics are often sad: percentage of rain-forest acreage destroyed; number of species now extinct; size of the ozone hole.

But we hear less about the cost of environmental damage to human social life. To be sure, news about revolutions, internecine warfare, poverty, disease, and crime abounds. However, few of us explicitly make the connection between those human ills and the failing health of the living system that is Earth. Instead, we chalk up social hardships to a shortage of initiative, to laziness, to inevitable human aggression.

Natural Capitalism (Little, Brown, 1999) establishes the link between our attitudes toward the Earth's bounty and our most challenging problems. As the authors explain, even Westerners can no longer ignore the mounting evidence that limits to our growth *do* exist—and that those limits are fast approaching.

Still, many people struggle to accept that we must take action now to stave off complete biological and social breakdown. Why? Some of us feel hopeless. Others deny that a problem even exists. Yet others are withholding judgment until they can see

proof that change can work. And many businesses assume that anything they do to help the environment must necessarily hurt their bottom line.

Natural Capitalism challenges all these attitudes and assumptions. The book not only takes a fresh look at capitalism, it also shows, through detailed examples and cases, that companies *can* be kind to the environment—and profit more than ever.

A Reversal of Fortune

As the authors point out, businesses have focused on three kinds of capital: *financial*, or cash, investments, and monetary instruments; *manufactured*, including infrastructure, machines, tools, and factories; and *human*, the labor and intelligence, culture and organization that people bring to the workplace.

Natural capital—the living systems, resources, and services (such as recycling carbon dioxide into oxygen) that our planet provides for free—hasn't received as much emphasis, perhaps because it's hard to attach a monetary value to it. Yet businesses use the other forms of capital to transform natural capital into the "stuff" of daily life: highways, cars, cities, bridges, houses, food, medicine, hospitals, schools.

In earlier times, financial, manufactured, and human capital were in relatively short supply compared with natural capital. Now, that ratio is reversed. Thus we must reverse our thinking.

The True Bottom Line

Natural capital makes up the true bottom line for any human endeavor. To boost it, we must attend to four interconnected principles:

- *Radical resource productivity*: using natural resources more effectively, so that what we get from, say, one kilo-

watt of electricity is far greater than what we used to get.

- *Biomimicry*: reducing wasteful and toxic throughput of materials and, like nature, constantly reusing materials in closed cycles.

- *Service and flow economy*: shifting from an economy of goods and services to one of service and flow; for example, selling quality, utility, and performance, not objects.

- *Investment in natural capital*: sustaining, restoring, and expanding stocks of natural resources.

By outlining these principles, the book puts out a call to action. But it also holds out hope. As it turns out, numerous industries have already begun putting these principles into action—with remarkable results. For example:

- The automobile industry is slowly shifting from traditional car models to fuel-cell-powered vehicles that are lighter and safer, produce little pollution, cost consumers and producers less, and get up to 200 miles per gallon of gasoline.

- New, inexpensive-to-build houses designed with heat-trapping "super-windows" remain cool even in 115-degree Fahrenheit temperatures—without air conditioning—and warm even at 47 degrees—with no furnace.

- Innovative techniques for using wood fiber could supply all the paper and wood the world currently needs—from an area about the size of Iowa.

These and other examples in the book serve a vital purpose: They reveal that change is possible—and more profitable than even the most budget-minded businessperson could have dreamed. □

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