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A Responsible Economy

Yvon Chouinard

Recipient of the 2013 Inamori Ethics Prize

In my quarter century of stupid stunts, I've had enough near-death experiences that I've accepted the fact that I'm going to die someday. I'm not too bothered by it. There is a beginning and end to all life—and to all human endeavors.

Species evolve and die off. Empires rise, then break apart. Businesses grow, then fold. There are no exceptions. I'm OK with all that. Yet it pains me to bear witness to the sixth great extinction, where we humans are directly responsible for the extirpation of so many wonderful creatures and invaluable indigenous cultures. It saddens me to observe the plight of our own species; we appear to be incapable of solving our problems.

I saw the birth of my first grandchild last year, and I worry about the future she faces. When I was born, the human population of our planet was 2.5 billion. When she will be just 38 years old, the population will hit 9 billion. Already, worldwide, Americans are using up over four planets' worth of resources. Hardly 'sustainable.'

The reason for this crisis is very simple. There are too many of us consuming too much stuff, and we demand that it be as cheap and disposable as possible. (Have you looked at the junk in an airline mail-order catalog recently? Does the world really need a special tool for cutting bananas?) No wonder we don't want to face up to the cause of our problems: It's us! We are no longer called 'citizens.' Economists, government and Wall Street call us 'consumers.' We "destroy, waste, squander, use up," and that's just Webster's. The sad truth is that the world economy revolves around our consumption. The stock markets rise and dip according to the level of consumer confidence.

And while we work harder and harder to get more of what we don't need, we lay waste to the natural world. Dr. Peter Senge, author and MIT lecturer, says, "We are sleepwalking into disaster, going faster and faster to get to where no one wants to be."

Can we even imagine what an economy would look like that wouldn't destroy the home planet? A responsible economy?

During the next two years, Patagonia will try to face and explore that question. We'll ask some smart people to write essays on that subject for our catalogs and website. We'll ask you to tell us where you see responsible economies cropping up. We'll use real-world examples, not a lot of pie-in-the-sky theories. Most of all, we're going to feel our way into how this question affects how we do business. Can Patagonia survive in a responsible economy? Stay tuned. It is the most ambitious and important endeavor we have ever undertaken. Our other environmental campaigns have addressed travesties such as the depletion of the oceans, pollution of water, and obstacles to migration paths for animals. But these are all symptoms of a far bigger problem; the Responsible Economy Campaign addresses the core.

Patagonia has worked for some twenty plus years to try to behave more responsibly. In 1991, Patagonia was growing at a rate of 50 percent a year, and we hit the wall in the midst of the savings and loan crisis. The bank reduced our credit line twice in several months, and the company ended up borrowing from friends to meet payroll and laying off 20 percent of its workforce on July 31, 1991. That's a day I still refer to as Black Wednesday.

We learned the hard way about living within our means. We had exceeded our resources and limitations. We had become dependent, like the world economy, on growth we could not sustain. I even thought about selling the company. But if I hadn't stayed in business, I never would have realized the parallel between Patagonia's unsustainable push for growth and that of our whole industrial economy.

After that day in 1991, we added a third point to our mission statement: It now reads, "Build the best product, cause no unnecessary harm, and use business to inspire and implement solutions to the environmental crisis."

Making things in a more responsible way is a good start, and many companies like us have started doing that, but in the end we will not have a 'sustainable economy' unless we consume less. However, economists tell us that would cause the economy to crash.

I think we at Patagonia are mandated by our mission statement to face the question of growth, both by bringing it up and by looking at our own situation as a business fully ensnared in the global industrial economy. I personally don't have the answers, but in the back of my simple brain a few words come to the fore, words that have guided my life and Patagonia's life as a company: *quality, innovation, responsibility, simplicity*.

I recently read a book about forty companies that have been in business for over two hundred years. I thought if those companies could exist that

long, maybe they have some guiding principles that a responsible economy should follow. The common traits they all had were quality, innovation, and restrained growth. Coming from a background of making the very best, life-saving tools for the mountains, we applied the same philosophy to clothing. We have been innovators using technology not for the sake of inventing new products but to replace old, polluting, and inefficient products and methods with cleaner, simpler, and more appropriate technology. Every garment we make, for example, can be recycled now, unthinkable ten years ago. We are working together with forty other clothing manufacturers on what we call the Higg Index, which measures the environmental impact of textile manufacturing and which will be, in the end, public facing: You will be able to see the impact and history of a pair of jeans by pointing your smart phone at the bar code on their label. By choosing to consume more responsibly, perhaps we can relearn how to be citizens again and be part of the strongest force in society—civil democracy.

I have always believed that a design is perfected not when you can't add anything more but when you can't take anything away. The illustrator becomes an artist when he or she can evoke the same feeling with simpler line and form. Simplicity is the way to perfection. As a mountain climber, it pleases me to see the new generations of climbers soloing and climbing free routes on El Capitan in Yosemite that took us multiple days, fixed ropes, and many pitons to climb.

I enjoy manual labor and love using good tools that leverage the efficiency of my efforts. But not a tool or machine that takes away the pleasure of the labor. (I think of that airline catalog banana cutter which replaces a perfectly good tool: my knife.)

I think the simple life really begins with owning less stuff.

We are questioning what Patagonia can do, as a company making some of this stuff, to lead us into the next, more responsible economy. After we grew too fast in the nineties, we tried not growing at all. That resulted in stagnation and frustrated customers who often could not buy what they needed from us. You do not need a zero-growth economy. (In the same way you don't have to stop people from having babies in order to stabilize the population: People die, babies are born; you need a balance between the two.) What we are reaching toward is an economy that does not rely on insatiable consumerism as its engine, an economy that stops harmful practices and replaces them with either new, more efficient practices or older practices that worked just fine. An economy with less duplication of consumer goods, less throw-away-

and-close-your-eyes. We don't know exactly how this will play out. But we do know that now is the time for all corporations to think about it and act.

I hope Patagonia can find a way to make decisions about growth based on being here for the next two hundred years—and not damaging the planet further in the process. As my granddaughter grows up, I'll do my best to see that, just as I did and her parents did, she has a life in nature that she loves. Then she will want to protect it.

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What We Do For A Living

Yvon Chouinard
and Vincent Stanley

We are all still in the earliest stages of learning how what we do for a living both threatens nature and fails to meet our deepest human needs. The impoverishment of our world and the devaluing of the priceless undermine our physical and economic well-being.

Yet the depth and breadth of technological innovation of the past few decades shows that we have not lost our most useful gifts: humans are ingenious, adaptive, clever. We also have moral capacity, compassion for life, and an appetite for justice. We now need to more fully engage these gifts to make economic life more socially just and environmentally responsible, and less destructive to nature and the commons that sustain us.

This book aims to sketch, in light of our environmental crisis and economic sea change, the elements of business responsibility for our time, when everyone in business—at every level—has to deal with the unintended consequences of a two-hundred-year-old industrial model that can no longer be sustained ecologically, socially, or financially.

The co-authors have been involved in Patagonia since its inception nearly forty years ago. But it is not the purpose of this book to retell our company's history in detail. That story may be found in Yvon's book, *Let My People Go Surfing*.

This book, though it draws on our experience at Patagonia, aims to be useful to all people who see the need for deep change in business practices and who work in companies quite unlike ours. Although we mostly address companies that make things, or like us, design things made by others, this book is germane to all businesses that offer a service or to nongovernmental organizations (NGOs) and nonprofits that want to treat their people well and reduce the environmental impact of their operations. This book is for anyone who works, not just business leaders and managers. It is also for business students and other young people who want to engage their best, deepest self in the working life that stretches ahead.

You should know that at its beginning, Patagonia was meant to be not a risk-taking, environment-obsessed, navel-gazing company but an easy-to-milk