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## 2013 Inamori Ethics Prize Speech: The Responsible Economy

Yvon Chouinard

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# The Responsible Economy

Yvon Chouinard

Transcript of 2013 Inamori Ethics Prize Speech

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Well, on behalf of my partner and wife, Linda, and fifteen hundred employees of Patagonia, I gratefully accept this award.

I gave a talk at the Ryman Auditorium at the Grand Ole Opry one time—that is nowhere near as elegant as this!

I am going to try to take you through a little odyssey of where Patagonia has been and where it is going in the future. I was making clothes for about twenty years before I really learned how to make clothing. It started one day when we opened the store in Boston and we put in all the clothing in the springtime, and a lot of it was sportswear, and within three days the employees were complaining they were getting headaches, and so we closed the store down, brought in a chemical engineer. He said, “Oh, you’re poisoning your employees.” He said, “The problem is, your ventilation system is recycling the same air,” and I said, “Oh, okay.” If I was a normal businessman, I’d say, “Don’t tell me about the poison, just fix the ventilation system.” But I said, “Well what’s the poison?” And he said, “Well, it’s formaldehyde, and it’s on all your cotton clothing.” I said “What?” He said, “Yeah, all your stay-press, wrinkle-free cotton clothes have got this chemical on it called formaldehyde. In biology class, you’ve got dead lizards preserved in there and stuff,” I said, “Oh my God, I had no idea.”

And that’s when I realized I had no idea how to make clothing; all I did was call a fabric supplier. He would come by with books on fabrics, and I’d say oh, I like this shirting; give me 10,000 yards of that—never questioning what went into making that product. And you know, formaldehyde I found out, is one of the eighty thousand chemicals used in America, of which only three hundred have been tested to see whether they are toxic or not, and this one finally, last year the FDA admitted that it causes cancer. And it is still being used in hair salons to straighten hair, so I thought, you know, I don’t want to be in business if I’m doing stuff like this, and so that led us to ask a lot of questions.

And we questioned what fibers are safe to use, what are we doing? And so we started educating ourselves and we found out that industrially grown cotton is probably the worst product to be making clothing [with] because it uses 25 or 23 percent of the world's pesticides, even though it only uses 3 percent of the world's farmland. It uses chemicals similar to Agent Orange that we sprayed on Vietnam in order to defoliate the plant[s]. The story goes on and on and on how bad it is.

So I took all our employees, every single one, and we went to Central Valley in California where they grow a lot of this stuff, and it was a dead zone. In fact, we got sprayed by crop dusters. There was nothing alive there, and I thought oh my God, you know, I don't want to ever make a cotton product if we have to do this, and thankfully there was an alternative, although it did not exist at the time, which is organically grown cotton.

So we had to convince farmers to grow it, in some cases we had to cosign their bank loans because the banks wouldn't give them a loan if they grew organically. So anyway, we had to start this whole thing out, and that one question led to another question.

How about dyes? Are dyes toxic? We didn't know, we just bought dyed goods. So then we had to find out whether dyes are toxic. There are polyester dyes, there are nylon dyes, there are cotton dyes. Some are toxic; some are not. So, you know, by educating ourselves we were able to make more responsible decisions. And you know, in some cases we were using nontoxic dyes, but some colors were still toxic, so we did not use those colors. And this whole examination of our supply chain has gone on for years and years. You can look it up on our website, and it'll give you a good idea how far we have gone with that. It goes all the way to calculating how much water is used to make a T-shirt. I forgot the number, but it's astronomical. And water isn't just water; you have to keep digging deeper because it makes a difference whether that cotton was grown in an area that has rainfall or in an desert area where they dammed up some rivers and irrigate, or an area that they pump water out of fossil water that is million years old and will never be replenished, and so by educating yourself you are left with information that you can use and that's what we have been doing.

We pretty much cleaned up as much of our supply chain as we possibly can now, except we still are buying supplies from gigantic fiber companies and things like that, which we cannot really change their behavior, we are way too small, but we are trying to get together with other like-minded

companies to change the way they do business. But we still have a long ways to go with that.

So our mission statement is to make the best product, cause no unnecessary harm, and we are well on our way to doing the best we can there.

The third part of our mission statement is to use business to inspire and implement solutions to the environmental crisis. Well, we discovered that we cannot save this planet by ourselves. And so we sort of came out of the closet and we started talking about the things that we are doing so that we can influence other companies and, as it turns out, we have. My book, *Let My People Go Surfing*, has now been published in twenty languages, including Bulgarian, in case there are some Bulgarians out there. The latest one is Russian. And so it has really influenced a lot of companies to the point where my friend Rick Ridegeway, who is head of our environmental department, was at a big conference of Fortune 500 companies, I mean these are the Unilevers, these are the largest companies in the world, and there were all the environmental directors, so-called sustainability directors of these companies, all talking about how they are greening their supply chain, how they are doing all these fantastic things to make their companies more responsible. And it sounded great except my friend leaned over to the guy from Google, and he said, "Hey, if all of these companies are doing all this great stuff, how come we are still destroying the planet?" The guy from Google said, "It's growth. It's the elephant in the room that nobody wants to talk about."

I just read a book about energy written by an Englishman, and he was talking about the energy use in England and he said, okay you guys, you want to substitute fossil fuel with all green energy. Here's what that means: okay, we'll take 10 percent of England and we'll put in wind turbines. We'll take 20 percent of the total country and we'll put in solar panels. We'll take five thousand kilometers of the coastline and we're going to put in tidal power and wave power, and we're going to dam every river and we'll have hydropower and we're going to put in nuclear reactors. At the end, there will hardly be room for people, we still will not be able to replace fossil fuels. So what does that mean? Just continue with fossil fuels? For me, it means we have to use less. And you know, if we're using up the resources of one and a half planets right now, worldwide, Americans by the way are using up seven times, and by 2050 when my granddaughter is going to be thirty years old, thirty-five or something, whatever the math is, I'm not very good at math, we'll be

using up the resources of being three and a half and five planets. I just got the latest World Watch Institute book, which keeps track of where we are in this world right now, and they said we're on track to have a temperature rise of 4 degrees Celsius by the end of the century, which is complete disaster for not only nature but humankind. If we started today, they say, and that book was published awhile ago, there is a slim chance that we could keep it down to 2 degrees Celsius, and this is grim stuff, really grim. And so we started the dialog within our catalogs of what would an economy look like that doesn't destroy the planet, and we're asking some smart people to write essays and stuff, and I can't help but think that it starts with a few words; one is simplicity, one is responsibility, one is restraint, one is better technology.

I know of a company that is the most sustainable I've ever heard of. It's a little company in Japan that sells plums. You know, the Japanese eat a lot of pickled plums and plums in every conceivable way, and this little shop only sells plums. And they don't do mail order, they don't do Internet sales, and they probably even when you buy something, they probably total it up on an abacus, which is a really cool calculator. But you know what? They have been in business for seven hundred years. That is sustainability.

And so I thought, well, our next stage of our company is we have to do something about this endless consuming and discarding. That is really destroying the planet. So we have to engage our own customers into thinking twice about whether they need to be buying Patagonia or not. In fact, we came out with some ads in the *New York Times* on Black Friday that said: "Don't buy this jacket unless you need it. Think twice. And if you do buy it, thank you for buying from us than from somebody else, and here's what we promise. We promise that if it breaks, we'll repair it; if you outgrow it, get tired of the color or your kid has outgrown it or whatever, you've gotten too fat, we'll help you sell it to somebody else, and when it's finally completely worn out and you can't do anything with it, give it back to us and we'll recycle it into more clothing." So it forces my company to make things out of fibers that can be recycled. It forces us to make a zipper on a polyester jacket that is a polyester zipper, so that the whole thing can be recycled, and also I don't want to see the stuff coming back, so it forces us to make our clothing so it doesn't wear out.

And in fact, it is pretty cool. I live in Jackson Hole in the summer and these teenage kids are saying, you know the coolest thing in school right now is to wear your parents' old, old Patagonia stuff. The older, the cooler it is. And that's what I want to see. I don't want to see the stuff end up in the

junkyard and Salvation Army store; I want to see it worn. And we're going to help you in repairing your product, we're coming out with a sewing kit, just a little sewing kit you can take with you. It has an awl that you can even sew through leather with and instructions on how to sew buttons and how to use it. We're going to be producing videos on how to repair your own stuff and we're going to help you to kind of be better consumers. I want to do an ad that shows a model with a pair of brand new distressed jeans with holes all over them and slash marks on the photograph, and then next to it is a model with a pair of jeans with patches all over them.

You know, the consumer society is what the problem is. And that's who we are. We're not citizens anymore; we're consumers. The stock market goes up and down according to our level of confidence. All the economic indicators are based on us consuming. Remember after 9/11, W came out and said, "Get out there and shop. We have got to help the economy." That's wrong. We used to say in the 1970s, "He who dies with the most toys wins." Not! Thoreau said, "The more you know, the less you need."

You know the definition of consumer is he who uses up, who destroys, and that's what we are. We can talk about ethical corporations all day long or nonethical [ones]. Corporations make what we tell them to make. We're the start of all of this. And I can tell you that if we have to go back to living in a house of 950 square feet like the average house was in the 1950s, is that going to be horrible lifestyle? I mean, I was raised in a house of that size, a family of six. What I did is I went out, me and my father converted the chicken coup into a bedroom, I had a straw mattress, and that's where I lived, and that was the coolest place for a teenager to live you can imagine.

I know in sports, when you get really good at your sport you simplify everything. And you know the climbs I did on El Capitan that took ten days are now being soloed by guys in their high school gym shorts and they're back before lunch. That's the way sports should go. Not more and more technology. I mean, look at the hunter. He wants to shoot a deer. He buys a high-powered rifle with a big telescope on it and an ATV and he cruises the back roads until he sees a deer, lays the gun on the handle bars and shoots the deer from three hundred yards away. Big deal. Then he graduates, he gets a compound bow and he goes and shoots his deer. And then he goes even further, and he makes his own bow out of wood and knaps his own flint arrowheads and I even know a guy who spears an elk every year. Just like our caveman ancestors, he dresses himself up like an elk, walks into a herd, and pokes it.

So, I mean, my message is I don't think we have to have an impoverished society because we simplify our lives. I don't have the courage, I don't have the gumption to quit flying. I need somebody to tell me, "No, you can't go to Russia next year to go fly-fishing. You have to stay home." That's what has to happen, you know. We can't all sit down and belly up to a sixteen-ounce T-bone anymore. And is that going to be an impoverished life? I don't think so. There was a professor at University of Montana, Professor Powers, who wrote a book and he said, "We only need to spend 10 percent on food to be healthy. We only need to spend 10 percent on clothing to be well-dressed, 10 percent on your house."

We're so over-the-top in excess. I was using the example this afternoon of a banana cutter, which is one of those things you can get in *Sky Mall* magazine. It's a little thing that has wires, you lay a banana on there and you do this, and it cuts it perfect. Well, it replaces a perfectly adequate tool called a knife. But don't stop there: eliminate the knife, just eat the banana.

We all know that government has to do a lot more. Government is probably going to okay the Keystone Pipeline, the world's dirtiest oil, world's biggest environmental disaster, and we're going to run it through our refineries in Louisiana. We should just leave that stuff in the ground. We shouldn't be part of that. If you own stock in General Electric, guess what? Your company—you're an owner—didn't pay any taxes last year. If you own stock in a tobacco company, you're guilty. You're killing people with your product. In fact, you're saying on your package that it's going to kill you.

Right now we have the government we deserve. If we want to have the government that we really need, we're going to have to change the corporations because the government is just a pawn of the corporations. But you know what the Zen master would say? Don't focus on changing the government, don't focus on changing corporations, focus on changing ourselves. We're the addicts. We're addicted to consuming and until we can get up and admit that I am the problem, nothing happens. After *Inconvenient Truth* came out, I asked my close environmentalist friends, what did you think of that? "Oh my God, that was such a heavy film." "I had no idea how far along we are with this global warming." And I said, "Well, did you change your light bulbs?" "No."

Until we can point at ourselves and say, "I am an addict," we are not going to change. And if we can change ourselves, corporations will change, and so government will follow.