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SUSTAINABILITY & GREENER ECONOMIES: GUCCI GOOD FOR THE EARTH, AND AFRICA?

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ABSTRACT

More expensive products and services in most instances do the earth more good from an environmental perspective, a position argued by Clift (2009). This is owing to their usually superior quality and durable nature, the often high level of human craftsmanship input involved in production, and their locking effect on disposable incomes. The notion of pricy quality goods, made even more expensive and environmentally undesirable by large importation distances from distant producers, is however impractical for most spenders in Africa and the general developing world, and has led instead to a resort to cheaper, inferior goods and brand name imitations that are still largely imported. There is also a growing spending elite in Africa who will often spend on higher end imports; but whose spending habits if channelled locally could serve local challenges to sustainability in the economic, social and environmental spheres well. This commentary examines the applicability of Clift's argument to the African scene, and proposes ways in which the pursuit of greener economic structures and social development may be reconciled given the keen development goals of the continent.

Key words: Gucci, Africa, sustainability

Introduction

Armed with some spare cash and a choice between two differently priced products or services –having the same purpose and environmental footprint, most people would pick the cheaper option. From an environmental perspective, however, the more expensive product might do the earth more good; and if it is produced with as small a carbon/environmental footprint as possible, even better – so argued Roland Clift of the University of Surrey at the Life Cycle

Management Conference 2009 (Clift, 2009). This is owing to the usually superior quality and durable nature of higher priced goods, the often high level of human craftsmanship input into the production of these items, and the locking effect of higher price on disposable incomes. While this notion is easily applicable in the developed world, its applicability more generally to the African context - with its social development goals, needs to be explored.

More Cheap, More Rebound

People tend to reallocate extra incomes realised from cost savings on cheaper resources, services or goods into increased indulgences in the same services/goods, or into other cravings whose unforeseen effects may undo initially noble intentions. While spending in itself is not necessarily the problem; where these savings or extra incomes are channelled is of significance. Take the effort against global warming for example; cost and carbon savings realised from innovative advances such as the use of hybrid vehicles may very well be consumed by other carbon intensive activities such as increased vehicle mileage due to the reduced fuel spend per trip – a phenomenon also known as the ‘rebound’ or ‘respend’ effect, and discussed extensively by several authors (Berkhout et al., 2000; Saunders, 2000; Birol & Keppler, 2000; Binswanger, 2001). Similarly, someone nobly using a solar water heater for their household water heating needs could become complacent about switching unused lighting off in the belief that the solar heating cost savings achieved will offset the ‘small’ extra lighting cost - which however in regions like Southern Africa comes with a high coal emissions tag (Matsumoto & Nakata, 2008) given that the bulk of electricity in this region is generated and sourced from South African coal.

Higher Pricing Makes for a Greener Planet, in Most Scenarios

While not entirely obvious, the ‘higher price-less environmental impact’ logic Clift proposes (Clift, 2009) usually stands true. This is largely because brands within the same product category are usually priced higher than others on account of greater quality, which translates into greater durability than cheaper equivalents. A cheaper and inferior product, likely to have a similar environmental impact along its supply chain anyway, often needs to be replaced more often, and in effect has a total environmental impact that is a multiple of the frequency of replacement. In addition to quality, products/services may also be priced highly due to branding or target marketing reasons as in the case of the Gucci™ fashion label. The added beauty of such goods however, and indeed of many other higher end goods, is that several of these items are hand-made - partly or wholly, and usually involve a highly personalised (human craftsmanship) input into the final product. This results in a minimal environmental footprint in getting to the final consumer relative to goods from fully automated production lines.

More subtle than the arguments above, and applying across the whole spectrum of quality and pricing, is that the more one spends on a given product - luxury or not, the less disposable income one has to spend on other products; and therefore the less environmental footprint one accrues from these extras.

Higher Priced Goods for Africa and the Developing World?

At this point it is necessary to point out that this discussion focuses on 'non-essential' goods - the kind one would buy after surpassing their basic needs (health, shelter etc), and has got some money to spare – disposable income. While Clift's 'higher price-less environmental impact' concept is a rational one, spending what little disposable income there is available in Africa on expensive luxury items would not be practical for most African spenders, and more importantly would be environmentally unadvisable. The mere transportation oftentimes by air of such items by small volume traders from Dubai, Europe and the Americas not only inflates their cost, but is also likely to have a carbon footprint that outstrips the carbon savings made in their hand-making origins (whether part or wholly handmade). Because considerable capital is incurred in ferrying such goods from already expensive distant producers, such goods end up largely exceeding the reach of many potential African spenders who turn to 'cheaper', but still mostly imported goods and brand-name imitations which have similar or even higher environmental footprints – a commerce and trade situation that is already quite prevalent in Sub-Saharan Africa (see McGregor, 2008). The excessive importation and distances involved result in the 'invisible' elevated degradation of the shared global environmental commons - the very life blood on which most developing economies depend directly in the form of biodiversity, tourism, and agricultural revenues; and a situation that is to the detriment of the developing world. The availability of locally made products in comparison would have smaller associated carbon and environmental footprints due to the greater proximity between production and demand, and if hand-made or involving sizable human labour input, the associated footprint would shrink even further.

Tackling the problem of Price and Green: An Increasing Substitution of Imports

Part of the invisible environmental problem posed above seems to lie in the developing world citizens' looking 'out' for attractions to spend what disposable incomes they have got. If citizens in the developing world were instead encouraged to look inwards, the environmental burdens involved in meeting local market needs could reduce significantly owing to the then increased proximity between supply and demand. While citizens in Africa for example have historically tended to regard products and trends from overseas more highly than local output, - sometimes rightly due to inferior quality; the quality of local goods and services is improving with increasing technological transfer, and advances in local knowledge production and capacity. The lingering preference for overseas products is now increasingly a result of a global peer influence – the 'cool' factor, resulting from subconscious habit built by generations of marketing by international brands; and in some instances due to the outright lack of local alternatives. The resulting excessive importation means elevated carbon and environmental footprints from production to market, the bulk of which arises from air transportation. An example of this is illustrated in Figure 1 below which shows the relative carbon emissions along the supply chain of water cress sold on the UK market; as transported from the US, Europe (Portugal) and from local counties in the UK. The fact that the cost of abating the environmental burdens incurred during importation transport is currently not captured in the pricing of goods, can cripple local industry with cheap but potentially high eco-footprint imports, the South African textile industry being an example (South African Textile Federation, 2007).

We are then left to answer the question; is it better to have 'cheaper' imported goods now, and pay for the environmental costs later? This is before taking into account the repeated economic and (implicitly) environmental costs resulting from continual replacement of seemingly cheaper imports. By environmental costs we speak of looming crises like global warming, which current predictions show will hit developing nations hardest (see for example Gilbert, 2009; Ahmed *et al*, 2009). From these predictions, irregular weather patterns and temperatures resulting from potential crises like global warming are likely to negatively affect African farmers' future annual harvest outputs, escalating the already present concerns around food security on the continent with its high population growth. The resulting possibilities from such a potential, in terms of resource wars, are clearly a situation Africa would like to circumnavigate given its conflict ridden history. The current impasse on the global stage on a binding Climate Change treaty also means that the time window left to realise significant emissions reductions to avoid projected critical levels, is running down and voluntary local actions - however seemingly trivial to the bigger picture, are necessary to plan for future economic trends and likewise to set an example for other players.

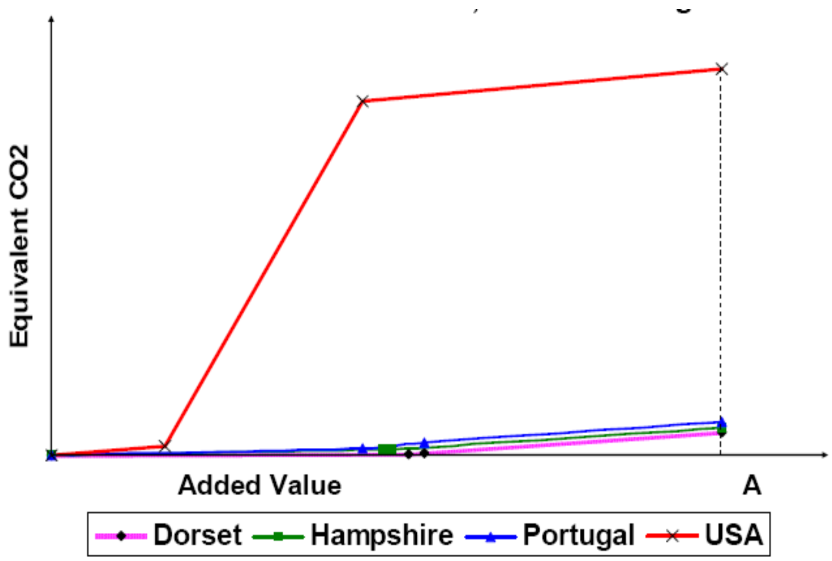

Figure 1: Carbon Emissions along the Supply Chain of Water Cress Sold on the UK Market Sourced from the US by air, and from Portugal and local UK counties - Dorset and Hampshire, by rail and road (Source: Clift, 2009)

From Figure 1 it can be seen that from an environmental perspective (carbon footprint in this case), disposable incomes in developing countries are better spent not on 'Gucci from Italy' in the literal sense but rather its local equivalent; which being quality but local can be slightly cheaper and accessible to local spenders, and whose promotion can also help create high quality local employment. If a local fashion chain were to turn to hand-making much of its inventory, or were to source from such local producers; and were to also ramp up local craftsmanship so as to be competitive against seductive imports, then you have a local disposable income attraction with a minimal environmental footprint due to its proximity. Other benefits to this approach would include increased equity in product supply chains as much of the raw material for global production is originally sourced from developing nations. By sourcing and adding value locally, local employment levels, incomes and localities flourish – traits which the African continent and the general developing world need more of. The same analogy could be drawn for other products/services such as comfort foods (think

Swiss chocolates, Italian pastas, French wines) and holiday destinations such as Hawaii or Sydney that the wealthier African might crave; which could in fact be replicated locally with a greater interest in, appreciation of, and innovation around local specialties and vantage points. In this regard one could think of local specialties such as rusks and exquisite biltongs; local South African wines vs. appetites for French wine, locally produced chocolates vs. specially imported Swiss candy, Amarula™ vs. imported Baileys™ or Jack Daniels™, or indeed that beautiful traditionally crafted hand bag by the lady in the market vs. the literal Gucci™ and Versace™ from Italy. The same could be said for other sectors such as tourism; which with better marketing and innovation around local destinations could hold the same or even higher prestige than overseas destinations; think of Zanzibar (Tanzania) through Masaai land and Mombasa (Kenya) via rail/road vs. a direct flight to Hawaii or Sydney; hiking up the Kilimanjaro (Tanzania) vs. Mt. Everest (Nepal-Tibet); or canoeing up the River Nile (Uganda to Egypt) vs. the River Thames (UK). While the examples quoted may not be the best like for like substitutions, they aim to illustrate the possibilities for improved local synergies, which could recreate and even surpass the attractions that Africans with a little spending power might yearn for elsewhere. The cultural and economic potential that could also be unleashed from this focus is immense given the continent's rich and diverse natural resources, culture and history.

In essence, the closer to demand attractions for disposable incomes can be positioned, the better. A passionate and determined effort at developing the 'local' brand to give it that little extra appeal; along with more innovation around human labour inputs to production (- such as strengthening the small scale agricultural holdings already prevalent on the continent as opposed to pushing for top-down corporate agriculture); can lead to smaller environmental footprints from avoided artificial and energy inputs, as well as greater equity in product supply chains - simultaneously aiding the environmental, economic and social spheres of the sustainability challenge.

A Vision for greater Local Industry, Production and Innovation in Africa

The full extent of this local potential and the development of local craftsmanship so as to be competitive against high end imports is however not yet fully realised, and requires the active injection of investment into these areas. For a start then, disposable incomes should be channelled primarily into investment in these areas. A good vehicle for this could be the fostering and encouragement of a saving culture in African society, especially amongst the African elite, within locally operational banks and investment funds; with the onus on these to drive local development as described above as has largely been the case in the development of the West. Government level incentives and policies towards this end would be beneficial to the realisation of increased local investment and product competitiveness. Parallel to these efforts, global and multinational companies currently operating and involved in sales locally in Africa and the developing world should seek to involve more local operations from raw material extraction to final product. This proximity would reduce the transportation costs and environmental burdens of matching supply and demand; one of the key advantages that natural eco-systems have over man-made material cycles. The approaches proposed however do not mean that the continent becomes altogether isolationist, but rather that as far as possible it meets its needs from the nearest surrounds.

Reconciling the Green and Social Development Agendas

In closing, while this interest in what the African spender does with their disposable income may appear absurd to those who see Africa's biggest problem as it's wide levels of poverty, and even be interpreted as pushing for a 'green' agenda at the expense of 'development'; it speaks to the reality of an African elite that fails to harness its spending for local sustainable development. Additionally, the 'green' and social development agenda are often intertwined and complementary, and this discussion hinges on local socio-economic development for the realisation of reduced environmental burdens in the global economy. It is also the fact that the richer typically have a higher environmental footprint than the poor (Moran *et al*, 2008); and the realisation that as the political space on the continent improves, there is an increasing economic progression whose environmental effects have to be foreseen and effectively managed for our shared future; that drives the need for such a discussion. So yes 'Gucci' is good for Africa, if it is *made in Africa*.

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