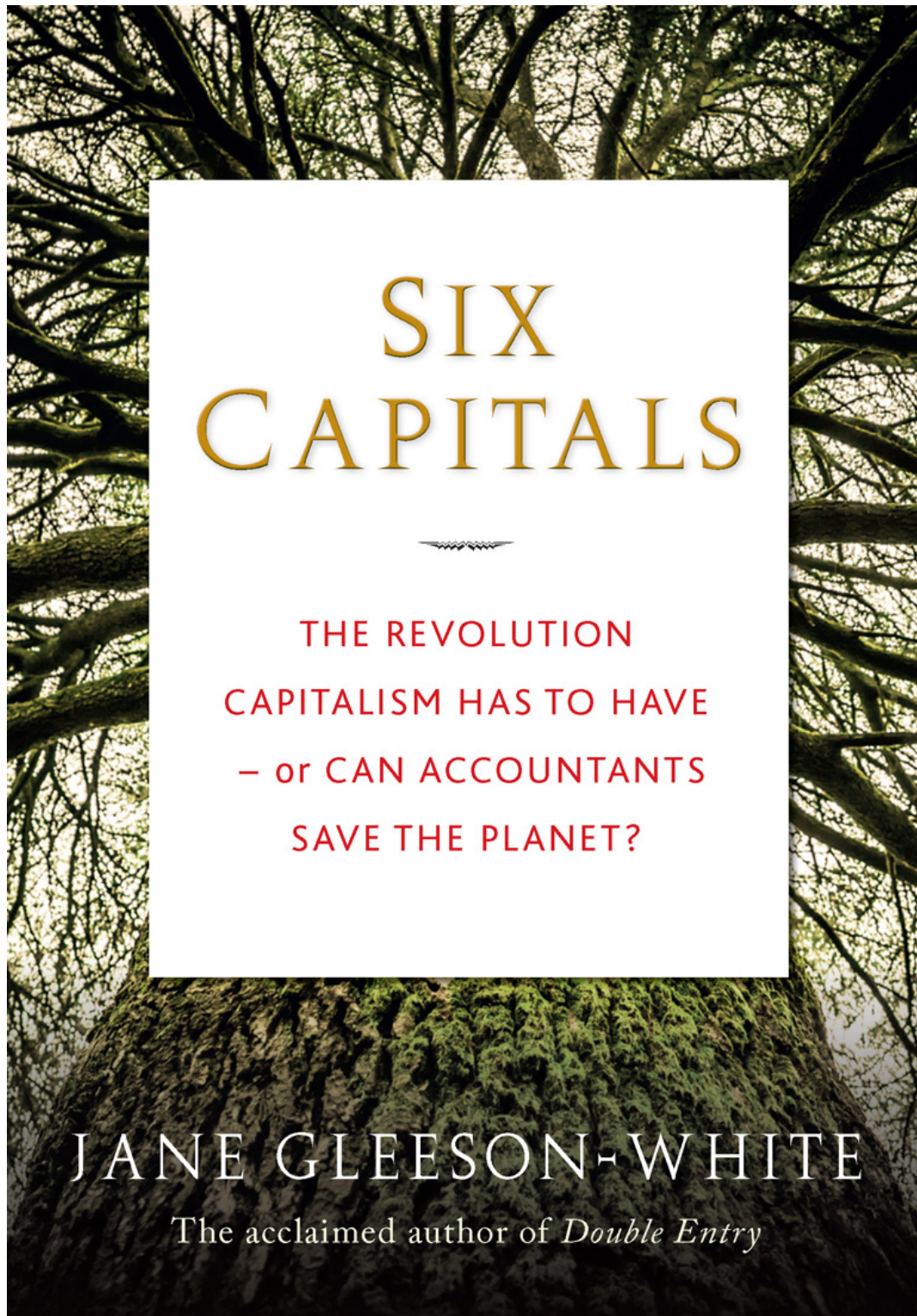


Book review: Can accountants save the planet?



Willow Aliento | 23 October 2014

Corporations willing to pay to pollute, dodgy biodiversity offsets and crusading accountants changing the book-keeping game are just some of the gems that Jane Gleeson-White lays out for readers of *Six Capitals: The Revolution Capitalism Has to Have – or Can Accountants Save the Planet?*

Fresh out in the bookshops this week, it lays out the case for accounting for those pesky externalities like fresh water, sustainable communities, productive soil and a liveable climate that

double-entry book-keeping simply can't encompass. It also analyses the growing number of methodologies for natural capital accounting, their history, upsides and downsides. And there are a lot of downsides it seems.

The history of our standard accounting system and its limitations in terms of addressing anything outside immediate profit and loss is fully explained. This then leads into a wide-ranging look at the mechanisms and methodologies for integrated reporting – triple bottom line style – and how this falls short much of the time, because fiduciary responsibility allows any number of exemptions.

Some of the mechanisms for mitigating corporate impact are also called into questions, such as biodiversity offsetting. This, Gleeson-White argues, appears to be a licence to trash one place on the basis you'll do something in another, an approach that fails to recognise the place-based nature of habitats and socially important places.

Carbon offsets and measures such as penalties to pollute, in addition to some of the more risky aspects of pricing natural goods and services, such as water and soil, are also deeply considered. These she terms the "grey areas in green accounting".

The risk – which has been demonstrated to be real – is that polluting simply becomes the "cost of doing business", and is neatly factored into the double-entry ledger. One of her examples of this quite human tendency is a childcare centre in Israel, which started imposing a late penalty for tardy parents at pick up time. Instead of discouraging parents from late pick up, more actually started arriving later, as they saw the penalty as a fee for longer hours, rather than a deterrent.

Listed firms are, in the main, the anti-heroes in the book. Under the law they are accorded in most jurisdictions the same rights as a person. Further, in the US and other places, they have a legal duty to put returns to investors ahead of all other concerns.

The case of Ford who lost the right to invest in his workers

This precedent is illustrated by the case of Ford. Henry Ford wanted to invest more in the employees and keep product costs low. The Dodge Brothers, major investors, took him to court because they argued he was disadvantaging them in favour of the workers and community. The Dodge Brothers scored a massive win, a major payout, and went on to set up their own auto business, and the precedent became set in stone.

Spoiler alert – Gleeson-White does finish on a definite up-note and call to action, with the two trends that appear to hold out the most hope for the future of the planet and the people who – like it or not – need to keep it in good shape in order to stay alive.

The B-Corps are one of the trends she says do provide a different pathway for doing business that can preserve life while also turning a profit.

The result of a concerted effort by a number of sustainability-minded financial wunderkinds and corporate crusaders, in order to even exist a legal case had to be made that it should be allowable for a corporation to exist that could put other matters, such as environmental and social sustainability, ahead of maximising returns for investors. It's a game-changer.

The other is the growing number of legal cases that have clearly established that, just like a corporation, nature has rights. The example of Bolivia is one returned to frequently throughout the book, where the value of preserving forest was assessed as being greater than the value of knocking it down for short-term gains. Further, in Bolivia, nature has been granted rights similar to those accorded humans under the Universal Declaration of Human Rights. And despite this, the economy continues to prosper.

One of the joys of the book is the wide-ranging research and interviews Gleeson-White has undertaken. There are some fabulous dinner table debate starters from people like George Monbiot, Bob Massie, banker Pavan Sukhdev and even Keynes himself, and enough interesting leads towards further reading, groups worth engaging with and people worth listening to keep anyone interested in the business of sustainability feeling hopeful.

Put on those capes, accountants. This is your call to action.

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