

The concentration of population growth and poverty in developing countries, and of economic growth in industrialized countries, is a recipe for deepening conflict and disorder. At a time when co-operation within and among societies has never been more imperative, divisions are becoming more entrenched. There is a real risk of growing rich/poor conflict, both within and among nations.

A new global partnership would not be viable without a new economic regime. Dr. Stephan Schmidheiny and 48 other chief executive officers of some of the world's leading corporations who formed the Business Council for Sustainable Development made it clear in their report to UNCED, "Changing Course," that what is required is a veritable eco-industrial revolution. This is coming from leaders of some of the major corporations of the world community not wild-eyed environmentalists!

This new industrial revolution would be driven by the full integration of the environment into our economic life. Hence, it would involve the reshaping of our entire industrial system, in which efficiency in the use of materials and energy and in recycling and disposing of waste will be the key to success in both environmental and economic terms. Efficient economies are the most environmentally friendly economies.

Energy, I have to say, is at the very heart of the sustainable development challenge. Reorientation of our energy industry around principles of efficiency and conservation, and a major shift in the energy mix to more diverse, decentralized and environmentally friendly sources, are indispensable prerequisites for a successful transition to sustainable development. Far from being a drag on the economy, the transition to environmentally sound and sustainable development offers the prospect of revitalizing our economies and opening up an exciting new era of opportunity for innovation and creativity.

One of the most important things that governments must do in follow-up to Rio is to undertake an extensive review and reorientation of the system of incentives and penalties that motivates the economic behaviour of corporations and individuals, to ensure that it provides positive incentives for