Sustainability

Sustainability needs more ***entrepreneurship***

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At a glance

- The Swiss economy has already largely decoupled growth from emissions thanks to the synergy between innovation and a reliable regulatory framework.
- Excessive sustainability bureaucracy ties up resources and creates perverse incentives instead of promoting high-impact entrepreneurial solutions.
- Sustainability is better achieved with technology-neutral framework conditions, less regulation, and more room for entrepreneurial action.

Switzerland operates sustainably in many respects: Within the OECD, we consume among the least amount of energy per franc of gross domestic product and produce the lowest greenhouse gas emissions. Economic growth has thus been able to a large must be decoupled from emissions. The industrial sector, for example, has reduced its CO_2emissions have nearly halved since 1990, while its value added has doubled—all while maintaining the same share of industrial output. As a result, it has nearly achieved its 2040 climate goals. The reason for this success: a reliable regulatory framework and innovation.

A regulatory framework will therefore continue to be necessary in the future. However, the bureaucratic burden has grown significantly in recent years. If you were to stack companies' annual sustainability reports on top of one another, they would tower over Zurich's Prime Tower, which stands 126 meters tall. The associated costs tie up tens of thousands of workers and devour hundreds of millions of francs—resources that could be put to more productive use elsewhere.

But the biggest The problem isn't compliance costs, but rather the perverse incentives. After all, capital and entrepreneurial energy flow increasingly toward areas where funding criteria can be met. If certain technologies are favored, resources shift toward solutions that fit the criteria—not necessarily toward those with the highest potential impact. However, Sustainability requires innovation—and that cannot be measured by drawing board plan. There are therefore many reasons to increasingly leverage entrepreneurial strengths to achieve sustainability goals. After all, companies are better at processing decentralized knowledge than any central authority. For them, results matter—not processes and forms. Markets weed out bad ideas; funding programs do not. And companies can react more quickly than politicians and government agencies.

Anyone who wants to achieve sustainability goals cannot do without these entrepreneurial forces. What is needed, therefore, is less regulation and bureaucracy. The government should focus on reliable, technology-neutral framework conditions such as security of supply, infrastructure, and education and research. Consciously choosing not to regulate—or to regulate less—is the order of the day. In a world that is increasingly unwilling to bear risks, this may be uncomfortable. But those who regulate risks away also nip opportunities in the bud.

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