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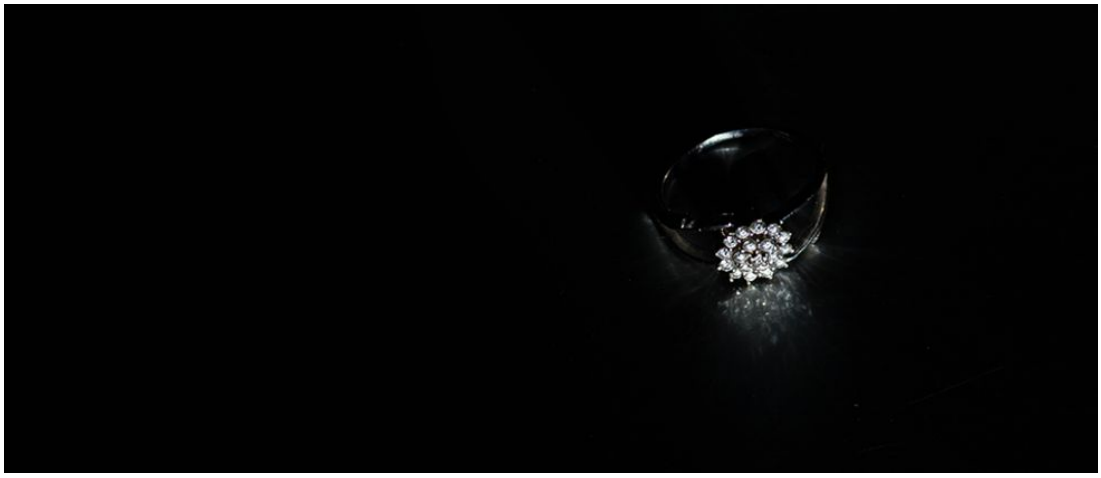
ETHICS

Diamonds in the Rough: How do Deeply Corrupt Industries Become Sustainable?

by David Salisbury



Diamonds are supposed to be symbols of love and commitment, but the devastating consequences of diamond mining are well known. What can businesses learn from the diamond industry's shift toward synthetics?

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Few physical objects elicit a face-flush emotional reaction quite like a clear, perfect diamond to a significant other. This phenomenon has its roots in marketing by the diamond industry, particularly by the company De Beers, who has dominated the industry for decades. The diamond industry was estimated to be worth about $60 billion in 2015. However, would couples glorify these precious stones if they were more cognizant of

the human violations, environmental impact, and wars being waged to mine them? With the diamond industry supremely ingratiated in corruption and violence, how can such a deeply unethical business turn itself around to sustainability? How do its challenges in turning around relate to other industries that need to evolve as well?

Destructive Manufacturing

For consumers, diamonds symbolize new beginnings and eternal love. But for people from diamond-rich countries, they derive more pain than pleasure from these gems. Diamond mines produce not only stones - but also wars, violence, ecological devastation, economic exploitation, and sublime human suffering. In the last 20 years, seven African countries have had brutal civil conflicts fueled by diamonds. Diamonds money finances civil wars and rebel military in these regions. Famine, mass death, and shocking human rights abuses, from rape as a weapon to the use of child soldiers, has resulted from rival groups fight with each other to control diamond-rich territories. The loss of natural resource revenue in these countries is also devastating. Two and one-half billion worth of diamonds were exported from Zimbabwe alone between 2010 and 2018, with only $300 million returned to support the country. India is the home of the worst child labor violations as an estimated 20 percent of diamond workers are children.

However, lab-grown diamonds that create humanly-produced stones at an even lower price point have made serious advancements in recent years. Lab created diamonds are grown in highly controlled laboratory environments that duplicate how diamonds naturally forge in the Earth's mantle. They exhibit the exact same optical and chemical properties as natural diamonds since they are made of the exact same components.

Many industries have negative manufacturing practices, and while the outcome may not be as explicitly heinous as those faced in the diamond industry, the impacts they have on the environment and people's well being are significantly detrimental. For example, few think about the negative impact of the digital media industry. 50 million tons of e-waste is generated each year according to a recent Fortune article. This includes pollution caused by TVs, VCRs, DVD players, video cameras, stereo systems, telephones, and computer

equipment. A mere 15% of these discarded products get recycled. Hazardous substances such as cadmium, lead, mercury, and even cyanide poisons the soil and water when they end up in the landfill. And if incinerated, they can emit toxic gases.

Also, as more people continue to use electronic devices, global electricity usage has shot up significantly to meet the high demand. Scientists estimate that 8% of UK energy generation is used by the internet, and if the trend continues uninterrupted it could consume all UK power by 2035. Wi-Fi use increased by 460% from 2012 to 2015 and increased the carbon footprint from 6 megatons of CO2 to 30 MT. However, by recycling used digital devices, companies can reduce this mammoth carbon footprint and also reduce production costs by reusing valuable materials like gold, palladium, platinum, rhodium, ruthenium, selenium, iridium, indium, copper, nickel, and cobalt.

The CMR article "**Moving to a Circular Economy in China: Transforming Industrial Parks to Eco-industrial Parks**" shows how sustainability and Corporate Social Responsibility can lead to not only better treatment of the earth, but profitability. The Nanjing Chemical Industrial Park engaged in closed-loop eco-industrial transformation to extend value chains by building products around existing wastes. By reusing by-products like carbon dioxide, sulfur, and hydrogen to make new products, the company not only reduces their carbon footprint, but increases company value by using waste to create beverage, cement, and sulfuric acid production.

Industry Suppression

While many in the diamond industry have fought to switch to more ethical and sustainable practices, the efforts have not been embraced by all. Industry owners saw the growing man-made diamond movement threatened to disrupt their business. In response, the Diamond Producers Association, made up of seven of the world's leading diamond companies, launched a "Real is Rare" marketing campaign in 2015 to enhance the appeal of "natural" stones forged from the earth.

Despite this campaign, man-made diamonds have gained significant ground since then. In 2017, staunch natural-only diamond company De Beers surprised the world when it announced it was begin selling natural diamonds for industrial uses. By September 2018, DeBeers also began selling synthetic stones for jewelry. Since then, wholesale prices for lab-grown diamonds have fallen by up to 60% and are expected to fall further, making man-made diamonds more available and more affordable.

US oil companies who are reluctant to switch to cleaner, greener energy like many of their European and Asian peers face a similar problem. Europe's big oil companies account for 70 percent of global renewable capacity. Norwegian energy company Equinor will dedicate up to 20 percent of its budget on renewable technology by 2030. The Oil and Gas Climate Initiative (OGCI) pledged to slash greenhouse gas emissions by a fifth in seven years. But with less domestic pressure to diversify, top American oil companies have spent only 1 percent of their 2018 budgets on clean energy. In the way that De Beer's diversification has put them at the forefront of a changing industry, U.S. big oil stands to be left behind economically for their reluctance to make greater green energy efforts.

Overcoming Ingrained Public Thought

In 2015, the Diamond Producers Association conducted a public opinion study called "What Women Really Want" in an effort to market against lab diamonds. The study asked this question of 1,000 millennial-aged women. The study found that women seek items that are "genuine, unique, not mass-produced, and have inherent meaning and value." When purchasing luxury items, nearly 9 in 10 agreed with the statement "When treating myself to a luxury item, I look for authenticity."

Such consumer perspectives show blatant disregard for the human rights violations rampant in the industry, for with the online information readily available, there is no need to rely on the industry's slanted narrative of "love is natural" any longer.

One can see similar parallels with the age-old bias against marijuana. Despite growing evidence that marijuana is an effective treatment for chronic pain, nausea, insomnia, anxiety, and a host of other conditions like fibromyalgia, cancer, post-traumatic stress

disorder, etc., the classic “Reefer Madness” propaganda embedded in the American psyche continues today. Opioid addiction has amounted to a public health emergency (with 218,000 people having died in the US from prescription drug overdoses from 1999 to 2017) while a healthier, non-lethal means of medication is still only legal in about 30 states.

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