

**REMARKS BY GLENN F. TILTON  
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**AT THE LOVELL WHITE DURRANT**

**WINTER TALKS**

**LONDON**

**When Cavan Taylor's invitation arrived, I responded with alacrity, for I always welcome the chance to talk about the shape of the world from our perspective as a global energy company and to suggest how history might be shaping up in the near future.**

**I realize that the law here like the law in the U.S., works on an adversarial system. Each side argues its case and a judgment is rendered.**

**There is one case being tried in the court of public opinion, however, which is one of those disputes that should never have come to trial. The public, or the jury in this scenario, is being asked to choose between a healthy economy and a healthy environment.**

**Some advocates of the environment are making impassioned pleas to the jury that the economy is guilty of creating environmental havoc that the public will have to have either economic prosperity or a livable environment. You can't have both, they say.**

**Countries now at the brink of enjoying robust economies are being told by some – mostly by those whose personal prosperity is assured – that they should abandon ideas of growth and development because, after all, you must choose between a health economy and a healthy environment. Those of us in the western world receive the same message – slow down, cut back, do with less because of that same choice.**

**It all rather reminds me of a cartoon I saw a few years ago in the New Yorker magazine. A rather beleaguered Charles Dickens is sitting across from a non-too enlightened editor who is staring at a manuscript, obviously freshly delivered by the great author.**

**"Mr. Dickens," says the editor, "you simply can't have it both ways. Surely, it is either the best of times or the worst of times."**

**What we are being offered, I believe, is a false choice. Not only is it false because it forces us to choose one or the other, but it is false because, in reality, you will never have the environmental purity everyone wants without the economic prosperity to pay for it.**

**Fortunately, there is a better way. The way forward is "sustainable growth," a concept that has been criticized for its fluidity. Nevertheless, I believe it is possible to define "sustainable growth" while recognizing that it needs a certain flexibility.**

**Sustainable growth balances a nation's natural, human and material resources and develops the processes, products and services that add wealth to society while protecting the environment.**

**It does not accept the idea that developed and advanced societies must be forced to shift into neutral or reverse so developing societies can catch up or be subsidized.**

**Moreover, the wealth we produce today helps ensure the well being of future generations and, not unimportantly, generates the funding for the new technologies to further improve the environment. A century ago, Theodore Roosevelt observed: “Conservation means development as much as it does protection” and he’s still right.**

**What many seem to forget is that protecting the environment costs money, and requires wealth.**

**Why is there so often a haze of smoke over the island of Sumatra in Indonesia? It’s because the people there are poor and they clear the rain forest so that they can plant artery-garrotting, but profitable, palm oil trees. They burn the trees from the rain forest, hence the haze. The rivers are polluted because there are inadequate sewage and other water facilities.**

**The solution, clearly, is not to tell the Indonesians to stop wanting a higher standard of living, but to create such a high standard of living that they will no longer need to plant palm oil trees and can protect the rain forest for their enjoyment and heritage.**

**In the creation of wealth, the technology needed to protect the environment will come.**

**Eastern Europe has one of the worst environmental records anywhere, but now that’s changing. Let me give you just one example.**

**The cover of our company magazine, Agenda, this month has a picture of Dorietta Angelova, who is part of Texaco’s team searching for oil and gas there. In the picture, she’s standing on a plot of land where we hope gas may soon be developed. In the background is a black plume of dirty smoke. What you must understand is that now, in Bulgaria, they largely rely on soft coal for their power stations and it is the emissions from one of those poor stations you see in the picture.**

**If we can successfully bring gas to market, that black plume will disappear. The environment will improve.**

**Some of the most strident voices about choosing between economic growth and environmental health issue forth from the U.S. And yet, recent economic expansion has allowed tremendous strides in environmental protection. Newsweek reported recently, for example, that the U.S. is winning the war on smog, with New York City having gone from 28 days of non-compliance in ozone levels in the late eighties to only 5 days this year. It can be done, but it’s expensive.**

**All of which to say that the way forward is sustainable growth: growth that creates the prosperity whereby we can fulfill the desire we all share to pass the beauty of this world on to our children.**

**Now the question you might well ask me is how the oil industry fits into this picture and how it will contribute to sustainable growth over the next decade or so.**

**The first thing to say is that reports of our death have been greatly exaggerated. Thirty years ago the pundits were predicting that oil would run out and yet it has not. Why? Part of the answer is conservation and efficiency. Today's cars get much better mileage than they used to and they pollute far less. In fact a new car today fitted with a catalytic converter pollutes something like 97 percent less than a car built in 1970. Reformulated gasoline should make for further reductions.**

**The other reason there is enough oil for the foreseeable future is improvements in technology. Twenty years ago, we discovered an oil and gas field called Strathspey in the North Sea. The trouble was, the technology simply didn't exist to make the field economically viable. This week, we're expecting first oil from that field: 89 million barrels of oil and 339 billion cubic feet of gas.**

**So will our lives go on as they are now, gasoline-powered cars, oil and gas fired furnaces, world without end, amen? The answer, to confound Dicken's editor once again is yes... and no.**

**I believe we will not soon see the disappearance of the gasoline-powered automobile. Methanol has been proposed as an alternative, but as Michael Schumacher's pit crew will tell you, it is highly toxic and burns with an invisible flame. Besides, it does little to reduce emissions. It can actually increase smog and yet can cost more.**

**Ethanol is much more promising and seems to be gaining political favor.**

**Electric cars keep getting better, though no one is calculating very carefully how much pollution pours from the smokestacks of the power companies who supply electricity for the batteries.**

**Some service stations in the U.S. have natural gas filling sites for certain vehicles, but most natural gas vehicles are in fleets, which leave from and return to a fixed point each day.**

**So I suspect transportation will not be very much different in ten years time, especially if cars improve their environmental record every year. In fact, the best estimates are that oil products will account for 98 percent of all transportation energy needs in Europe over the next decade.**

**On the other hand, while the transportation sector may not change much, in all other energy sectors, change is hard upon us. The quest for an increased standard of living around the world, combined with the now institutionalized concern for the environment is going to have profound implications for us all.**

**You see, people who are seeking a better life for themselves and their children, whether they're in the growing markets of the Pacific Rim or in Bulgaria or in Britain, are going to require energy. They will care little if that energy is produced from oil or gas or hydrogen or coal. What they will want to know is, how much does it cost and is it same for the environment.**

**Realizing this, the energy industry is very quickly moving beyond traditional internal borders of activity. We see moves such as the Spanish oil company buying the Spanish gas company. At the same time, British gas, once simply a British utility company has announced its intention to evolve into a global oil and gas company.**

**My own company, Texaco, has developed a proprietary coal-gasification system whereby coal slurry is used to produce steam and electricity, all without environmental harm. If we can get the economics of the system right, it could have tremendous implications for Britain, for example, which would welcome the revival of the coal industry, if it doesn't mean more pollution. And indeed, the U.S. is the Saudi Arabia of coal – America needs this technology too**

**Texaco is in the energy business and so is every other major oil company. There's a convergence of energy interests taking place that will mean greater efficiency, more choice for consumers and a better deal for the environment.**

**But not, I suggest, if the wedge between economies around the world and the global environment keeps getting hammered in ever more deeply.**

**I expect that each of you has handled a case in which you thought to yourself, "I just wish these two parties would sit down and talked instead of trying to settle it all in the courtroom." Well, I have the same feeling.**

**We're in the business of providing energy for people who simply want a better life for their families. They want a steady job and more chances for their kids. At the same time, everyone wants a better natural environment. But we don't have to choose between them.**

**In fact, unless we have one, we will probably not have the other. Surely, Mr. Dickens, you can't have it both ways.**

**Oh yes you can.**

**Thank you.**

