

***Final-Term Paper, 12/08/99***

***Analysis of Markets, Competition and the Environment:  
Differences in Strategic Perspectives; and Corporate Economic Goals vs.  
The Environment and Environmental Policy***

Throughout the course, my analysis of the various guest lecturers always referred to the “battle” between industry and the environment/environmental policy. This “battle” is evident in every business/industry, government agency, and public interest group. These three players all have different, distinct strategies in order to succeed their agenda. The traditional strategies, along with a few of the more interesting strategies will be discussed from each side of the “battle”. I have also stated numerous times that business and industry, by nature, must degrade and destroy the environment. The basis of capitalism is to rape some aspect of our natural environment. This produces a situation where corporate economic goals conflict with government policy and goals along with the public’s environmental goals. In rare situations do corporate economic goals coincide with governmental economic programs. These conflicting and coinciding situations will be analyzed, drawing examples from various course lecturers. To conclude my analysis of these issues, the current direction of environmental policy will be argued, detailing a more sound, but difficult, approach.

***Major Differences in the Strategic Perspectives of the Analyzed Companies & Agencies***

The “battle” atmosphere within environmental policy produces a situation where industry is fighting against environmental legislation, government is attempting to enact and enforce these regulations, and public interest groups attack government and industry regarding public health issues within the environment. Most organizations within these three sectors uphold the traditional strategy of simply fighting the other two sectors.

Industries typical strategy has been to firmly lobby against governmental regulations in the legislative branch, and to contest these same laws in the judiciary branch. A common strategy among some industries has also been to simply ignore regulations, or find loop-holes in order to minimally full-fill the stated requirements. Many industries have also recently enacted a strong public relations campaign to assure the public of their “deep commitment” to the environment. This strategy is used to target the retaliation of many public interest groups against specific industries and businesses. This highly defensive strategy of industry has worked up until recently, where government agencies are now winning legislative and judicial battles, and the public is not fully buying various P.R. ploys.

Starting in 1969 (NEPA), the governments strategy has been to hit industry hard with regulations and laws in every aspect of environmental policy: air, water, and land

issues. This only initiated and heightened the battle. There have been recent realizations by government agencies that this tactic is not the most effective means of environmental change by industry. There have been small examples of increased industry involvement in government regulations, but this has been far from common practice. Government has also traditionally not listened to public groups, or allowed them to significantly shape policy.

Public interest groups have maintained a strategy of directly attacking industry, and government agencies at times. This includes bombarding their group members, and the public, with extensive facts and information on the environmental illegitimacies of the current law or specific industry. Many public interest groups have also maintained a strong legal staff, and use the threat of lawsuits as their weapon. Unfortunately, with the nature of the current governmental system, public groups have had little success in entering the environmental policy arena.

In order to be successful in this chaotic environmental policy situation, many organizations that we have encountered in class lectures have attempted less traditional, but very effective strategies:

1. Industry Sector: BHP Minerals (Mr. Roger Nelson). BHP employs a unique strategy of being very proactive within their companies own environmental policy. During the 1970's and 1980's, BHP was actually ahead of U.S. environmental policy. Mr. Nelson stated that "it was not a matter of law, they had the foresight that this must be done". They had the foresight because being ahead of everyone else in business, is the best way to succeed. So if they initiated environmental controls early, they would be ahead of the competition, and look very good to other countries, consumers, and most of all- the public.
2. Government Sector: EPA, Office of Mobile Sources (Mr. Mike Shields). The OMS is now setting some of its own standards (such as the standards to be implemented in 2004), without direct congressional approval, as stated in the 1990 CAA amendments. This is a great example of a government agency solely having control over the industry. The industry has no real input in the policy-making process, and this just extremely isolates them from the regulation-making that is directly affecting them. This allows the agency to set regulations without contest; it is easy and effective, but not very just.
3. Public Interest Sector: Sierra Club (Ms. Debbie Sease). The Sierra Club recently held Representative White (R) accountable to represent his majority environmental constituents, and how this generated pollsters telling the GOP to listen to the public's environmental concerns or it is political "suicide". This is the definition of success for a "watchdog group", and a perfect example of checks and balances. A public interest group directly holding a member of congress accountable for their mistakes is an excellent, fresh, effective strategy, that more public interest groups are attempting.

4. Business Interest Sector: Business Council for Sustainable Energy, BCSE (Mr. Michael Marvin). The BCSE employs a unique structure in which it grasps and represents businesses, for environmental interests. As Mr. Marvin stated, “BCSE is a business, we are not going to sacrifice business for the environment.” It seems that this may be a more effective way to eliminate the “battle”, and employ a more compromised approach. It seems logical to be a business in the business world, to be able to work with, educate, and represent businesses for a sustainable energy agenda.

### **Corporate Economic Goals Coinciding with Government Environmental Programs**

An excellent example of industries economic goals coinciding with a government environmental program is the current governmental push for electric automobiles. Most automobile manufacturers are currently researching and/or marketing electric cars. These manufacturers are embarking on this endeavor because of support and influence by a government program. On the surface, electric automobiles seem like a great alternative transportation. The car is driven, with no emissions or pollutants as direct by-products. When the automobile runs out of energy, simply plug it back to an electrical source. There is never any fumes, exhaust, or pollution to worry about. This concept is wrongly supported by many environmentalists, and strongly encouraged by a White House environmental program.

The obvious truth is that the electric car is polluting similar amounts of exhaust as conventional automobiles, just not by the vehicle, but by the power plant that is supplying the electricity. The cliché “out of sight, out of mind” might apply to this circumstance. In addition to automobile manufacturers possibly economically gaining from this “green”, government supported technology (though that is fortunately not the current case), the electric power industry is definitely gaining profit from this program. In essence, the electric power industry is stealing market share from the oil industry, who supply to conventional fossil fuel powered vehicles. I am also sure that the power industry lobbied the White House to support the electric car program. That should of seemed bizarre from the beginning; the power industry supporting a supposedly “green” program? Hmmmm.

This may be an example of coinciding goals by business and an environmental program, but in reality I believe that statement will 90% of the time be a contradiction of terms. The goals may coincide, but business will always have to make profit somewhere down the line, which is normally opposite of environmental goals. Like in this example, electric cars are labeled as an environmental sound alternative for the future, but the true objective may be an increase of profit and market share for the electric power industry.

## **Corporate Economic Goals Conflicting with Government and Public Environmental Goals**

The automobile industry provides a great example where their economic goals, and the mere nature of their business, conflict with government and public environmental standards and goals. The automobile industry manufactures a machine that operates by emitting pollutants that are harmful to the environment and public health. Government programs are in place to limit emissions released by these vehicles to protect the quality of the air and the public's health. The public has a goal, and a right, of having clean air to breathe for themselves and for future generations. A majority of the public also uses these machines for transportation, and they are viewed as a basic important aspect of our modern society.

The problem is that for the automobile industry to properly adhere to progressive air quality standards, they must invest in research and technology. Along with this investment and better technologies in the vehicles, comes a price to the consumer. But, the public wants vehicles that are affordable, stylish, and/or popular. Government demands vehicles that can pass strict standards, and involve innovative alternative fuels and technologies. This issue involves conflicting goals, and rights, in every direction. Unfortunately, the current position, and trend, is **against** cleaner cars thus a cleaner environment, and **for** big polluting vehicles (SUV's, that are a current result of a regulation loop-hole) that are damaging our environment and public health.

This issue is an example where industries economic goals are prevailing over the conflict with government regulations and public health goals. This is an unfortunate situation. The government wants clean air, but is allowing the industry to produce and market vehicles that basically violate standards. The public wants clean air, but purchases and enjoys vehicles that are the most detrimental to our public health and valuable air quality. This trend does not seem irreversible in the near future. (although in 2004, new standards are proposed to address this issue) The economy, and our wish for great luxuries, is triumphing over a less degraded environment.

## **Future of Environmental Policy within Markets, Competition, and the Environment**

A conclusion I have recently realized is the misdirection of the future of our current environmental policy objectives. It seems our government and society is content with taxing and regulating the manufacturers of our luxuries, instead of altering the consumer's consumption and frequency of these same luxuries. Industry is simply supplying to our demand, and our current environmental policy addresses the supply, instead of the demand. We are avoiding the root of the problem, and therefore using industry as our scapegoat to environmental change.

This thought should not be misinterpreted. Our current environmental policy of regulating industry, is bettering the environment. The issue is whether this is the best possible approach to maximum beneficial (long-term) environmental change. The current policy can best be described as still only affecting the "end of pipe" (industry), and not the root of the problem, societies habits. If we genuinely want to improve our

environment and public health, we must regulate ourselves, along with a laissez faire regulation of industry and business. This is no easy task, but it is targeting the **ROOT** of the problem.

### **Concluding Remarks**

Entering this course, I stated the first day of class, “I have little education or work experience dealing with business and markets in regard to the environment; a majority of my education and experience is in environmental science.” Now I believe I have adequate knowledge in the subject, and this knowledge has substantiated my goals of abandoning traditional policy and science as a means for environmental change. This does **not** mean that the course is poor in any manner, it has been a great learning experience that I desperately needed to better round out my breadth and depth of environmental knowledge. Thank you.