Profits Before Planet: the global failure of environmental regulation

Environmental regulation has failed to protect the planet and it is now time to look for systemic alternatives to capitalism.
by Chris Holberg

{mosgoogle}George W Bush has made himself unpopular by backing out of the Kyoto Protocol. That’s headline news. Astronaut Frank Culbertson has commented on the continuing destruction of our planet as seen from space. That’s headline news.

But some of the news that hasn’t made the headlines is far more worrying. Firstly, there is a growing body of evidence that environmental legislation is simply failing to meet any meaningful environmental targets. Second, there is now a reaction against the whole idea of corporate social or environmental responsibility. Burning up the Kyoto Protocol

It’s not just George W Bush who’s giving the Kyoto Protocol the thumbs down. The countries of Europe are supposed to comply with it, but a report by the European Environment Agency says that in practice only three EU countries are meeting their commitments to reducing greenhouse gas emissions - and the best performer is tiny Luxemburg.
Between 1990 and 1999, Britain reduced its greenhouse gas emissions by 14.5% and Germany by 18.7%. But over half of the other EU member states are likely to exceed their agreed share of the EU’s allowable emissions. Denmark is the worst offender, having increased its emissions by 4% against a target reduction of 21%.

But even in Britain, where we’re ahead of the game right now, the think-tank, Forum for the Future, concludes that the government is not taking a constructive approach to renewable energy projects and will miss its own future targets for carbon dioxide reduction by a wide margin.
The UK Round Table on Sustainable Development has also criticised the government’s stance on sustainability as ... unsustainable. The Round Table’s chairman, King Arthur (alias Derek Osborne) said: “... the Government is complacent in awarding itself a green light for making good progress towards targets for reducing greenhouse gas emissions ...We believe ... the world is still proceeding at a reckless pace towards disaster.”

In global terms, it is even more important to realise that the Kyoto agreement places little obligation on developing countries to reduce emissions. Many Western companies are even now shifting production from Europe to China and India. The net effect will be to help Europe meet its Kyoto targets, while doing nothing to improve the global environment.
Un-environmental regulation

Many other environmental matters that seem positive at first look, quite different when inspected more closely.

The latest US Toxic Release Inventory (TRI) figures, for example, show that the chemical industry in the USA is cleaning up its act. It raised production by 16% from 1995-99 while its TRI emissions fell by 19%; reductions in some specific pollutant emissions have been even more dramatic. This is a genuine improvement, which should be applauded, and the chemical industry has made similar improvements in many other countries.

That’s the good news. The catch is that what you may think of as the ‘nasty, polluting’ chemical industry accounts for only 9% of total TRI releases in the USA. Mining is responsible for 51%, and its TRI emissions went up substantially in 1998/99, leading to an increase of 5% in the total figure.

Over the last few years, many companies have signed up to the ‘environmental management’ standards known as EMAS and ISO 14001. A study of stock market performance concludes that companies applying these environmental management systems to operations in developing countries do better on the stock market than those who apply lower standards or none. Therefore environmental responsibility is actually good for profits and ought to be more widely adopted? Maybe not. Another study of environmental reporting and performance reveals that companies with such systems did not perform significantly better environmentally than those without them.

So what’s going on? It is difficult to be certain, but it’s most likely that the best-managed (generally more profitable) companies are also the ones that apply for environmental management systems. Whether those systems actually work for the environment is an entirely different question. Greed is our only goal

So we need to try much harder if we are to resolve environmental problems. But is the will to do so there? On the contrary, there’s a growing backlash against doing so.

Consider the words of Nobel Prize winner Milton Friedman: “Few trends could so seriously undermine the very foundation of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible.”

A lone voice? Hardly. Martin Wolf, writing in the Financial Times, observes: “Companies’ adoption of social responsibility is not just undesirable; it is potentially quite dangerous... the role of well-run companies is to make profits,

not to save the planet.”

The editor of European Chemical News claimed: “Shareholder democracy could do more to destroy capitalism than Lenin ever did,” and observed cynically, but probably realistically, that: “The vast majority (of pension fund managers) will opt for an ethical spin, if only because it will bring in investors. How they define or administer this policy is another matter.”
The trouble is, these critics are right. The brutal nature of the capitalist system parallels biological evolution. The ‘fittest’ companies survive and flourish while others die in bankruptcies or are eaten in takeovers. While some individual companies have taken a firm stance on social and environmental responsibility, if they become unprofitable they will be forced to change their tune - or risk being taken over by less responsible companies.

For some companies there will always be a financial incentive to exploit, to evade the law, to tell lies about products, to wage war upon the environment and to seek the cheapest form of production without regard for humanity. There is always room for various ‘moral traders’ but, taken as a whole, the capitalist system is necessarily amoral. More, or stricter, environmental regulations will not change that reality. You should draw your own conclusions, but mine are simple: If this is what we have failed to achieve after so many attempts at meaningful environmental legislation, then the current political and economic system is incapable of dealing with the problems we face, and no amount of protest or pressure politics can change that fundamental fact. Communism has failed, spectacularly and deservedly, but that should not prevent us from looking for further alternatives to the destructive systems we now live under.

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