

**PUBLIC POLICY AND THE ROLE OF CORPORATIONS:
LESSONS FROM THE CASE STUDIES**

The relative roles of governments and corporations in environmental stewardship are the subject of extensive literature and debate. The case studies presented above demonstrate a wide range of relationships between them, both in the creation of environmental problems and in the crafting of solutions.

The complexity of the relationship between Governments and corporations stands out particularly clearly. Corporations often want less government regulation in areas where such decreases will allow for larger profits. Yet the attitudes of Governments vary a great deal and within countries are subject to evolution, especially with changes in regimes or parties in power.

The case study of Valco in Ghana shows the evolving nature of government-corporate relations. At first, the Government and the TNCs agreed on the sale of cheap power for aluminium production in Ghana. Later, as losses to Ghana mounted and other problems became manifest, the Government wanted to increase electricity rates, but could not readily do so. Only after many years, and considerable economic and other losses, United Nations-assisted negotiations successfully changed the electricity rate.

The CFC example illustrates that as long as there was the threat of regulation of ozone depleting compounds in the United States, until about the middle of 1980, even non-United States based TNCs engaged in research into alternative chemicals. When the threat of regulation in the United States was lifted in early 1981, and they were similarly not under pressure from European Governments all major CFC-producing corporations, both in and outside of the United States, drastically reduced research and development of alternatives. That change in corporate policy coincided approximately with the change of administrations in the United States.

It was only after a non-governmental organization initiated legal action and the ominous warning of the Antarctic ozone hole in the mid-1980s that the Government of the United States again acted on this issue, followed by other Governments and by corporations. By 1987-1988, not only chemical producers, but user corporations began actively to research alternatives. Almost all the latter group of companies had previously been absent from the search for solutions, despite the fact that the loss of business to the users of CFCs in the event of a quick phase-out would be much greater than the losses to

the CFC-producing corporations. In the face of the Montreal Protocol, however, many of those companies have embarked on vigorous programmes of research and development.

Contrasted with this success story is the automobile case study. Privatization of public transport and sale of private transport based on trolleys and railroads to motor vehicle manufacturers has imposed great economic and environmental burdens upon communities and upon the globe. Road transportation was encouraged by Governments, which built extensive networks of roads, but did not commit comparable resources to public transport or to railways, especially in the United States. As a result, the physical structure of transport today is geared to inefficient road vehicles and to petroleum, and it will take a great deal of time and expense to change to non-polluting and efficient systems. That pattern is partly the result of the general ignorance of environmental problems which existed earlier in the century, but it is also a product of the relative laxity of Government in the face of evidence that TNCs with a vested interest in oil-based road transport were destroying public transport systems. More recently, although Governments have made significant inroads in many countries in increasing the safety and reducing emissions from vehicles, they have failed adequately to encourage high-efficiency vehicles through efficiency standards. The case study suggests that Governments continue to treat powerful automotive companies too leniently, leaving considerable room for corporations to manufacture products which are far more polluting than the best available technology.

The fertilizer case study highlights a different kind of government-corporate interaction, which has been productive in some respects and detrimental in others. The study is an example of government-industry *collaboration* in the development and propagation of food-production technology, first in the OECD countries and then its dissemination in developing countries. While the greenhouse gas emissions aspect of the problem was remote and ill-understood until recently, other economic and environmental problems, such as salinization of land, excessive use of pesticides and consequent water pollution and injury to workers, as well as regressive income distribution, were largely ignored while Governments and corporations pursued increases in food production and rapid expansion of fertilizer and pesticide sales. Government collaboration with industry on the green-revolution project has done little to combat and, in some cases, has exacerbated those problems.

As with the structure of transport, the structure of food production today is so intimately connected with the use of chemicals that it will be difficult and costly to change it. In both cases, even if political bodies decide to make changes a priority, they are likely to be met with substantial corporate resistance and the transition may be extremely painful. The net result has been to narrow social choice in those vital areas.

In sum, there is no fixed relationship between Government and TNCs on any one issue, even when the same country and the same corporation are being analysed over time. The relationship evolves, due to various economic, social, political and legal factors.

Some general conclusions can none the less be drawn from the case studies:

1. Corporations have so far insisted on demonstration of significant environmental damage before they will commit to large environmental corrective expenditures;
2. Governments have, with some exceptions (notably the United States, Canadian, Swedish CFC-aerosol bans), been reluctant to act and have gone along with corporate insistence of proof of damage prior to resource commitments. In some cases government-corporate

collaboration has been close, and that has contributed to the creation or aggravation of greenhouse gas emissions (as with fertilizer and automobile use).

3. Without government regulation, it is difficult to get rid of products and processes which are producing significant pollution.
4. Citizen pressure and non-governmental organisation pressure, as well as analyses from the scientific community, have played a vital role in calling attention to the problems and creating an atmosphere in which Governments and corporations can find the necessary resolve to act.
5. Regulations at an international level are needed for global problems. While national regulations have reduced the scope of the problem, especially when large consuming countries like the United States restrain use, success cannot be achieved without near universal participation. Even in the relatively inexpensive case of CFC-use in aerosols, a failure of most heavy-use countries to promulgate regulations resulted in 2.5 billion kilograms of needless emissions of CFCs within the last decade.¹⁰⁷

A restructuring of corporate policy with respect to the environment is clearly needed. These case studies suggest that success will require a combination of efforts taken by corporations and Governments at the national and international levels, as well as pressures from non-governmental organisations.