

SELFISH CONSERVATION -- USING ECONOMICS INCENTIVES FOR GLOBAL ENVIRONMENTAL CONSERVATION

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ABSTRACT

Environmental degradation is one of the most urgent threats that humanity is presently facing. It is characterized by global warming, climate change, and environmental pollution. It has not only caused a loss in vegetation, wildlife and habitat, it has also led to the melting of polar ice caps, which has, in turn, caused an increase in sea levels. This paper has analyzed the negative impact that environmental degradation has had and is expected to have on not just natural resources, but also the productivity and health of humans. Conventional methods of environmental protection have a humanistic appeal, which is usually ignored by Multinational Corporations that only seek to earn profit irrespective of the social cost of their activities. They are also the biggest contributors to environmental pollution. This paper has examined the efficacy of using economic incentives to promote the culture of environmental protection in companies. Appealing to their self-interest through economic incentives such as green taxes and subsidies is an effective tool to promote social and environmental consciousness. This paper has also sought to provide policy recommendations that would increase the effectiveness of economic incentives in curbing global environmental degradation.

Keywords: Environmental Degradation, Global Warming, Climate Change, Natural Resources, Global Environmental Conservation

INTRODUCTION

Environment degradation refers to the changes and disturbances in the environment which cause its quality to deteriorate or degrade over time. It is characterized by the depletion of natural resources such as air, water, and soil, the destruction of ecosystems and habitat, the extinction of wildlife and air pollution (Johnson, 1997). The degradation of the environment reduces its capacity for meeting the social, economic and ecological needs of society. It has been asserted in the scientific community that human activity has pushed the Earth into a sixth mass extinction event (Ripple, 2017). Overpopulation and overconsumption of resources by human beings has

reduced the availability of natural resources to all organisms (Pimm, 2014). Human Activity has also degraded the quality of water, air, and soil, resources that are imperative to sustain life. The most pressing issue in environmental degradation, however, is climate change and global warming. Global warming refers to the sustained increase in the temperature of the Earth and its atmosphere. Industrialization, Animal Husbandry, and Pollution are activities that have contributed to Man-Made Global Warming in the past two centuries. This causes climate change which is characterized by shifting weather patterns that threaten food production and rising sea levels that increase the risk of catastrophic flooding.

According to the United Nations, the last four years have been the hottest on record. A 3-degree increase has been recorded in the temperature of the Arctic since 1990 which has contributed to the melting of polar ice caps and an increase in sea levels (United Nations Climate Action Summit, 2019). The United Nations considers climate change a global emergency since human beings only have 11 left to prevent irreversible damage from climate change (United Nations, 2019).

Climate change and environmental degradation have been major issues of focus in contemporary political discourse. Several policies and guidelines have been formulated and implemented to control pollution, global warming and other forms of environmental degradation. In a capitalistic world, some of the most popular policies of controlling climate change are directed towards corporations. Countries across the world have given economic incentives to corporations to adopt environmentally friendly. These incentives are both positive and negative. Negative incentives include the imposition of 'Ecotax' which is an extra tax levied on those companies that are involved in activities that degrade the environment. Examples of eco-tax include Carbon taxes for the use of fossil fuel, Severance tax on the extraction of minerals and waste disposal tax (Pogge, 2001). Similarly, positive incentives are given through subsidies, bounties and tax breaks to those companies that adopt environmentally friendly practices to restrict the social burden of business. Deposit- Refund systems are mechanisms under which a potentially polluting product is given a price that includes an amount which is refundable if it is returned (Beder, 2001). Environmental Protection is a very common theme in the Corporate Social Responsibility campaigns that large corporations in many countries are required to run.

The efficacy of economic incentives to restrict environmental degradation can be evaluated by comparing indexes such as the carbon footprint and also by analyzing the individual actions of corporations. Environmental Protection has not received the attention it deserves for a long time primarily because people and governments have not realized the urgency of the problem. However, this mindset has started to shift as Climate Change has started to occupy a more central position in political discourse and policy-making.

BACKGROUND

Economic incentives can be very effective in curbing activities that degrade the environment. Most businesses engage in such activities to reduce costs and generate more revenue. Therefore, economic gain is the incentive behind corporations being indifferent to the environment. Banning all such activities is not a feasible solution since it would cause economic activity to slow down. Economists believe that the ideal way of forcing corporations to adopt eco-friendly activities is by setting up an economic incentive structure. Corporations do not usually bear the economic burden of activities that pollute and degrade the environment. The Industrial Revolution which led to the inception of Global Capitalism is directly linked to unprecedented and increasing rates of environmental degradation. Many of the worst environmental disasters such as the Bhopal Gas Tragedy, The Gulf Oil Spill, and the Minamata Tragedy have been caused by the actions of Multinational Corporations. Even beyond such abnormalities, the actions of corporations impact the environment negatively around the world, and this impact is felt by those who are at the bottom of the socio-economic pyramid (Knufken, 2010).

Research has found links between the spread of Multinational Corporations and environmental degradation (Sripada, 1989). This impact is significantly worse in developing and underdeveloped countries because of the economic leverage of MNCs (Varoufakis, 2011). Corporations usually escape this cost except for infrequent fines and penalties. Therefore, governments seek to give economic incentives to corporations to avoid such activities. These incentives shift the burden of environmentally degrading activities back to the corporations by making them incur a direct cost (negative incentives) or an indirect cost (positive incentives). Instruments such as Carbon Credits incentivize companies to be more environmentally cautious in a free market economy (Kenton, 2019).

Corporations have successfully deflected the blame for environmental pollution by understating facts or directly shifting the blame to other parties over the past few decades. For example, In the first days following the Gulf Oil Leak, in an attempt to minimize the extent of the damage, British Petroleum went on record to state that only a few gallons were leaking daily, and that every effort was being made to plug it up and end this disaster. However, what British Petroleum referred to as a few gallons, turned out to be a leak 40,000 every day (Knufken, 2010). Moreover, the economic might of corporations such as BP allows for immense power in political lobbying. This not only allows them to block restrictions by arguing for deregulation and 'freedom' but also allows them to shift responsibility in the political arena. Many recent legislations that have been passed to curb environmental degradation are characterized by the individualization of the blame for environmental pollution.

The many American States including California and Seattle banned plastic straws in 2019 as in an attempt to reduce the production and consumption of plastic (Brueck, 2018). Social and Political discourse around environmental protection is also concentrated around individualistic choices such as conserving electricity and water. Despite the benefits of such policies, the individualization of the burden of environmental protection in discourse allows corporations to escape the blame of environmental degradation. This is problematic because the impact of individual choices on the environment is negligible when compared to the impact of activities that corporations engage in to earn higher profits. Research has found the impact of policies such as banning of plastic straws to be mixed. This is because society might give a pass to activities that are worse for the environment because of implementing one small change which might be insignificant due to the ‘Singly-Action Bias’ (Brueck, 2018).

DISCUSSION

Environment Policy refers to the commitment of an organization or government to the laws, regulations and other policy mechanisms concerning environmental issues. These issues include reduction of pollution, maintenance of biodiversity and protection of natural resources. They are intentionally drafted and implemented to reduce the negative impact that human activity has had on environmental resources (McCormick, 2001). Centralized environmental policy, when implemented strictly, has often led to tangible results.

The quality of air was extremely poor in the 1940s and 1950s in the United States of America. There were increased levels of lead in the bloodstreams of people due to automobile emissions. The Clean Air Act of 1963 aimed to reduce emissions and the pollution caused by the same. Between 1968 and 1998, In 2002, a report by the Journal of American Medical Association credited the act's automobile emission regulations with reducing carbon monoxide related deaths, saving 11,700 lives between 1968 and 1998 (Cardoni, 2010). The Ozone layer is responsible for keeping the Earth Warm and shielding it from harmful radiation. In the 1970s researchers found a hole in the Ozone layer around the Arctic Circle. This was caused due to the emissions of CFCs (Chlorofluorocarbons) into the Earth's atmosphere which has increased the risk of exposure to harmful radiation. The Montreal Protocol is an international agreement that was enforced by more than 20 countries in 1989 to curb the depletion of the Ozone Layer. As a result of the international agreement, the ozone hole in Antarctica has started to recover. Climate projections indicate that the ozone layer will return to 1980 levels between 2050 and 2070 (Ewenfeldt, 2014). Due to its widespread adoption and implementation, it has been hailed as an example of exceptional international cooperation in preventing environmental degradation.

However, such examples of international cooperation are extremely rare. This is because human beings seldom act upon damage unless it impacts them in the immediate future.

This defining characteristic of humans, as selfish beings, has been a popular theme amongst the work of many philosophers. Thomas Hobbes argued that human beings in their natural state were not superior to one another. He explained that people were therefore afraid of one another which played into their fear of each other and the need to preserve life (Hobbes, 1651). The need for self-preservation, which has translated into greed is considered to be the driving force behind human selfishness. Rousseau, the French philosopher had a different take on human behavior. He considered human beings to be a clean slate and human actions', a consequence of societal pressures and forces. Therefore, he blamed the modern society, and the ownership it entails, for greed and selfishness which disrupt the state of nature which he described as true freedom (Rousseau, 1751). Even though most assertions and characterization about human beings as selfish creatures were made even before the Industrial Revolution, they have held over time. The philosophical question about personal incentives and deterrence to human beings can be applied in the context of environmental degradation. Profit-oriented Multinational Companies have earned billions by willingly engaging in activities that are known to damage the environment. Conglomerates such as Koch Industries have deliberately harmed the environment by repeatedly exploiting loopholes in regulations (Dickinson, 2014). The best way to counter climate change and environmental degradation is by pandering to the selfishness of corporations. Methods that allow large corporations to profit from reducing the carbon footprint or working for conservation are considered to be very effective. These economic incentives might include tax breaks for companies that implement sustainable practices, the imposition of green tax on corporations that exceed mandated limits of pollution, and setting up of reward systems through the use of carbon credits. By increasing or decreasing the profit finally available to be distributed as a dividend to shareholders, these instruments ensure that corporations work to conserve the environment, even if the corporations do that seeking their economic self-interests.

Anthropocentrism refers to the view of the world which places human beings at the center of the world. It argues that human beings are the most important entities and human interests should be placed above everything else (Plumwood, 2002). Anthropocentrism permeates all ethics, including environmental ethics (Winters, 2017). Effective environmentalism, therefore, must pander to human-centric concerns. An Anthropocentric outlook is considered to be a powerful tool to assign significance to environmental issues. Environmentalists employ metaphors and analogies of familiar inter-human relationships to make human beings' relationship with nature more relatable. Such comparisons make conflicts related to the environment seem as important as conflicts amongst humans. Books such as the Silent Spring have drawn comparisons between war and environmental damage so that people view the latter with the same sensitivity and

concern as they would view an event that causes the loss of millions of human lives. Ethical judgments associated with greed cause readers to evaluate the impact of their actions on their human self-worth rather than on the health of the environment for the environment's sake (Winters, 2017).

CONCLUSION

Many policies can further motivate corporates to be environmentally friendly. The government can impose subsidies on renewable forms of energy to incentivize corporations to switch to them. Subsidizing solar energy and wind energy increases their demand. Unlike conventional sources of energy such as coal and fossil fuels, wind and solar energy are more environmentally friendly. Subsidies can also be used to create a market for recycled commodities. The reduction of the price of recycled products that are used as raw materials by companies through subsidies will lead to an increase in demand for environmentally friendly products (EPA, 1991). The government should also mandate companies to disclose their carbon footprint so that people can rationally choose which corporation's products they want to consume. The disclosure of environmental indexes of a company is very effective when buyers are conscious about the environment. Environmentally friendly companies would be preferred, which would lead to the imposition of an opportunity cost on other companies which might cause them to reform their practices.

The impact of environmentally degrading activities undertaken in one country can be felt in other countries. For example, the use of CFCs across the world led to the depletion of the ozone layer above the Arctic Region. Therefore, it is important for policy measures to be implemented only by countries individually but also by the international community collectively. A uniform international tax on greenhouse emissions should be imposed and the total tax revenue collected should be distributed to the participating countries according to the impact of environmental degradation faced by them (Stavins, 1997). The joint implementation of regulations also minimizes the possibility of multinational companies shifting to other host nations to escape regulations and save costs.

Multinational Corporations usually find loopholes around conventional regulation and avoid them. Climate change is by far the most urgent threat that faces all of humanity today. In just more than a decade, the negative impacts of human activity on the environment are said to become irreversible, if degradation continues at the present rate. This issue has finally come to the center of political and social discourse. Climate change has become a central theme in the Democratic Primaries in the United States (Wagtendonk, 2019). One of the best ways to prevent multinational corporations from doing this is by incentivizing the biggest polluters to conserve

the environment is by giving them economic incentives. Allowing somebody to pursue their self-interests (in this case, increasing profit), at times, is the most effective way for them to care about social issues.

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