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# Busy Corporations: The Effects of Corporations on the Environment and the Public

Markus Craig

*This paper is the result of one semester's research into the external costs of corporate structure, detailing some of the corporate business practices, their inherent implications, and effects on the environment and on people. This paper helps unravel the adversarial relationship between modern corporations and the environmental and labor movements in the US, concentrating on a survey of the literature of the last two decades and isolates some major themes fundamental to an understanding of this important debate.*

It seems that, at every turn, industry is in conflict with the natural world around it. Both humans and the environment seem to be under a never-ending onslaught from the economic community. From the tropical rainforests, to the oceans to the streets of urban America, massive financial corporations such as ADM and Mitsubishi are using loopholes in the tax codes, as well as the influence of monetary contributions to public officials, to exploit the natural world: "I feel strongly that there are lots of notorious things going on to make money—things that produce pollution, give discomfort and suffering to people in the developing countries, destroy the environment. And people do this without any hesitation...I call it inhuman—anything to make money...We have to do something as soon as possible to put a stop to this" (Bando 1994:56).

Profit, having little or no respect for intrinsic beauty, human dignity or the sanctity of animal, botanical, or human life, is the driving force. This is particularly disturbing, since "...irrefutable evidence has mounted that there is an intricate interdependence of both the world's economy and the world's ecology" (Sitarz 1993:3).

Ecologist Paul Ehrlich once expressed surprise to a Japanese journalist that the Japanese whaling industry would exterminate the very source of its wealth. The journalist replied, "You are thinking of the whaling industry as an organization that is interested in maintaining whales; actually it is better viewed as a huge quantity of [financial] capital attempting to earn the highest possible return. If it can exterminate whales in ten years and make a 15% profit, but it could only make 10% with a sustainable harvest, then it will exterminate them in 10 years. After that the money will be moved to exterminating some other resource" (Ehrlich 1985:163).

This is a scary thought, but nonetheless a reality. But this is not the only example of such environmental atrocities. One need only look at the devastation of South American rainforests to know what some corporations are capable of doing: "Multinational companies compound this destruction, extending their tentacles into the last remaining hinterlands in search of

cheap timber, oil, and precious minerals. As these forces advance, the forests are cut down and burned off at a steadily accelerating pace" (Chapin 1992:63).

The evidence can be seen in the US as well. Well-known environmental writer Alan Durning points out that, "Since 1940 Americans alone have used up as large a share of the earth's mineral resources as all previous generations put together" (Durning, 1992:23), and "[The] amount of rural land in the United States turned over to development every day [is] nine square miles" (Durning, 1992:148).

According to the World Resources Institute, "In the last 200 years the United States has lost 50% of its wetlands, 90% of its northwestern old growth forests, 99% of its tallgrass prairie, and up to 490 species of native plants and animals, with another 9,000 now at risk" (WRI 1993:159).

## HUMAN COST-BENEFIT ANALYSIS

Humans are also exploited. Treatment of the human animal in the corporate structure consists of a simple cost-benefit analysis (Figure 1). This assessment of the usability invested in the man hour unit is all that is necessary to decide one's fate: if the resource shows a profit it should be exploited; if the equation shows that the entity is no longer profitable, the loss is cut. This is strictly economics; employees are expected not to take it personally when the economic equation necessitates the "downsizing of the workforce."

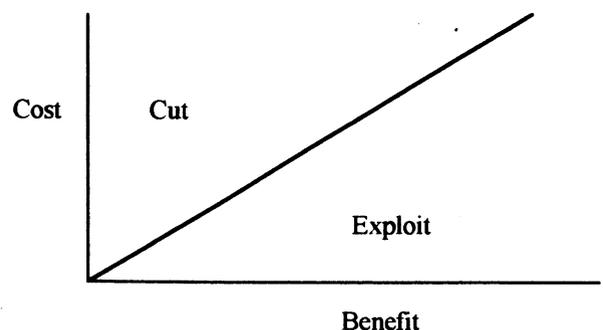


Figure 1. Human Cost - Benefit Analysis

However, most employees do take it personally when, after 10 or perhaps many more years of working for a company, they discover that the company bases its entire policy for treating its employees on a subjective equation. "The reliance on cost benefit analysis (CBA) has often been a source of controversy, principally because of the practical difficulty of assessing indirect and intangible costs and benefits" (Thompson 1994:104). Workers have spouses and children who depend on them for healthcare, for the roof over their heads, and for food in their stomachs. The human side of this equation must not be forgotten.

The economic state of the common working man is debated. According to some sources, the average worker in America is wealthier than at any time in history: "People today are an average four-and-a-half times richer than their grandparents at the turn of the century" (Durning, 1992:23). But this increase in material opulence has come at a cost, as revealed by these facts:

"Employed Americans spend 163 hours more per year on the job than they did in 1969" (Schor 1991:29).

"Percentage of American workers who report feeling "used up" by the end of the day: 42%" (Lawler 1993).

"Percentage of Americans earning over \$30,000 a year who said they would give up a day's pay each week for a day of free time: 70%; Percentage of Americans earning less than \$20,000 a year who said they would make the same pay-for-free-time trade:48%" (Hymowitz 1991: B1, C4).

"Americans spend 40% less time with their children than they did in 1965" (Mattox, 1991:6).

These statements indicate that the American worker is spending more time as an employee and less time as a human being. In 1989, it was reported that 75% "of workers ages 25-49...would like to see a return to a simpler society" (McLeod 1989).

### LABOR AND UNIONS

The labor movement has long been a driving force for workers' rights in US society. Although not without their problems, unions are at times the only means by which employees get a fair shake. The road has been long and hard. For example, on Memorial Day in 1937, steel workers in Chicago were demonstrated for better working conditions and pay. The company response was to call the police. As a result, "ten were killed and eighty more were injured," as they were "gunned down by police" (Fallows 1985:49). Some will say this is all in

the past, yet even today serious concerns are being addressed by unions.

According to the United Paperworkers International Union, AFL-CIO, CLC (1995), James Beals was fatally overcome by toxic propylene oxide inside a corn-processing tank on May 15, 1990, while he was working at the Decatur, Illinois, A.E. Staley Manufacturing Company (A.E. Staley is associated with several international corporations, including Archer Daniels Midland, Tate & Lyle, and Pepsi-Co. In response to Beals' death, "the US Labor Department's Occupational Safety and Health Administration (OSHA) [subsequently] ...issued a proposed \$1.6 million fine on 298 serious and willful health and safety citations" (United Paperworkers International Union, AFL-CIO, CLC, 1995).

This story doesn't end there. On June 27, 1993 Staley locked out 762 workers at 3 A.M. The company also informed workers that within one week all "bargaining unit" health insurance would be cut. Since then, hundreds of people, including a Catholic priest and several nuns, have been beaten and pepper gassed while protesting the company's actions (United Paperworkers International Union, AFL-CIO, CLC, 1995).

### PERSONAL EXPERIENCE

In 1995, the author took part in a strike against American Signature Graphics, Incorporated, in Lincoln, Nebraska. American Signature is a subsidiary of Fuji Bank in Japan, which took over the company after the previous owner defaulted on the loan. This previous owner is alleged to have walked away with an unreported amount of capital, while the company and employees were left to be exploited by Heller Financial, Fuji's paper puppet company.

For several weeks the author joined fellow strikers on the picket lines at four o'clock in the morning in the freezing rain in order to keep the pay and benefits remaining after several already-agreed-upon concessions. The concessions were said to be necessary in order to keep the company competitive. "Competitiveness is the word corporations use whenever they want to do something that hurts people and their communities" (UPIU, AFL - CIO, 1995).

In the end, employees agreed to wage freezes, higher insurance co-payments, and longer working hours. National Labor Relations Board charges were filed and ruled in favor of the unions both in Lincoln and at the sister plant in Atlanta, Georgia, where the strike was finally settled in late 1996, over three years after it began.

A question still remains as to whether the company will appeal.

A note of interest here is that Nebraska is what is called a "right-to-work" state. This means that a person employed under a bargaining unit agreement does not need to be a union member in order to receive benefits derived from a union agreement. Dues paying members are also legally and financially responsible to represent a non-member in a dispute with the company.

Many union members involved in this strike felt a great deal of animosity towards the few who crossed the picket line. Most returning strikers did not feel it was fair that the "crossovers," or "scabs," as they were termed, should receive the same rewards. It seemed to some that the crossovers received more rewards than those who unwaveringly held vigil on the picket lines.

This author questions the morality of the rules regarding right to work states. These are the same types of rules that were discussed at the federal level by the Bush administration and other big business proponents.

#### ETHICAL THEORY: ITS APPLICATION TO ETHICS IN BUSINESS

For thousands of years, philosophers have tried to define "the right thing to do." In 390 BC, Plato quoted Socrates in the *Republic*, "We are discussing no small matter, but how we ought to live." In the *Groundwork of the Metaphysics of Morals* (1785), Immanuel Kant introduced the idea of human dignity: "Act so that you treat humanity, whether in your own person or in that of another, always as an end and never as a means only." Others believe this means that "we may never manipulate people, or use people, to achieve our purposes, no matter how good those purposes may be" (Rachels 1993:129).

In his *Treatise of Human Nature* (1740) Hume, who believed that man should not consider himself special in the overall scheme of the world, expanded on this idea: "The life of a man...is of no greater importance to the universe than that of an oyster."

The idea of utilitarianism was probably the next major step in the study of morality, and "can be summarized like this: The morally right thing to do, on any occasion, is whatever would bring about the greatest balance of happiness over unhappiness" (Rachels 1993:90-94). This theory of utilitarianism is probably the basis for cost-benefit analysis used so often by businesses and corporations. The limitation of both is the inability to assess all assets and liabilities: direct and indirect, tangible and intangible.

More recently, the idea of morality and ethics has been applied to business with limited success. Some people would consider the term "business ethics" an oxymoron: "The problem is that the discipline of business ethics has yet to provide much concrete help to managers...Business Ethics [is] Like Nailing Jell-O to a Wall" (Stark 1993).

Corporations should be considered rational, "free agents capable of making their own decisions" (Rachels 1993:128), and therefore, under the social contract theory (see below) should be "...held morally liable for their actions" (DeGeorge 1991:157). These actions include a responsibility "...to the workers...[and] to society in general," and an "obligation not to harm the environment...." In 1987, Nobel Peace Prize winner Oscar Arias warned, "if we allow organization and science to be detachable from human values, they can be used to murder as easily as to protect...ethics is...an integral part of human survival" (Arias 1994:270-271).

Corporations make decisions and take actions which can be damaging to the environment and to people, including employees; however, corporations have an ethical responsibility towards society and the environment. How can these massive financial entities be brought under control?

#### POLITICS: THE INFLUENCE OF POLITICAL ACTION COMMITTEES

There are two ways in which business is controlled: through the mechanism driving profit, and by the laws and regulations of the government. (Although activism and boycotts impact consumer consumption and can be key instruments in effecting change, they will not be discussed here.)

The main purpose of government in a democracy is to serve the interests of the people: "Law is the end result of an ethical consensus in a community" (Minow, 1994:186). Ethical theory's "social contract," the rules of morality which govern our actions in order to provide mutual benefit for all, is "...an implied agreement among all members of society to accept a limited set of rules or principles that make social cooperation possible" (Thompson 1994:33-34); this agreement is the foundation of society and public policy. Public policy has been on a definite swing to the right in the last few years; social welfare is being considered for cuts by well-meaning politicians.

The goal of these policy changes is the lowering of expenses on the implementation of public policy. This policy is influenced by special interest: "The average US Senator has got to raise something like \$20,000 each and

every week he's in office, basically to buy TV time for re-election. The result...is that special-interest funding dominates Congress" (Minow 1991:189). This is where politics and public policy meet: "Politics is the process by which individuals and groups try to influence or control the policies and actions of governments, whether local, state, national, or international. Politics is concerned with who has power over distribution of resources and benefits—who gets what, when and how" (Miller, 1994:659).

Millions of dollars are spent each year by large corporations to further their political agendas, including donations to special interest groups called Political Action Committees (PACs); the PACs use this money to finance campaign contributions to politicians who favor their cause. The special interest groups do no less than buy their way into the political arena. "When is it a bribe and when isn't it?...That's one of the difficult ethical questions...It's probably a bribe if it's to gain a competitive advantage in a secretive way" (Joseph 1994:41).

Many corporations donate heavily to anti-environmental groups, some of which are quite clever at concealing their purpose; these organizations include the Environmental Conservation Organization (ECO), "who want to narrow the government's definition of wetlands, so they can build things on them;" and the Abundant Wildlife Society, which uses the slogan, "Fighting for North American Wildlife" (Aeppel 1995:A1, C4). What this really mean is, "the best way to promote wildlife coveted by hunters, such as deer and elk, is to kill predators, especially wolves (Aeppel 1995:A1, C4). One of the most outrageous is the Sustainable Development Coalition, who chose the name because, "We wanted something catchy" (Veight 1995:A1, C4). What they really want is to "scuttle a global treaty to protect biological diversity, [claiming it] is part of an international plot to 'create a centrally controlled, planned society' built around nature worship" (Aeppel 1995:A1, C4).

By taking ecologically-friendly-sounding names, these anti-environmental PACs are participating in what some environmentalists term "ecopornography" (Miller, 1994:668). But their actions go far beyond just the taking of a name: "When accused of using wildly exaggerated and false smear tactics against environmentalists to raise money and spread distrust, hate, and fear, Ron Arnold, an expert rabble rouser and leader for the 'wise use movement' [a national anti-environmental coalition of grassroots groups funded primarily by developers in the timber, mining, oil, coal

and ranching industries] said, 'Facts don't really matter. In politics, perception is reality'" (Miller 1994:668).

A partial listing of some of the corporate donations to anti-environmental PACs include, as reported by Citizen Action, 1) donations to the "anti-clean water act": Chevron Corporation, \$73,002; Ciba-Geigy Corporation, \$56,750; Exxon, \$47,550; General Electric, \$170,925; National Cattleman's Association, \$151,150; RJR Nabisco, \$265,900; and United Parcel Service, \$505,770 (Citizen Action, 1995a); and 2) donations to the "anti-Civil Justice act": American Council of Life Insurance, \$175,115; American Medical Association, \$145,750; Coca-Cola Company, \$50,450; Coca-Cola Enterprises, Inc., \$48,420; General Electric, \$170,925; and Philip Morris, \$194,300 (Citizen Action, 1995a). Millions are donated to these PACs by companies which represent the chemical, oil and gas, pulp and paper, pharmaceutical, hazardous waste incinerators, and other major polluting industries.

What do the PACs do with this money? The contributions to Congressmen in the House from PACs opposed to environmental and health regulation alone totaled \$5,676,349.00 for the period 1/1/95 to 7/31/95 (Citizen Action, 1995b). To whom does this money go? \$1,474,412 (26%) went to House Democrats and \$4,201,349 (74%) went to House Republicans (Citizen Action 1995b). A partial listing of the donations by corporate special interest PACs to individual Congressman include Gingrich (R-GA), \$213,274; Delay (R-TX), \$194,171; Biley (R-VA), \$172,428; Livingston (R-LA), \$156,336; and Christensen (R-NE), \$78,133 (Citizen Action, 1995a).

These numbers are staggering, but are only part of the extent of corporate influence. Corporations also have an indirect influence on public policy (and opinion) through the media. "For most public policies, key actors are the legislative branch, the executive branch, interest groups and the press" (Thompson, 1994:14). Although the news and other press functions are supposedly unbiased, it isn't difficult for corporations to control the flow of information when they "own the highway."

So now we're back to square one: people. And where does this leave the environment? It is caught in the middle of a evolving cycle of money in a capitalist society (Figure 2).

## SOLUTIONS

What can be done to alleviate the problems of corporate involvement? The first step is to become aware. This article is written in the hope that words can and will

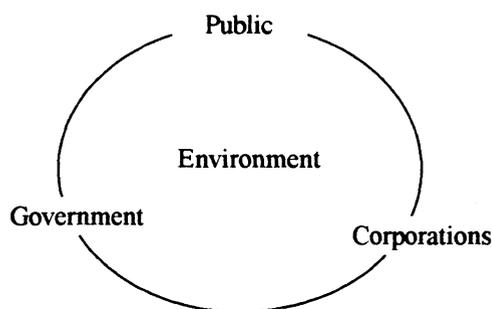


Figure 2. *The cycle of money in a capitalist society.*

influence public opinion. The second step is to take action; be a wise shopper, write your congressman, make your vote count.

The next step is to get the money out of politics. The most effective means the public has to control the large corporations in this country is to reduce the corporate monetary influence in politics. G. Tyler Miller Jr. (1994) suggests the following three ways for reforming election finance: 1) Let the people (taxpayers) alone finance all election campaigns; 2) Bar incumbents from using free mailing, staff employees, or other privileges to aid their election campaigns; and 3) Limit all campaigns to eight weeks before an election.

In early 1995, the legislative branches of government passed new rules for lobbying in Congress. Citizen Action (a publicly-funded political watchdog organization) calls this bill "inadequate." The bill does little more than require a lobbyist to "register, provide a list of their contacts in Congress and the executive branch, identify the issues on which they lobbied, and report how much they were paid to do so" (Knight-Ridder Washington Bureau, November 30, 1995). The measure does nothing to curb the amount of money donated directly to politicians or their campaigns. Also neglected in the rules update was the issue of "soft money," which is donated to political committees and doled out to individual candidates.

Kidder, reminding us of the importance of being involved in the solutions, sounds the alarm: "As the century ends, the prospect of an uncertain, complex, and fragmented future impels a heightened search for points of moral stability as platforms for problem solving" (Kidder, 1994:9). In his book, *Shared Values for a Troubled World*, Kidder stresses that, "Global problem solving...has become...essential to our survival" (Kidder 1994:10-11). Kidder, attempting to derive a "global code of ethics by interviewing some of the most notable authorities in the fields of religion, education, economics, literature, and politics, concludes that the "core values for

humanity" are love, truthfulness, fairness, freedom, unity, tolerance, responsibility, and respect for life. Oscar Arias remarked about the particular importance of the involvement of young people in the effort to find solutions: "Do not lose faith. Do not accept hatred as necessary or natural. Do not be satisfied with the claims that injustice is inevitable or poverty merely regrettable. If each young person learns to trust his or her own conscience, the world will hear a clarion call for change that has never been equaled" (Arias, 1994, p.272).

An additional point made in Kidder's book is that technology leverages morals. For example, it took only the moral decision of one man to ground the Exxon Valdez, the costs of which are still being counted. There is "...no ethical lapse you could have found in a nineteenth-century sea captain...that could have had the massive effect of their modern, high-tech-driven counterparts (Kidder 1994:10)."

If technology leverages morals, then, too, power leverages the *use* of technology. Therefore, those with the greatest power have a *greater* moral responsibility. So far this responsibility has *not* been met by those in charge of the largest and most powerful corporations in this country and around the world.

Przewozny pointed this out clearly: "Simply because I possess the land through which a stream is flowing...I cannot do with that stream what[ever] I want...property [brings with it]...a social duty...most of our economic theories don't pay enough attention to this" (Przewozny 1994:79). This inattention is attributed to "an ethical lapse, brought on by the divorce of the science of economics from moral values" (Kidder 1994:79).

This remark by Aldo Leopold, one of the great environmental writers of this century, is a fitting conclusion: "A thing is right when it tends to preserve the integrity, stability and the beauty of the biotic community. It is wrong when it tends otherwise" (Leopold 1949:224 - 225).

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