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Corporations and Environmental Responsibility: Considering the Moral and Financial Implications of Oil Spills, Fracking, and Controversial Pipelines

Sarah Becker
Ursinus College, sabecker@ursinus.edu

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By Sarah Becker

To the EnerCo Board of Directors,

As you are all aware, EnerCo has been the forefront of environmental scorn and controversy in recent years, a fact which has likely contributed to the declining profits the company has experienced for at least the past five years. As a company we must remain in tune with the demands of the public and the feedback they offer in their purchasing power. There is no surprise our profits have declined while the company name and image are so inextricably linked in the public eye with images of oil spills, fracking fluid contamination, and human rights violations. The only means by which EnerCo will feasibly experience profit growth within the next two years is to improve the public perception of our corporation, not only by addressing the scandals in which we have been implicated, but also by shifting our means of production further from nonrenewable energy products that act as the root causes of these issues. We must individually address both the ethical and environmental concerns surrounding the three major disasters in which we have been implicated: 1) the failure of our Artic operations oil rig, 2) the lawsuits brought against our fracking operations regarding chemical spills, and 3) the development of our oil pipeline near Native American lands. Any potential financial losses we may experience in addressing these issues can and should be recovered or supplemented in investing our resources in inventing new technologies for the cleanup of spills and for renewable energy sources. Though the profits may not be immediate as the renewable energy industry is constantly expanding they will be substantial, especially with the more ethically incline company image bolstering sales.

In agreeing to the ethical and environmental changes mentioned above, and described in further detail bellow a distinction must be made between the company engaging in the practice of ‘greening’ versus that of ‘greenwashing’ (Clapp & Dauvergne, 2011). Social greening is the process by which corporations self-impose voluntary initiatives and actively pursue them in order to enact profound and significant change in the environmental performance and practices

of these firms (Clapp & Dauvergne, 2011). Greenwashing, in contrast, is defined as "a phenomenon in which a company tries to convince consumers and shareholders that it is environmentally responsible, where the purpose is more about image than substance" (Clapp & Dauvergne, 2011, pg. 183). Assuming the practice of greenwashing is ethically irresponsible as no environmental progress can be attained under such deception, and instead it attempts to justify the continuation of environmental degradation. As an energy company whose primary directive should be to improve the livelihoods of the individuals and communities we service by providing them with the energy resources that improve their standards of living, we should not counteract that purpose with a desire for personal gain that overshadows the potential good we have to offer. Pursuing a course of greenwashing over that of greening may even worsen our rapport with environmental activists, and negate the improvements we wish to bring to the company. Deceiving the public to whom we are responsible is morally reprehensible as the deception would be to benefit ourselves and likely cause them undue harm, therefore we must actively pursue greening to transform desires to improve into actions.

Addressing the first incident, that of the oil rig failure in the Arctic, requires a statement claiming responsibility for the spill, and active pursuit of cleanup methods to remove the dangerous petroleum polluting the waters and wildlife near the rig. A public statement claiming responsibility is a means of demonstrating to the public that as a company we are prepared to be held accountability for our actions and will pursue the ethical path of addressing the hazards of the situation. In order to avoid greenwashing, however, the company must follow through with this promise and fully pursue cleanup efforts. Past oil spills, such as that of the Exxon Valdez spill where 42 million liters of crude oil contaminated at least 1990 km of pristine Alaskan shoreline in 1989, can provide us with a better understanding of the environmental implications spills of this magnitude present (Petersen et al., 2003). Although the sources of the spills differ, an exploratory oil rig versus an oil tanker, the contaminants are of the same kind with the same implications. The Exxon Valdez spill polluted the waters and the shoreline surrounding the point of contamination for a temporal period that extended from the moment the tanker grounded to decades afterwards (Petersen et al., 2003). Some species of aquatic organisms were directly impacted with mass mortality killing benthic macroinvertebrates, seabirds, and mammals among others as they inhaled fumes, lost insulative properties, or were otherwise smothered by the crude oil (Petersen et al., 2003). Those that survived the initial onslaught were deleteriously impacted

in the years that followed when inadequate cleanup practices failed to remove oil sequestered in the substrate of the intertidal zone. This oil killed the organisms that lived or laid eggs in those habitats, and providing a means for the oil to reenter the food chain and harm organisms at higher trophic levels (Petersen et al., 2003).

Not only does this oil contamination bring the health of the environment into consideration, an ethically compelling argument on its own due to the inherent value these organisms and ecosystems posses without human intervention, but contamination also poses risks to humans and their health. The contamination of fish habitat and breeding zones decreases the fitness of their offspring and the population size of valuable fish species for human fisheries. Even if population sizes remain relatively unaffected, the accumulation of oil pollutants in these fish tissues would be ingested by humans and result in deleterious effects on their health. Human safety and the valorization of human life should be considered a priority to any corporation, not only our own, thus effective cleanup measures to ensure the removal of these contaminants should be completed to ensure the potential for deleterious effects is minimized as much as possible. Within this field there exists a growing industry. Modern cleanup practices for oil spills rarely take the complex interactions of the ecosystem and the effects of pollutant resident times into account, though incentives exist to advance this technology and understanding (Petersen et al., 2003). If our company were to invest in a team of researchers to develop a means of more completely cleaning up oil, especially that oil that makes its way into the coastal sediments, they could develop technologies to eliminate the environmental and human risks listed above. By doing so our company would also be investing in marketable technologies for other spills or necessary cleanups by other companies, and could thus produce a profit from our own cleanup efforts.

Passing to the lawsuits brought against EnerCo regarding our venture into fracking and chemical contamination of the groundwater, it must be recognized that there is an element of distributive environmental injustice occurring in these circumstances. The threats that plaintiffs register against EnerCo and other fracking companies do hold some merit. By drilling through groundwater levels in order to reach the shale deposits that are found at such extraordinary depths residents' groundwater dependent drinking water wells immediately become imperiled (Mooney, 2011). Risks to drinking water include leaking or overflowing wastewater ponds,

cracked pipes that leak chemically laden fracking fluids into the groundwater, and the creation of fissures through the fracking process that connect to other natural fissures and channel extractable natural gas directly to drinking water wells (Mooney, 2011). Neurologic, respiratory, gastrointestinal, dermatologic, vascular, reproductive and infant health, and mental public health concerns surrounding both contamination and ambient living conditions near fracking pads have been sources of research and concern (Clough, 2016).

These damages to human quality of life are particularly concerning in light of recent research suggesting that issues of environmental injustice surround fracking as well. A study by Clough in 2016 found that despite claims by fracking companies that the creation and maintenance of fracking platforms would bring increases in income and prosperity to local peoples and residents few experienced these promised growths. The study found that the income distribution of residents living both within and outside of fracking pad buffer zones changed little, and to degrees that were not statistically significant (Clough, 2016). Researchers concluded that only a small portion of jobs were filled by local people, with the jobs they gained turning out to be short lived for the pads' construction as the longer managerial positions were granted to out of state workers (Clough, 2016). The distributive social injustice, a discrepancy between the costs and benefits promised to a group of peoples that are not fully realized, of fracking displayed in this study of unconventional wells in Pennsylvania reinforces the idea that the practice in and of itself is more detrimental than it is beneficial to the people we should be serving. Though expensive, there is a great moral impetus to engage in both compensation for those affected and in alleviation measures to cleanup the spills and contaminants fracking released. In much the same way as investing in cleanup research for oil spills could produce marketable solutions we could sell to other companies, developing solutions within the sphere of fracking contamination would provide the company with an additional advantage in this industry as well. Within a couple years these profits could also make up for the initial costs we would need to invest in the compensation and the research.

The final issue of the oil pipeline proposed to run through or near indigenous peoples' lands is one of the most controversial, and thus one of the most important topics to address. Indigenous peoples have suffered disproportionately across all of American history, with their constant relocation to increasingly smaller territories and continuous efforts to force Native

American peoples to assimilate indicate much as to their historical status and what degree of agency they possessed (Ellis, 2017; Whyte, 2017). Indigenous land practices and natural reverence has been poorly understood by European settlers, with settlers perceiving ecosystems as open and unused lands and waters for their personal uses without appreciating the more complete understanding Native Americans knowledge systems have regarding nature's complex system (Whyte, 2017). Instead, settlers devalued their knowledge and practices, preferring to control the land and waterways indigenous peoples had previously stewarded so as to improve their business ventures (Whyte, 2017). Indigenous peoples within the United States are already far more vulnerable to external factors and fluctuations in the environment, as the small territories they are permanently forced to live on provide them with limited options for adaptation (Whyte, 2017). Currently it remains obvious that Native American peoples remain devalued and the subject of environmental racism where it concerns both the government and business practices. Nowhere else is this more apparent than in the cases study of the Dakota Access Pipeline (DAPL).

The Standing Rock Sioux Tribe were largely excluded from the decision-making process and discussions that preceded construction on the DAPL. While the city of Bismarck, a community with a demographic makeup that is 90% white, expressed concerns regarding the potential effects the pipeline might have on their municipal drinking water supply, the Standing Rock Sioux registered the same concerns over the pipeline's route to no avail (Ellis, 2017; Kronk, 2017). Despite the Sioux's profound indigenous knowledge of water-based ethics and practices, the DAPL developers chose to disregard their concerns of contamination to Lake Oahe (Whyte, 2017). Not only does the ethnic component of environmental racism play a role in the injustice experienced by Native Americans, but the economic class component also contributes to the environmental injustice these peoples faced. Due to the historic racism they experienced, the Sioux people of this region live in some of the poorest reservations under the poorest conditions (Kronk, 2017; Ellis, 2017). These environmental injustices are merely a portion of the ethical controversies that render this topic so problematic.

The disregard developers afford indigenous communities also invokes questions of sovereignty in addition to those of environmental injustice. Native American Tribes should traditionally be considered sovereign peoples with their self-determination drawing from the

cultural aspects of their surrounding environment, though their sovereignty has traditionally been disregarded by the United States government (Ellis, 2017; Kronk, 2017). One of the most important stipulations that governs the interactions between two sovereign bodies in regards to agreements or decisions that affect both sets of peoples is the provision of free, prior, and informed consent (Kronk, 2017). This stipulation is so crucial to ensuring the fair interactions between sovereign indigenous communities and the nations within which they dwell that the United Nations included the "FPIC" provision of free, prior, and informed consent in their U.N. Declaration on the Rights of Indigenous Peoples ("UNDRIP") (Kronk, 2017). Although the North Dakota Sioux should have been granted these rights under international law, they saw them denied as the pipeline developers neglected to allocate "sufficient time, resources, or attention to evaluating the environmental or cultural risks" to indigenous people (Whyte, 2017, pg. 155).

The main means by which our company can address the controversy surrounding our pipeline is to avoid the mistakes made regarding the DAPL. We must seriously involve the indigenous people in the decision-making process regarding the safest path the pipeline should take so as not to disrupt either cultural or environmental and health concerns their people have. Encouraging native peoples to contribute to the project may also produce a more environmentally conscious means of designing the pipeline route. As mentioned before, indigenous knowledge systems are largely ignored and overlooked despite the viability of the information they encapsulate. Including indigenous peoples in this process incorporates both their sensibilities and this wealth of information on natural land, thus aiding in the creation of a plan that would further addresses concerns of proper land use. Taking this approach towards the pipeline may result in some planning time delays as more in-depth conversations and negotiations would become necessary, but profits from the project would not be affected negatively and may increase if public approval is high enough.

Some may argue that EnerCo's declines in profits are correlated with my introduction to the company five years ago, and that the environmental programs I spearheaded to expand our renewable energy footprint lost paying consumers. However, it has been found that consumers are generally more environmentally and ethically concerned when considering their own purchasing power, and their own understanding that the price they are willing to pay can

influence the practices corporations undertake. A report considering the responses major global corporations are taking in regards to climate change found that consumers have a tendency to avoid supporting or purchasing from "companies associated with environmentally harmful practices or products" (Green, 2008, pg. 1). Another study, one that focused more on the interaction of consumers with fair trade products but which can still be related to energy companies, found similar results. The study by Trudel & Cotte found consumers reduce the price they are willing to pay for an unethical company's product to a greater extent than they increase the premium they are willing to pay for an ethical company's product (2009). They also found that public perception of an ethical company would be far more damaged by new information regarding immoral activities than would the public perception of an unethical company be improved by new information of moral activities (Trudel & Cotte, 2009). These studies suggest that EnerCo's prior efforts to improve the environmental perception of the company would have increased the prices consumers would have been willing to pay for our services. Moreover, whatever improved environmental image was generated in the past five years will have been severely damaged by the recent environmentally and socially degrading scandals, and thus responsible for profit declines.

By choosing to improve our environmental image and, more importantly, the moral responsibility of EnerCo we must commit the company to a course of assuming responsibility for previous wrongs and taking precautions to counteract any damages they produced. Consequently, taking responsibility and moving to the forefront of cleanup efforts, both in regards to oil spills and fracking contamination could bolster EnerCo to the front of the environmental decontamination industry. Replacing some of our environmentally and morally unsound business ventures with those that counteract the very issues in which we have been implicated could improve our public opinion and thus bolster our sales prices to new extremes. Investing larger funds into our existing renewable energy products so as to increase their profit returns above the 2% at which they currently sit would also improve our relation with the public and provide us with a means to raise prices for more sustainable energy. Without taking these necessary measures the public perception of EnerCo will continue to plummet, resulting in punitively low prices for the company's energy products and increasingly diminishing returns on profits. In order to salvage the company EnerCo must learn to live within the environment, instead of trying to exploit it.

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