

What We Heard in Wisconsin

**New Ways to Solve Environmental Problems
in Places and Sectors
in a Highly-Competitive Global Economy**

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The June 18-20, 2007 Annual Meeting of the Multi-State Working Group on Environmental Performance brought together state and local government practitioners who work directly with individual firms and communities, businesspeople who work at the practical level to manage environmental matters, environmentalists who work in states and local communities, and academics who study the implementation of environmental laws as well as national legislation and politics.

Presenters and participants from five continents attended the event, which coincided with an innovative governance program sponsored by the University of Wisconsin- Madison Center for World Affairs and The Global Economy, European Union Center of Excellence and La Follette School of Public Affairs. Attendees in both sessions were looking for more effective ways to solve environmental problems.

This is our report on from the sessions we attended and people with whom we talked.

Background

MSWG began in 1996 as a group interested in environmental management systems and other performance-based supplements to traditional regulation, such as “beyond compliance” performance-track programs at EPA and in many states. MSWG’s focus has gone beyond the “beyond compliance” mode and beyond asking and assisting individual firms to surpass their regulatory obligations, however.

The new MSWG focus has broadened to how to pursue larger, shared environmental goals of communities and society. It is looking for new tools or combinations of tools to solve environmental problems like global warming; the degradation of watersheds, oceans, and other ecosystems; and possible risks from emerging, not-fully-understood technologies like those at the convergence of nanotechnology, biotechnology, and informatics.

MSWG is not a think tank but a convening force within which civil discussion takes place involving diverse interests that are otherwise are at odds. The new MSWG is, therefore, promoting dialogue in a search for better ways, in law, to achieve greater protection and restoration of the environment. MSWG calls this search The Path to Washington. The Madison, WI event was the second of four workshops on The Path.

Major conclusions in a nutshell

Two forces have changed the way we all do business: 1. The globalization of the economy; 2.

Increased access to information about environmental threats. These forces and the high cost of restoration of ecological damage produce the conclusion that the capacity of government alone falls short of what's needed to accomplish the environmental protection and ecological restoration that is needed. The shortfall is from a standpoint of funding and the tools used in the basic regulatory system. This shortfall exists at all levels, but especially at the local level, where communities are searching for solutions to their problems outside the basic policy framework.

Business, non-government and government realities

We are faced with these realities:

- Businesses are being pushed by new drivers – better-informed customers, retailers who are sensitive to customer demands, financial institutions concerned about environmental liabilities, workers and residents of communities near company facilities, and stronger environmental regulators in many countries. Some businesses also don't like the regulatory climate and are looking for win-wins. In fact, in the increasingly competitive global economy, some businesses that operate internationally or that have the capacity for technological innovation have found they can strengthen their competitive position by developing and using cleaner technologies.
- Environmentalists still demand strong regulation and active enforcement and want that to remain. But they are also asking that businesses and governments demonstrate that their efforts are leading to better environmental conditions and lower risks globally, locally, and throughout the sectors that individual firms work in. Environmentalists are concerned about what happens at the community level and see the shortcomings of the present system, causing them to look for a more democratic and participative system.
- Many government leaders are realizing that state, local, and national economies can become more competitive by including cleaner businesses and that citizen concern about climate change is rising. They are also recognizing that it will take the combined effort of all levels of government and partnerships with organizations outside government to tackle many of the remaining big problems, climate included. The question is how to leverage action that solves problems that government alone cannot address.

Opportunities for change

The above realities make it possible – and even necessary – to make substantial changes in the institutions and processes of environmental governance. Specifically, we see opportunities in the next few years in the United States for the following changes in the system:

- aggressive federal legislation to address climate change and to adapt to unavoidable climate change impacts;
- federal, state and local efforts to build new kinds of partnerships to protect and restore watersheds, estuaries and ecosystems, using existing flexibility in the federal system in a more partnering way or infusing flexibility where merited;
- bringing new kinds of businesses – especially retailers and financial institutions, local governments, and local business and community leaders directly into decision-making about climate, energy, impaired waters and other environmental concerns;

- businesses reaching out actively to partners in their supply chains through market-driven governance systems and with universities and other research institutions, customers, and other firms in their own sector to work for environmental advances that will enhance international competitiveness while producing measurably better environmental results;
- using tools like labeling, economic incentives, trading, social marketing [education], stakeholder engagement and transparency far more widely to encourage corporate innovation and better personal decision making that helps ensure improved environmental results and recognizes performance;
- filling the appalling gaps in national and local information about environmental performance and about environmental conditions, so that everyone can understand the drivers for and barriers to environmental solutions.

We take encouragement from the fact that many of these changes are under way either in spite of or because of the system. Others are just over the horizon. The important message we heard was that the full potential of these changes will not be realized within the present policy framework. A new policy framework that fosters and gives legal standing to collaboration, partnerships, performance agreements and learning from creative problem-solving will be required to address the situation we find ourselves in today.

The realities we heard described

Here is what we picked up in the sessions and hallways:

1. Many of our current high-priority environmental problems are irrevocably worldwide issues that require worldwide collaboration and innovation. At the same time, local and ecosystem stakeholders are seeking to play their part in addressing global issues, and often are best-positioned and most highly-motivated to tackle their “backyard” ecosystem or sustainability issues
2. There is a growing understanding that many environmental problems must be addressed at an ecosystem scale or through eco-system thinking (that connects the dots) to find effective and efficient solutions
 - a. Climate is the most profound ecosystem problem, but
 - b. Impaired waters, fisheries, airsheds and habitat (sometimes all in play at once in a single situation, as in forest or crop/cover lands managed for fiber, clean water, carbon sequestration, and habitat) all present ecosystem scale type challenges
3. Traditional regulatory tools remain important to solving problems but are not, by themselves sufficient to meet ecosystem goals, especially restoration goals in urban as well as rural areas.
4. Innovation and new tools are critical including
 - a. New regulatory tools (flexible tools like plant-wide applicable limits, leveraging tools like total maximum daily loadings (TMDLs), and others to deliver compliance with basic requirements and environmental improvement at less cost to the public

- b. Values-based tools including information and education that drives personal and corporate social responsibility
 - c. Economics-based tools
 - i. Direct economics-based tools such as taxes, fees, trading systems
 - ii. Indirect economic tools (consumer demand, employee morale, license to operate, community relations, investor interest, insurance, governance and others)
 - d. Frameworks used elsewhere (Europe) in which standards are designed not to be static, but for continuous or stepwise improvement; use adaptive management strategies to cope with rapidly changing materials and technologies (Australia) landscape scale, systems-based approaches.
5. The nature of the problems and the scope of the tools that need to address problems require new forms of partnerships at all levels.
- a. International partnerships need to generate new ideas and attack international problems
 - b. National partnerships need to coordinate the work of government, NGOs and businesses (nanotechnology governance may fit in this category)
 - c. Regional partnerships need to deal with cross jurisdictional problems like Chesapeake Bay and Great Lakes that include federal, state and local government, businesses of all types, NGOs, funders, farmers, developers and others in ways that cut across the lines that divide jurisdictions, interests and cultures
 - d. Government-involved partnerships may require government to play a new role in facilitating and supporting (including providing the needed science and data for decisions and verification) partnerships, and measuring or auditing outcomes.
6. Local governments are playing an increasingly important role in environmental protection. Ecosystems are, of course, about places and places are inherently local. Adapting to the water and land changes that are the result of climate change will only enhance the role of local governments in responding to specific problems.
7. Ecosystem restoration and protection will involve tremendous costs (the Everglades is more than \$7 billion, the Chesapeake more than \$20 billion, the Great Lakes and the Mississippi River will likely cost more; and climate will be much more expensive. This level of funding is not available through traditional government revenues and will require new partnerships and opportunities for stable private investment in clean technologies or ecology-cleaning services.
8. Climate and climate adaptation are likely to be transformative problems. But an opportunity will be lost if the discussion and action is only globally focused, as important as that is. Solving the climate problem will require all of the above and will implicate significant global competitiveness concerns. The explosion of local, state, regional, voluntary, mandatory, and market-based efforts at tackling the climate change should continue without national preemption, driven by the imperative to develop new ideas and technologies that serve the community, facility or property owner, not only in the interest of reducing the carbon footprint but also adapting to a changing climate.

Clear national climate protection goals and needs can be identified and addressed with wide consensus but other issues such as the availability and cost of clean water for

human and agricultural consumption need concerted research and sustained discussion to drive a similar level of innovation. Water and its quality and quantity, like climate, is a policy-transforming issue at every level.

9. The result of the foregoing is that today's problems present both an unprecedented need to and opportunity to innovate. This is a necessity for both economic and ecological purposes.

The implications for The Path to Washington

The overarching question for the Path to Washington is how to build on the lessons learned in innovation over the past 10 to 15 years so we can better address the problems we face today. This is no small task because the existing litigious and bureaucratic system was not set up for learning or even sharing information from office to office from which we could learn.

MSWG wants to issue a report to the nation. That's fine. However, more than simply a report is needed. Instead MSWG should consider how it might help build a new consensus on the role of innovation in solving ecosystem problems while supporting a globally competitive economy in the United States. There is no other group in the US like MSWG because, by design, MSWG is designed to ask questions about and not defend its own turf or the status quo.

MSWG can provide a forum for dialogue and can encourage debate. But it will need help in asking, answering and documenting response to these questions in a way that create a record sufficient for policy-making when The Path to Washington comes to an end in fall 2009.

The questions:

- a. How can the U.S become a world leader in effective and efficient environmental improvement while building a stronger and less environmentally vulnerable economy, realizing that the US is in danger of being leapfrogged by others with policies that are more innovative, market-sensitive or technologically friendly?
- b. What problems will be of sufficient concern to the public and to decision-makers so that they will be ready to act and willing to consider fresh approaches in 2009 and beyond?
- c. What vocabulary best supports this effort? Are innovations, voluntary programs, performance-based management the right words?
- d. How best can innovation and creative problem-solving be encouraged, supported, evaluated and mainstreamed at the federal, state, local, and enterprise levels?
- e. If pollution is waste, how can we most effectively and efficiently get the waste out of the system?
- f. How can NGO involvement in the process best be supported and encouraged? How can MSWG facilitate a national policy dialogue in which the public interest is continually represented and trust is built between and among the sectors (business, government, public)?

g. What types of innovation are most effective at producing measurable results and how should those results be publicized to build support for the programs if they are working?

h. Can lessons about creative, effective-problem solving be better linked to ongoing work be undertaken by universities, government, NGOs and businesses to create a wider constituency for innovation?

h. How can innovations work help improve U.S. competitiveness in an environmentally constrained, world and especially a carbon constrained world?

i.. How can dispersed innovations efforts at the state or even local level be best supported and the results of this work be best transferred?

j. How can a positive political dynamic and a demand for innovation occur? Can an innovations effort that is broadly supported, that involves many constituency groups such as universities and NGOs in addition to government and business, that produces measurably better environmental results and that at the same time makes industry more competitive be politically attractive enough to attract Congressional authors and support?

k. Can MSWG imagine such an innovations approach and present it as the culmination of the Path to Washington?

Summary and conclusion

In summary, we heard about a range of environmental needs and problems that were falling through the cracks of the existing system. Climate overshadowed all, but there are many more. Many of the problems will worsen over time. We found that alternative ways to protect the environment and restore past damage to ecological systems and communities exist in the United States and in other countries. These effective problem-solving approaches appear to have potential for application elsewhere or on a grander scale.

We found interesting partnerships that cross political, organizational and professional boundaries. These approaches are not always fostered by policies that are more top down than bottom up. Lessons from these examples are difficult to document, evaluate and communicate in the present system, however.

We found a belief among attendees that new approaches are needed to: first, do a better job of meeting traditional environmental needs such as reducing emissions; second, deal with the new technology like nano that offers risks and opportunities, and third, cope with the complex, changing and interconnected eco-systems and eco-system services that we did not understand 30 years ago.

Finally, we concluded that someone has to take the lead in moving forward and there is an economic and environmental urgency about it.

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