

EXTERNALITIES

Responsible Corporations Don't Externalize > Sam Gibara, Former CEO, Goodyear Tire

The harm to the environment is a function of the industrial process itself. So, someone has to be responsible for the environment, and responsible corporations do not try to externalize simply so that they do not have the environmental issues. Responsible corporations try to address the environmental problems created by the industrial process that they go through.

And when it comes to tires, for example, it is true that it's made of oil, that it can be pollutive, that we need to recycle the tires - all of it is true. But we feel that it is also our responsibility to address these issues. We have a vast research and development department and, for example, we have developed recently a tire that is made of corn starch as opposed to oil and derivatives. And that makes it a more environmentally friendly product.

So someone has to address this concern and Goodyear has been very active in trying to be also an environmentally responsible citizen. As a matter of fact, we issue once a year an annual report on what we do in this area. And we send it to our stakeholders.

Mark

The more you can externalize those costs onto society, the more profit you make. So there are some companies like Interface - do you know Ray Anderson? Where they're internalizing the entire - they're taking responsibility - in your case they would take the tire back and be responsible for its entire life cycle. He's doing that with carpets, as you are aware. Can you imagine yourself heading in that direction?

Sam

No. *[Laughs]*

Household Carcinogens > Dr. Samuel Epstein, Professor Emeritus, Occupational & Environmental Medicine, University of Illinois

Mainstream cosmetics and toiletries contain 60 or so different chemical carcinogens and by carcinogens, we mean cancer causing agents the majority of which have been identified in well designed valid animal tests which were regarded by the scientific community as a strong indicator of human risk and some of the other cancer causing agents, we have actually human evidence for them.

... You show this list of twenty different ingredients to the average chemist or even toxicologist and they will probably will not be able to tell you which of these are cancer causing agents, for the following reasons.

While some of them are frank cancer causing agents, others themselves are not cancer causing agents, themselves, but they breakdown in the bottle or the tube, or the skin, to release a cancer causing agents, chemicals like formaldehyde or others are not cancer causing themselves but they will interact with other ingredients to form cancer-causing agents. Or others are not cancer causing ingredients themselves, but they're contaminated by cancer causing ingredients. So the average woman could use up to about 20 different cosmetics and toiletry products a day and these could contain a dozen or so different chemical carcinogens and they are applied to large surface areas of the skin, their absorption is increased by the detergents and the surfactants present in them, so from birth till death, cause infants, lotions are also used for infants, almost the entire US population is exposed to avoidable causes of cancer and cancer causing ingredients in daily products.

So there's no warning whatsoever, so how exactly, what words one uses to describe this FDA practice whether you want to call it reckless, whether you want to call it harsher terms, is a matter for your perspective.

There Is A Free Lunch > Milton Friedman, Nobel Prize-winning Economist

There are good externalities as well as bad externalities. For example if you, for your own personal purposes have a nice garden around your house. You're very careful about your lawn and it's attractive. Well then people who pass by benefit from it, that's a good externality. Indeed there are, the best things in the world are free, that's an old statement. They are externalities. I've been fam... - I've been noted sometime for the phrase that there is no free lunch. But there is really a free lunch in the form of the effect of a voluntary free enterprise exchange society.

If the fact that people all over the world are engaging in transactions strictly for their own benefit. But those have enormous effects on the world at large.