# Voluntary Environmental Agreement CP

## VEP CP

### Text + Essentials

#### Text: All relevant aff actors will implement [aff plan] as a voluntary environmental agreement, offering regulated parties positive incentives for environmental protection.

Coglianese and Borck 09 [Borck, Jonathan C., and Cary Coglianese. "Voluntary environmental programs: assessing their effectiveness." Annual Review of Environment and Resources 34 (2009): 305-324] AJ

VEPs are perhaps most readily characterized by what they are not: mandatory regulations. Most major environmental regulations emerged in the 1970s and early 1980s (22, 23). For example, during the 1970s the U.S. Congress adopted or substantially modified all of its most prominent environmental laws, including the Clean Water Act, the Clean Air Act, and the Resource Con- servation and Recovery Act (24). Environmental regulations developed under laws like these have either placed limits on the pollution that regulated entities are allowed to release into the environment or have controlled the behavior of these entities, requiring them to obtain permits, install pollution control equipment, or follow hazardous waste disposal protocols. By the 1980s, critics argued that these con- ventional regulations were too rigid, costly, and adversarial. Economists have noted that, be- cause such regulations dictate the behavior of regulated entities, facilities often have no flex- ibility or incentive to find cheaper, more inno- vative ways to achieve environmental objectives (25). It is generally accepted that governmental efforts to enforce compliance with these regu- lations often produced adversarial relationships between regulators and regulated facilities, im- peding the development of trust and the nego- tiation of mutually agreeable solutions to envi- ronmental problems (22, 26–29). Alternative forms of regulation have been proposed to ameliorate the problems with tra- ditional forms of regulation (30). Performance- based regulation, for example, gives regu- lated entities flexibility in their behavior as long as they meet stated performance lim- its (31). Market-based forms of regulation, such as emissions trading, offer still further flexibility, as they allow entities to average their performance across facilities or over time (25, 32). Unlike performance-based regulation, market-based regulation gives some entities a positive incentive to reduce their environmen- tal impacts below the desired average level, so as to trade or bank the additional reductions (25, 32). Notwithstanding their flexibility, both performance-based and market-based forms of regulation still require each entity to pollute no more than its legally applicable performance limit or the level of pollution specified by the tradable permits it possesses. That is, failure to meet this specified level makes the entity subject to the imposition of fines or other penalties. By contrast, VEPs—sometimes referred to as voluntary environmental agreements (33)— neither impose mandatory limits nor require specific forms of behavior. As such, they offer yet another alternative to traditional forms of regulation. VEPs establish positive incentives to encourage businesses and other organizations to address environmental issues that are not subject to regulation or to reduce their regulated environmental impacts to well below the levels permitted by law (34). Unlike regulations—whether traditional or market based—they do not rely on built-in sanctions as a force for motivating environmental improvements.

#### Competition: Mutual Exclusivity

#### Mechanisms: VEPs work through positive incentives rather than jail or fines, so a permutation would necessarily shift aff implementation of the plan

#### Net benefits

### Net Benefit – Environment

#### The CP solves environmental protection better than the aff by allowing company flexibility in adoption of legislation.

Segerson and Miceli 98 [Kathleen Segerson and Thomas J. Miceli (Department of Economics, University of Connecticut,). “Voluntary Environmental Agreements: Good or Bad News for Environmental Protection?” JOURNAL OF ENVIRONMENTAL ECONOMICS AND MANAGEMENT 36, 109-130. 1998] AJ

This article has developed a simple model of interaction between a regulator and a polluting firm that can be used to determine whether a voluntary agreement to reduce pollution is likely to be successfully negotiated, and, if so, what the equilibrium level of abatement under the agreement would be under alternative assumptions regarding the allocation of bargaining power between the two parties. The results suggest that, given the potential savings under a voluntary agreement, such an agreement will always be the equilibrium outcome of the interaction between the regulator and the firm, even when the firm is not offered a subsidy. However, the agreed upon level of abatement will depend upon Ži. the allocation of bargaining power between the regulator and the firm, Žii. the magnitude of the background threat, and Žiii. the social cost of funds. In particular, when the regulator has all of the bargaining power, it is possible that the equilibrium level of abatement under a VA is a first best level. In this case, the level of abatement undertaken voluntarily will exceed the level that might have been imposed legislatively, implying supercompliance. The possibility of such an outcome is more likely when the legislative threat is strong, as, for example, when a voluntary agreement exempts a firm from mandatory requirements under existing legislation Žso that p 􏰋 1.. This could explain the supercompliance sought under the EPA’s Project XL.31

#### Empirically verified – comparative studies confirm

Husted et al 13 [Henriques, Irene (Professor of Sustainability and Economics, Schulich School of Business, York University), Bryan W. Husted (Erivan K. Haub Chair in Business and Sustainability at the Schulich School of Business, York University), and Ivan Montiel (Assistant Professor of Corporate Sustainability, Loyola Mary- mount University). "Spillover Effects of Voluntary Environmental Programs on Greenhouse Gas Emissions: Lessons from Mexico." Journal of Policy Analysis and Management, Vol. 32, No. 2, 296–322 (2013)] AJ

We hypothesize that the design attributes of VEPs, specifically the stringency of standards and the strength of sanctions, are likely to reduce both targeted and untargeted environmental emissions. We find that certification with Clean Industry is related to higher levels of targeted and untargeted environmental performance, while ISO 14001 showed no sign of improvement. These results provide support for our hypotheses relating the design of VEPs to reductions in both targeted emissions and untargeted GHG emissions. Our results contribute to the existing public policy and management literatures in three ways. First, we draw upon club theory and knowledge spillovers as a frame- work to highlight what matters in the design of VEPs for both targeted and untar- geted emissions. Second, we go beyond the many single VEP studies in the literature by comparing the environmental performance of two VEPs—one with stringent standards and sanctions and one with less stringent standards sanctions—and show that standards and sanctions do matter. Finally, we find that VEPs with stringent standards and sanctions not only benefit targeted environmental performance, but untargeted performance as well. Consequently, a well-designed VEP can have sub- stantial positive spillover effects for the environment.

### Net Benefit - Knowledge Spillover

#### Since companies know their own operations better than the state, VEPs better spur innovation through the “knowledge spillover effect.”

Husted et al 13 [Henriques, Irene (Professor of Sustainability and Economics, Schulich School of Business, York University), Bryan W. Husted (Erivan K. Haub Chair in Business and Sustainability at the Schulich School of Business, York University), and Ivan Montiel (Assistant Professor of Corporate Sustainability, Loyola Mary- mount University). "Spillover Effects of Voluntary Environmental Programs on Greenhouse Gas Emissions: Lessons from Mexico." Journal of Policy Analysis and Management, Vol. 32, No. 2, 296–322 (2013)] AJ

Similarly, knowledge spillovers in the development and deployment of environmental resources and capabilities can produce the unintended consequence of improving untargeted emissions. Porter and van der Linde (1995) identify numerous cases where environmental product and process innovations stimulate improvements in other desirable environmental attributes. Among these cases, they describe specifically how compliance with strict environmental standards can also decrease energy consumption, which reduces GHG emissions. Applying the logic of knowledge spillovers to VEPs is relatively straightforward. VEPs with more stringent targets and sanctions are more likely than other programs to enable firms to develop new capabilities and processes because firms are volun- tarily choosing a certification program that encourages substantive adoption. The firm that substantively adopts the VEP tends to have a better understanding of its own production processes and, as a result, is more likely to assimilate and apply information to improve its processes (Cohen and Levinthal, 1990), which will generate positive spillovers for untargeted activities. For example, if substantive adoption of a VEP requires the acquisition of capabilities in pollution prevention or product stewardship, the very same actions that reduce targeted emissions such as nitrous oxide (N2O) or dioxins can result in greater energy efficiency and a consequent reduction in GHG emissions such as carbon dioxide (CO2) or methane (CH4). The more stringent VEP will enable its members to generate and benefit from these positive spillover effects. Spillovers for untargeted behavior will be markedly less for members of less stringent programs because of the lack of sanctions and less credible reputation, which reduces incentives to substantively adopt and invest in improvements that would lead to the development of capabilities that would improve untargeted GHG emissions.

### Net Benefit – Econ

#### VEPs maximize output and market stability by allowing firms to be flexible – that solves the aff and actively improves economic growth.

Khanna 01 [Khanna, Madhu (University of Illinois). "Non‐mandatory approaches to environmental protection." Journal of economic surveys 15.3 (2001): 291-324] AJ

Voluntary agreements on an aggregate abatement target between an industry and a regulator allow flexibility in the allocation of abatement burden among firms within the industry. Glachant 􏰀1999) analyzes differences in transactions costs, under a voluntary and a mandatory policy 􏰀taxes or standards), due to the need to collect information to allocate this burden efficiently. Under an emissions standard policy, the regulator needs to collect information about private pollution abatement costs to set efficient non-uniform standards. Under a voluntary agreement, firms have to collect information not only about their own abatement costs but also those of other firms and incur computation costs to define their bargaining strategy. In contrast, taxes are a decentralized scheme in which firms choose their abatement levels individually in response to the price signal and firms do not need to communicate with each other or the regulator. Glachant 􏰀1999) suggests that when there is informational asymmetry and the number of firms is large, a voluntary approach is more costly than either a standards or a tax policy. It requires more intensive inter-firm communication and generates higher inter- firm rivalry since each firm's desire to reduce its abatement implies a higher level for other firms. However, when there is shared uncertainty about generic pollution abatement costs among all firms and firms are few and relatively homogeneous, voluntary approaches could be efficient because they facilitate collective learning more easily than a standard or a tax policy. Blackman and Boyd 􏰀1999) focus on a different type of cost-efficiency that arises in the form of lower variable costs of production due to the flexibility provided by a tailored voluntary program, such as Project XL, that sets firm- specific emission standards that are assumed to be stricter but less costly than existing command and control standards. A firm participates if these cost-savings are larger than the additional fixed costs of transactions imposed by participation in the voluntary agreement. Blackman and Boyd 􏰀1999) show that participation by a monopoly unambiguously increases welfare because it results in larger production, due to lower marginal variable cost of production, and thus greater consumer surplus and monopoly profits 􏰀due to the individual rationality constraint and participation constraint). However, when a Cournot duopoly exists, offering the opportunity to participate to only one of the two firms increases the participating firm's output and market share but this occurs to some extent at the expense of the other firm. While aggregate industry output increases and consumers are better off with the tailored regulation, the net impact on producers' surplus is positive only if the tailored regulation shifts production from a firm with a low profit margin to a firm with a high profit margin. The analysis suggests that a tailored regulation can be welfare improving if it is targeted towards more profitable firms. Promoting the diffusion of the program across all firms reduces incentives for participation since it reduces the competitive advantage gained by participants.

### Solvency - Public Goods

#### Private systems are better at resource allocation – academic consensus.

Kotchen 13 [Matthew J. Kotchen. Yale University and National Bureau of Economic Research. “Voluntary- and Information-Based Approaches to \* Environmental Management: A Public Economics Perspective.” May 4, 2013] AJ

Regardless of the mechanism, when it comes to solving the Tragedy of the Commons, economists often assume the need for rules that are externally established and enforced so that agents will coordinate behaviors in their collective self-interest. But there are numerous real-world examples and an entire literature that questions this assumption in a variety of settings. Research in this area is generally associated with the extensive work of Elinor Ostrom, co-recipient of the 2009 Nobel Prize in Economics. A primary theme of Ostrom’s research (along with numerous co-authors) is that users of a common-pool resource frequently organize themselves to effectively manage use of the resource, and do so in ways that are often more sustainable than externally imposed rules.

# Frontlines

## A2 Thero

### Top Level

#### Counter interp: Neg may run a VEP CP if it is disclosed, unconditional, and permutations function as conditional advocacies.

#### Topical education: The CP isolates a core conflict in the topic – everyone agrees that we should regulate resource extraction, but there is major debate about VEPs vs normal laws.

Borck 09 [Borck, Jonathan C., and Cary Coglianese. "Voluntary environmental programs: assessing their effectiveness." Annual Review of Environment and Resources 34 (2009): 305-324] AJ

For many decades, the standard solution to environmental and natural resource problems has taken the form of environmental laws and regulations imposed by government on individuals, businesses, and other entities that impact the environment. A vast array of mandatory rules has been adopted by governments around the world, and these mandates have been widely credited as contributing to improvements in environmental conditions (1, 2). But these traditional regulatory instruments are also often criticized for their cost, inflexibility, and incompleteness in the face of new environmental and natural resource challenges (3). In recent decades, alternative approaches to achieving environmental protection have garnered widespread attention. In the United States, the federal Environmental Protection Agency (EPA) has created over 100 volun- tary programs (4, 5). State governments in the United States have also created a series of vol- untary programs (6, 7). Similar government- sponsored programs have proliferated through- out Europe and Asia (5), with hundreds of voluntary initiatives throughout Europe alone launched during the 1990s (8–10). In ad- dition, industry trade associations (11) and nongovernmental organizations (12, 13) have pursued voluntary initiatives. Voluntary environmental programs (VEPs) have been used in an attempt to achieve a variety of environmental objectives, from reducing hazardous waste (13) to increasing energy efficiency (14), from cutting greenhouse gases (15–17) to promoting the use of environ- mental management systems (EMSs) (12, 18). Thousands of businesses and other entities par- ticipate in VEPs, collectively reporting notable environmental improvements. For example, the approximately 500 businesses and other entities that participated in the EPA’s National Environmental Performance Track program reported making over 3.5 billion gallons of reductions in water use, reducing over 300,000 metric tons in greenhouse gas emissions, and preserving more than 15,000 acres of natural habitat (19), which was all beyond what they were required to achieve by regulation. Across the globe, similar claims have been made about participation in VEPs. For example, tens of thousands of industrial facilities in over 100 countries have implemented EMSs to meet the voluntary standards established by the non- governmental International Organization for Standardization (ISO) (20). Clearly, voluntary efforts have become a prominent feature of environmental protection around the world.