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## Environmental Politics

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by Rob Kirkbride

While Democrats and Republicans bicker over the issues in advance of November's epic presidential election, the office furniture industry has some soul searching to do on what it values before the vote is taken.

Consistently one of the hottest issues for the industry -- the environment -- also is one of the hottest issues for the election. Industry leaders are focusing on increasing the recycled content of products, making the products themselves recyclable, reducing waste, examining the chemistry of fabrics and lowering their carbon footprint.

LEED building has become almost common when office furniture makers and their dealers erect new facilities. Green is red hot.

So as an office furniture industry insider who cares about the environment, who is the best candidate to vote for in November's election? That depends on what values you hold.

Industry consultant Brian Bascom, principal of Velocity Partners in Grand Rapids said larger companies in the industry will look to the next president for broad-based credits for things like solar and wind power. While still a concern for smaller companies, the environment is going to take a back seat in the election for tax policy issues.

Regardless of who is elected, he said, the office furniture industry is way ahead of the corporate curve when it comes to environmental issues. "If you look at the environmental push and sustainability -- the whole green issue -- that horse has already left the barn," for the office furniture industry, Bascom said. "The end user, the customers that buy furniture and also the architecture and design community are demanding sustainable and green products. Regardless of who's elected next, we're already way ahead."

If the industry is looking for environmental tax credits, Democrat Barack Obama is likely the man for the job. If it is looking for corporate tax breaks, McCain might be the man.

Democrats have the reputation of being the party most likely to promote an environmental agenda. But Republican candidate John McCain has made a point of trying to woo environmentally minded voters, even if his voting record doesn't reflect the green point of view.

If the environment is an important issue, it is helpful to look at environmental groups and study who

they are supporting. McCain's lifetime League of Conservation Voters score is 24 percent, compared with 86 for Obama; Defenders of Wildlife Action Fund's conservation report card gave McCain 38 percent in the 108th Congress and 40 in the 109th. This year, the League of Conservation Voters endorsed Obama.

The environment is not even listed as an issue on McCain's website. The candidate's environment views are found under the candidate's "American Energy" issue heading. McCain's environmental policy revolves around freeing the U.S. from its reliance on foreign oil, cleaning up the air and addressing climate change issues. He calls it the Lexington Project, and says it was "named for the town where Americans asserted their independence once before." To McCain, that means expanding domestic oil drilling in Alaska and the Gulf of Mexico and tapping in the country's reserves of natural gas.

Even less is known about the environmental concerns of McCain's running mate Sara Palin. She is on record as opposing the Endangered Species Act which sought to protect polar bears, now threatened by global warming and melting ice flows. Further she said "A changing environment will affect Alaska more than any other state, because of our location. I'm not one though who would attribute it to being man-made." Most of what we know so far about her ideas are generalities and platitudes.

Obama's plan is to increase fuel economy standards 4 percent each year while protecting the future of domestic automakers. The plan is expected to save nearly a half trillion gallons of gasoline and 6 billion metric tons of greenhouse gases. He also wants to invest in advanced vehicles, including combined plug-in hybrid/flexible fuel vehicles, which he says can get over 150 miles per gallon. Obama also will provide a \$7,000 tax credit for the purchase of advanced technology vehicles as well as conversion tax credits.

On his website, McCain claims he will issue a Clean Car Challenge to automakers, in the form of a "single and substantial tax credit for the consumer based on the reduction of carbon emissions." He said he will commit a \$5,000 tax credit for each customer who buys a zero carbon emission car, encouraging automakers to be first on the market with these cars in order to capitalize on the consumer incentives. For other vehicles, a graduated tax credit will apply so that the lower the carbon emissions, the higher the tax credit. McCain has supported CAFE standards -- the mileage requirements that automobile manufacturers' cars must meet and said the penalties for not following these standards must be effective enough to compel all carmakers to produce fuel-efficient vehicles.

Not surprisingly, McCain's "green" initiatives revolve around jobs and the economy. He says, "Green jobs and green technology will be vital to our economic future. There is no reason that the U.S. should not be a leader in developing and deploying these new technologies," but doesn't outline a plan of how he will jump-start a green economy.

Obama said his plan will help create 5 million new green jobs by investing \$150 billion over 10 years to accelerate the commercialization of plug-in hybrids, promote development of commercial scale renewable energy, encourage energy efficiency, invest in low emission coal plants, advance the next generation of biofuels and fuel infrastructure and begin the transition to a new digital electricity grid. Obama believes the nations manufacturing centers can be made into clean technology leaders.

Obama said his plan is to make the U.S. a leader on climate change. While he said it is "time for America to lead, developing nations like China and Brazil must not be far behind in making their own binding commitments." Obama said he will re-engage with the U.N. Framework on Climate change -- the main international forum dedicated to addressing the climate problem. He will also restart the Major Economies effort and bring all the major emitting nations together to develop effective emissions reduction efforts.

Another cornerstone of McCain's platform is his promotion of nuclear power, a source of energy that environmentalists have sparred over for years. McCain claims nuclear power is "a proven, zero-emission source of energy, and it is time we recommit to advancing our use of nuclear power." Obama said nuclear power might be an option, but not before issues regarding security, waste storage and proliferation are addressed. Both candidates support so-called clean coal technologies.

McCain also proposes a cap-and-trade system that would set limits on greenhouse gas emissions while encouraging the development of low-cost compliance options. A climate cap-and-trade mechanism would set a limit on greenhouse gas emissions and allow entities to buy and sell rights to emit, similar to the acid rain trading program of the early 1990s. McCain claims it allows the market to decide and encourage the lowest-cost compliance options. Market participants are allotted total permits equal to the cap on greenhouse gas emissions. If they can invent, improve, or acquire a way to reduce their emissions, they can sell their extra permits for cash. McCain says the profit motive will coordinate the efforts of venture capitalists, corporate planners, entrepreneurs, and environmentalists on the common motive of reducing emissions.

Obama also has a cap-and-trade plan. His plan centers on a cap-and-trade system that aims for 80 percent emission reductions from 1990 levels by 2050 and calls for auctioning 100 percent of the pollution permits. It also includes a \$150 billion investment to boost clean energy and create green jobs, along with proposals to boost efficiency, build a smart electricity grid and encourage public transportation.

Both plans stand to help many companies in the office furniture industry. The industry has worked to make its plants cleaner, which means many companies would likely gain under any cap-and-trade plan.

McCain's record on the environment is mixed, but he has been one of the few Republican leaders to address the global warming issue. He introduced the first major bill in the Senate to address it: the Climate Stewardship Act of 2003, cosponsored with Joe Lieberman. McCain breaks slightly with the 2008 platform (which is very similar to the 2004 platform) when it comes to climate change. Republicans did add one item to the platform when it comes to climate change: "Republicans caution against the doomsday climate-change scenarios peddled by aficionados of centralized command-and-control government."

Obama has set a goal to require 10 percent of electricity to come from renewable sources by 2012. He said he will establish a 10 percent federal Renewable Portfolio Standard to require that 10 percent of electricity consumed in the U.S. is derived from clean, sustainable energy sources like solar, wind and geothermal, adding that "it's time for the federal government to provide leadership for the entire

country to support these new industries."

While corporately supporting environmental causes, many office furniture executives have supported Republican candidates with thousands of dollars of donations. The Monday Morning Quarterback will outline who gave what to whom in a future issue. But when it comes to the environment, it's kind of like the abortion debate for Republicans. Conservatives have no problem promoting the value of a human life when it comes to abortion while strongly supporting capital punishment as a humane way of dealing with criminals. It also shows pragmatism. Democratic candidates are usually seen as the party for those concerned about the environment while Republicans are often given the nod for their economic laissez faire.

The environment is an important issue in the coming election, but Bascom said it pales in comparison to the economy when it comes to the industry.

"I know there are CEOs in the industry that are concerned about variability of project orders," he said. "They are closely watching their architecture and design partners. A lot of American consumers and business owners are sitting on the edge of the chair waiting for the other shoe to drop. For this industry, the environment is important, but it is going to be about tax policy and incentives to keep the economy growing. It's about jobs and employee and stability in financial markets."

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