

The contrarian

For Ford, what colour is green?

Bill Ford is under attack for a change of tack away from hybrid vehicles. But activists must see that the environment is not the only stakeholder, says Jon Entine

Forgive William Ford, the chief executive of Ford Motor Company, if he struggles with how to satisfy critics determined to turn his company into Public Enemy No 1.

This summer, he announced he was downshifting Ford's commitment to hybrid vehicles – 250,000 a year by the end of the decade, he had promised – to focus on flexible-fuel cars and trucks. "Flex" vehicles sip cocktails of standard petrol and ethanol made from corn, sugarcane, or other crops.

Nothing like the prospect of financial ruin to force a rethink on stakeholder theory. The US's second biggest car-maker, behind General Motors, is hanging by a financial thread as soaring oil prices strangle sales of profitable SUVs and trucks.

As cute as they look in Hollywood celebrity garages, fuel-efficient hybrid vehicles like Ford's Escort or Toyota's Prius do not generate much profit. Flex cars, SUVs and trucks are not an indulgence – they represent survival for the extended Ford family of millions of workers, vendors, pensioners and shareholders.

But a balanced view of social responsibility does not sit well with some enviro-romantics. The Sierra Club and the Union of Concerned Scientists declared they were "appalled" by the change of Ford policy to a focus on flex vehicles. The Ruckus Society, Rainforest Action Network, Global Exchange, and Blue-water Network, which jointly run an anti-Ford website, JumpstartFord, lambasted Bill Ford for "manipulating America".

Who's the biggest cynic?

Set aside for a moment these groups' environmentally obsessed monochromatic view of social responsibility. Is Ford greenwashing? It's true that manufacturers will find it easier to meet government-mandated fuel efficiency standards by producing ethanol cars.

But that's no more cynical than Japanese manufacturers selling high-powered hybrids. Toyota has established Prius as a loss leader while pushing sales on premium-priced hybrids like its Lexus and Highlander SUVs. These vehicles, along with Honda's Accord, garner government fuel credits and fawning attention from environmentalists, but the hybrid technology can be tweaked to pump performance, not miles per gallon.

Flex cars have their own contradictions. The lack of filling stations forces owners to use more-polluting regular gas. But more stations are coming on line. And the second generation flex cars, which use cellulose-based ethanol and biodiesel fuels, promise to cut carbon dioxide emissions in half. Additionally, growing corn



Fill up your SUV here

and making ethanol from cellulose waste requires few fossil fuels.

Personal politics

So, why the activist hysteria? It's personal, and Bill Ford is the target. Ford was a tree hugger in the 1980s. Environmentalists greeted his ascension at his great-great-grandfather's company with fanfare. Sustainability initiatives blossomed. By 2000, a global opinion survey, Green Index, touted Ford Motors as the car industry's environmental leader ahead of Toyota and Honda.

Bill Ford's crown jewel achievement was his \$2 billion state-of-the-environmental-art redesign of the River Rouge plant in Detroit. Not only did he rescue an iconic building of the industrial age, his environmental dream team of engineers fashioned a marvel of sustainability, complete with a 450,000 square foot roof carpet of plants.

But this revolutionary factory of the future brought Ford only grief from extremist environmentalists, who mocked the roof and dubbed him a greenwasher. After all, if he really cared

about the environment, he would stop selling Explorers and sell more hybrid Escorts.

As chairman and chief executive, Bill Ford must view sustainability in broader terms than myopic environmentalists: He has to sustain his company. No-one anticipated oil prices soaring 150%. A massive switch to low-margin hybrids may appear to be a no-brainer for critics, but it would result in horrific job losses.

Through all this, Ford's green credentials have remained intact. It is reinforcing its world leadership in alternative hybrid technology by spending €1 billion to develop a fuel economy research centre at its Volvo subsidiary in Sweden and another billion on the next generation of bioethanol-fueled cars capable of 70 miles per gallon while cutting carbon dioxide emissions by 20%.

It may be difficult to accept for some advocacy groups, but Ford's decision to opt for flex cars made from corn husks over zippy gas-guzzling hybrid SUVs is not quite the act of greenwashing corporate bashers make it out to be. ■

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Buying "green" hybrids is often little more than rainforest chic for affluent baby boomers