

**Varieties of Capitalism: National Institutional Explanations of
Environmental Product Developments in the Car Industry**

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Declaration

This work contains no material that has been accepted for the award of any other degree or diploma in any other university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. Interview research was undertaken with the approval of the University of Sydney Ethics Committee.

I give consent to this copy of my thesis, when deposited in the University Library, being made available for loan and photocopying.

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Discipline of Government and International Relations

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For Kara and Annika

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Abstract

Changing the behaviour of firms to take environmental concerns into account is seen as unlikely without effective regulations. However, corporations are increasingly keen to represent themselves as 'green', including those in the world's largest manufacturing sector: the car industry. Given rising concern for the environment and environmental sustainability since the 1990s this thesis asks: what motivates car firms to actually make environmental commitments? Answering this question has implications for whether these commitments are 'real' and if so whether they are occurring in response to material factors (e.g. state regulations and consumer demand) versus normative factors (e.g. social attitudes and internal company strategies). In order to answer it, the thesis applies the insights of the institutional varieties of capitalism approach to the German, United States and Japanese car industries, and specific firms within them, in respect of the environmental issue of climate change from 1990 to 2004. Empirical national data is analysed, as well the environmental reporting of individual firms and interviews with key personnel.

The main findings are that what leads the car industry to see environmental issues as central to their business interests hinges on the impact of differing national institutional factors. Specifically, it is a matter of whether firms have a liberal market economy (LME) as their home base, in the case of US firms, or a coordinated market economy (CME) as their home base, in the case of German and Japanese firms. US car firms react more to the material imperatives of consumer demand and state regulations. German and Japanese firms are more mindful of normative factors for their initiatives, such as social attitudes (especially for German firms) and internal company strategies (especially for Japanese firms). They have more of a partnership approach with government. Therefore, car firms have very distinct 'lenses' through which they see the environmental performance of the cars they produce. As such, the thesis concludes that the variety of capitalism of nations has implications not just for the type of products that economic actors such as car firms produce, and the competitive advantages they develop, but also the way they address related issues arising as a result of their activities, including environmental issues.

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List of Abbreviations

AAM	Alliance of Automobile Manufacturers
ACEA	Association des Constructeurs Europeens
ADB	Asian Development Bank
CAFE	Corporate Average Fuel Economy
CCFA	Comite des Constructeurs Francais d'Automobiles
CEO	Chief Executive Officer
CERES	Coalition of Environmentally Responsible Economies
CME	Coordinated Market Economy
CNG	Compressed Natural Gas
CO ₂	Carbon Dioxide
DOT	US Department of Transportation
EC	European Commission
ECMT	European Conference of Ministers of Transport
EIA	US Energy Information Administration
EPA	US Environment Protection Agency
EU	European Union
FCV	Fuel Cell Vehicle
GCC	Global Climate Coalition
GRI	Global Reporting Initiative
ICC	International Chamber of Commerce
IEA	International Energy Agency
JAMA	Japan Automobile Manufacturers Association
LME	Liberal Market Economy
LPG	Liquefied Petroleum Gas
METI	Ministry of Economy Trade and Industry
MITI	Ministry of International Trade and Industry
MNC	Multinational Corporation

NGO	Non-Government Organisation
NHTSA	National Highway Traffic and Safety Administration
NO _x	Nitrogen Oxides
OECD	Organisation for Economic Cooperation and Development
OICA	Organisation Internationale des Constructeurs d'Automobiles
SUV	Sports Utility Vehicle
UN	United Nations
UNCED	United Nations Conference on Environment and Development
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
US	United States
VDA	Verband der Automobileindustrie
VOC	Variety(ies) of Capitalism
WBCSD	World Business Council for Sustainable Development
WTO	World Trade Organization
WVS	World Values Survey