

**Ethics and Environmental Scandal: The Volkswagen Case.**

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### Abstract

Living as a society has to have norms and rules, land and resources are shared by people, somewhat organized in common civilians, governments and companies. Human behavior is not always easy to control, having institutions dedicated to monitor and regulate the harmonic functioning of the mentioned organizations don't seem to be always enough. The Volkswagen (VW) ethical and environmental scandal exploded on 2015 is one example.

This analysis of the VW case will give a brief history of how the problem started, implicitly evaluating the company's values and leaving open questions about their personal motives but showing their interests and ambitions. Something that cannot be left out are the consequences of such actions that generated a mistrust on the company, and environmental consequences due to the illegal actions taken by them. It's hard to measure the damage caused by VW, the pollution added to the air, but the consequences on everybody's health can and will be explained.

Since the early 1970's there has been a gradual preoccupation about contaminating emissions and a growing culture of environmental conscience. It's part of the values of many consumers, whom are very aware of health consequences and global warming -between others. This kind of consumers rejects any products that can be harmful in any contaminating way, and feel attracted to new clean technologies.

The purchase of clean and efficient vehicles is also part of that careful conscience, the balance between environmental values and acquirebility is always present, the final decision is made considering both aspects. Having a clear, accurate information about the specs of available vehicles in the market is a vital part of this process.

Diesel vehicles are not precisely the American's favorite sedan, yet some few dare to try those alternatives existing in the market. Volkswagen (VW) is the number one seller nationwide -and worldwide- when it comes to sports or family vehicles using diesel as an alternative fuel. Why trying to sell unpopular diesel vehicles in America? Even the most rarest products can make a relatively good profit in this side of the continent, they were not the last sellers, and considering their corporate decisions they wanted not only to stay as the first one but also wanted to popularize the diesel vehicle market in the US.

### **Background**

In order to accomplish their ambitious goal, VW started testing their vehicle emissions simulating the emission readers used by the legal authorities, which is not bad if manufacturers utilize it to improve or control emissions for greener vehicles. As

history showed us. They didn't wanted to sacrifice the stronger points of their product line, power and very low consumption, facing a wall that they couldn't jump over, America's pollution regulation laws.

Although the company was dealing with a challenge they couldn't beat - due to the excess of ambition to appeal the US market, VW vehicles started to get approved to be imported and commercialized in the US. It was a miracle, attracted consumers were excited to be able to acquire powerful low consumption compacts.

One of the several problems in this VW case was the message, after succeeding cheating the Environmental Protection Agency (EPA,) some of the German company commercials were so sinic that insinuated their cars were even eco friendly. These arguments were motivated to reach the target of triplicating sales in the US.

### **Legal Actions and Consumers Reactions in the US**

Several countries around the world have been working on air contamination and pollution, the US is one of them. Since 1970, thought the EPA there have been major improvements. After the Air Clean Air Act amendment of 1990 the expectations were higher to keep making progress.

Taking aside deceiving a nation, VW basically violated the Clean Air Act.

Consumers mistrust is one of the worst things a transnational could suffer, it's reflected on the numbers because profits won't make justice to all the investments, many jobs also run in danger after a massive decline in sales. After feeling cheated

consumers will not only boycott products, but they'll also make sure to inform or make public reviews about their experiences. It's also possible that huge disparagement by the media, backing up the effects of consumers mistrust force some companies to close their operations. From McGill Perspectives; "When Volkswagen's emissions cheating - dubbed "dieselgate" by the media - was first revealed, the company's stock dropped, losing 35% of its market value [6]. Then CEO, Martin Winterkorn, was forced to resign." Fortunately it can be said that a good portion of consumers in America were indemnized after being cheated "In January 2017, the company was found guilty in U.S. District Court on three felony counts: conspiracy, obstruction of justice and introducing imported merchandise into the United States by means of false statements [11]. On top of reparations paid to over 590,000 diesel car owners in North America, VW paid a 2.8 billion penalty as a result of the criminal conviction [1]." Zielinski S, Karkala K. (November, 2017.)

The Volkswagen scandal goes beyond just being an ethical scandal, fraud or an environmental contamination scandal. And fraud is something it should be mentioned because "clean diesels" won several environmental awards and started receiving tax breaks.

### **Uncontrolled Pollution**

Returned vehicles and huge fines were the consequence of their unethical acts, can be said that they compensated for all the struggle?

Here is some general information about pollution -carbon dioxide, nitrogen dioxide and lead- extracted from the EPA official webpage:

“An extensive body of scientific evidence shows that long- and short-term exposures to fine particle pollution, also known as fine particulate matter (PM<sub>2.5</sub>), can cause premature death and harmful effects on the cardiovascular system, including increased hospital admissions and emergency department visits for heart attacks and strokes. Scientific evidence also links PM to harmful respiratory effects, including asthma attacks.” United States Environmental Protection Agency (n.d.)

There is more, in the same source is mentioned that lead “can cause neurological problems on kids, and carbon and nitrogen dioxide can also cause impaired visibility, besides the environmental damage.”

Of course, VW is not responsible for all the air contamination, not in the world, not in the US. Actually, gasoline vehicles and industrial activities are responsible for the most part of contaminated air in the American continent, on the other hand this is different in Europe, where the main choice to go are diesel vehicles.

### **Diesel Regulations and Market in Europe**

Not all the damage is calculable, this kind of illegal actions against people's health and against the environment is real. After the exposure of VW emissions case, some other scandals from automakers came to the light, and the cheating in European countries seems to be worst because their regulations are not so tight.

According to ProPublica there were no losses for VW outside US borders, in Germany and Europe “VW has not offered compensation to any customer. In Germany, where the key decisions were made and all the decision makers reside, no criminal or administrative fines or penalties have yet been imposed.” Interesting how other automakers take their responsibility against European laws and the environment; “BMW, Fiat Chrysler Automobiles, Daimler (maker of Mercedes), PSA (maker of Peugeots and Citroëns), and Renault-Nissan have all come under scrutiny over the past year by either German or French authorities for possible diesel emissions irregularities. (The manufacturers deny wrongdoing.)” Roger Parloff (Feb, 2018.)

### **Conclusion**

Three years after the scandal, VW keeps operating in America and the world as usual, In a few months after this case it was making profit as usual and it's still one of the top automobile producers in the world. Is it possible to prevent this kind of fraud again? Would they attempt to repeat it? Probably if it's profitable enough and they have the technology to trick the system again they might consider it.

## Resources

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