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A plea for bio-focused policies

On April 2, in a 5-4 decision, the U.S. Supreme Court ruled that carbon dioxide is a pollutant under the Clean Air Act and can be regulated by the Environmental Protection Agency.

While the ruling acknowledges the obvious, it offers a compelling rationale for Indiana elected officials to create an economic development strategy that leverages Hoosier intellectual capital and one of the state's greatest assets, our farmland.

With the scope of the twin challenges of climate change and energy independence, the appropriate job of government is to set high standards and let the markets reach them. Once achieved, the role of government is to raise them yet again. This virtuous cycle of standard-setting by government and market adaptation and innovation in response is what powers innovative economies.

For example, California has consistently led the nation in energy-efficiency standards. Market innovation in response to government standards has allowed the state to keep its per-capita energy-consumption rates essentially flat for the last 30 years, while the other 49 states have seen their consumption rates rise on average 50 percent. California citizens, scientists, entrepreneurs and venture capitalists have all benefited from the innovation that



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Commentary

has been created by these government mandates.

The recent Supreme Court decision was derived from the actions of several states that moved to adopt California's proposed limits on carbon dioxide emissions from vehicles. Indiana is not one of those states, but it should be. Such a move would benefit our nascent ethanol industry.

Further, Indiana should take the lead in developing a complete set of bio-focused public policies. To date, we have single-mindedly devoted excessive government support and tax incentives to the production of ethanol. A more balanced set of bio-focused policies would allow Indiana to set a national standard for environmentally focused, high-tech development.

A well-rounded set of bio-focused policies could include efficiency standards for buildings and appliances; stipulations that utilities generate electricity from renewable resources like wind or solar; mileage and emissions standards for cars, trucks and boats; and a cap and trade system for the amount of harmful emissions a factory or power plant can emit. We might also consider loan guarantees and fast-track licensing for anyone who wants to build a nuclear power plant. Indiana could impose a carbon tax that would stimulate the market to move away from fuels that emit high levels of carbon dioxide.

In addition to these energy-consumption-related objectives, Indiana should take the lead in developing and supporting the growth of renewable chemicals.

Renewable chemicals are corn- and soybean-derived building blocks that mimic the petroleum-based building blocks that make most of our plastics, foams and lubricants.

Indiana farm fields will soon be flush with the corn and soybeans that can be used for packaging, car seats, carpets, disposable cups and surfboards. Indiana should provide tax incentives for manufacturers to adjust or switch equipment from traditional petro-chemicals to renewable chemicals and challenge our research universities to identify and devise renewable chemicals and new uses for renewable chemicals.

Recent developments by industry giants like Cargill and Wal-Mart are supporting the growth of renewable plastics. Cargill built a facility in Blair, Iowa, focused on renewable chemicals. Wal-Mart has embraced corn-derived plastics and is driving market demand for corn-plastic food containers.

With a more balanced approach, Indiana can develop new markets for its farmers' grains, provide incentives for entrepreneurs and the capitalists who fund them, and create the markets and market incentives for manufacturers and suppliers to participate in these markets.

A holistic bio-platform creates a "double bottom line" for Indiana—the environment does well and our economy does well. •

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