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The political economy of global environmental governance

PETER NEWELL*

Abstract. This article develops a political economy account of global environmental governance to improve upon our understanding of the contemporary conduct of environmental politics and to clarify thinking about the potential for, and barriers to, effective environmental reform. By elaborating the key contours of a political economy account on the one hand and opening up to critical enquiry prevailing understandings of what is meant by ‘global’ ‘environmental’ and ‘governance’ on the other, such an approach is able to enhance our understanding of the *practice* of environmental governance by emphasising historical, material and political elements of its (re) constitution and evolution.

Introduction

This article develops a critical political economy account of global environmental governance to improve upon our understanding of the contemporary conduct of environmental politics and to clarify thinking about the potential for, and barriers to, effective environmental reform. By elaborating the key contours of a political economy account on the one hand and opening up to critical enquiry prevailing understandings of governance on the other, such an approach is able to enhance our comprehension of the *practice* of environmental governance by emphasising historical, material and political elements of its (re) constitution and evolution. It is argued that an account of this nature is better placed to address the key questions which drive any enquiry into governance issues and which are no less pertinent to appreciating the changing nature of environmental governance. These are:

- What is to be governed? (and what is not?)
- Who governs and who is governed?
- How do they govern?
- On whose behalf?
- With what implications?

The first part of the article reflects on the insights and limitations of conventional interpretations of environmental governance within the discipline of International Relations (IR). The second part articulates the need for a differently grounded approach, driven both by the analytical weaknesses of existing approaches and changes in the global system that require more sophisticated and critical approaches

* I am grateful to David Levy, two anonymous referees and the Journal editor for useful suggestions on an earlier draft of this article.

to explanation. The third part elucidates the key elements of a political economy approach, assembling diverse theoretical tools towards this end and providing examples of the insights they generate in practice that help to address the questions identified above. The article concludes with reflections on the benefits that might be derived from such an approach.

Global environmental governance: conventional perspectives

The Global Environmental Outlook report notes:

The global human ecosystem is threatened by grave imbalances in productivity and in the distribution of goods and services. . . . This unsustainable progression of extremes of wealth and poverty threatens the stability of the whole human system, and with it the global environment . . . *Environmental gains from new technology and policies are being overtaken by the pace and scale of population growth and economic development.* The processes of globalisation that are so strongly influencing social evolution need to be directed towards resolving rather than aggravating the serious imbalances that divide the world today.¹

Despite repeated acknowledgements such as this that patterns of globalisation render the fragile systems of global environmental governance increasingly irrelevant or impotent, orthodox theorisation of the challenge of managing global environmental change (GEC) within International Relations continues to look to international regimes for the answers. It is not a caricature to suggest that environmental governance for many scholars of IR continues to be reduced to the study of international environmental *law* and the *institutions* that produce it and enforce it, even if there is increasing attention to the ways in which non-state actors can facilitate inter-state bargains.² Debate continues to centre on how to motivate *self-interested states* to act in ways which protect and enhance the global commons. This reflects the legacy of regime approaches which continue to enjoy a privileged status in the study of global environmental politics.³ Applied to the problematic of managing the global commons, regime theory appears to provide a useful analytical grounding for the conceptualisation of such problems.⁴

From the point of view of understanding the ineffectiveness of international cooperation in containing, let alone reversing, the problems for which it has been set up to address, however, regime theory provides few clues beyond the answers that any traditional IR account would offer: the problem of managing free-riders that benefit from public goods without taking action themselves, the weakness of

¹ UNEP, *Global Environmental Outlook* (London: Earthscan and UNEP 1999), p. xx; emphasis added.

² Bas Arts, 'Non-State Actors in Global Environmental Governance: New Arrangements Beyond the State', in Mathias Koenig-Archibugi and Michael Zürn (eds), *New Modes of Governance in the Global System: Exploring Publicness, Delegation and Inclusiveness* (Basingstoke: Palgrave, 2006), pp. 177–201; Peter Newell, *Climate for Change: Non-State Actors and the Global Politics of the Greenhouse* (Cambridge: Cambridge University Press, 2000); Michelle Betstill and Elizabeth Correll, 'NGO Influence in International Environmental Negotiations: A Framework for Analysis', *Global Environmental Politics*, 1:4 (2001), pp. 65–85.

³ Oran Young, *Global Governance: Learning Lessons from the Environmental Experience* (Cambridge, MA: MIT Press, 1998); Peter Haas, Robert Keohane and Marc Levy, *Institutions for the Earth: Sources of Effective Environmental Protection* (Cambridge, MA: MIT Press, 1993).

⁴ John Vogler, *The Global Commons: A Regime Analysis* (Sussex: Wiley, 1995).

sanctions in the absence of global government, institutional fragility in the absence of the backing of a hegemonic state or the need to create a shadow of the future to induce cooperative behaviour.⁵ There is little attention to the particular nature of environmental problems and the political and material relations which create them and within which they are managed. Traditional theoretical tools and assumptions about the nature of global politics are instead brought to bear on the issue of environmental change.⁶ Understanding environmental problems and politics from the point at which they enter the remit of global institutions is to neglect the *prior* political and materials relations that account for the production of environmental harm. The question 'which social relations make environmental degradation possible?' helps to identify the interests and relations of power at play and serves to draw attention to the existing networks of environmental governance that inter-state responses need to engage and reform. As is argued below, it is highly unlikely that these operate exclusively within public domains, are managed by states or, in many cases, are amenable to interventions by international institutions. Employing theoretical lines of enquiry that (1) centre on bargaining between states, assumed to be cohesive rational actors with the resources, capacity and willingness to engage in environmental reform, (2) within international public arenas, assumed to be the key arenas in which decisions are made about the environment, and (3) at the international level, assumed to be the sphere in which 'global' politics occur and within which 'global' environmental change has to be addressed, is to misread who the key actors are in the *quotidian* practice of environmental governance and to overlook the multiplicity of arenas where environmental politics occur.

The appeal of regime theory for scholars of the environment nevertheless endures⁷ despite critiques from a range of quarters regarding the static nature of much regime analysis, the state-centricity of the approach, and its neglect of many of the broader political and economic forces that condition the context in which regimes emerge, evolve and the extent to which they are effective.⁸ Attempts to evolve regime theory in new directions and to build on critiques of mainstream approaches may yet help to articulate a pluralist account of global governance in which non-state actors play a more active part, perhaps further developing ideas about 'complex multilateralism' or reinvigorating debates about 'transnationalism'.⁹ Gale's construction of a neo-Gramscian perspective on international regimes, combined with Keeley's earlier Foucauldian reading of international regimes as 'regimes of truth', represent perhaps

⁵ Andrew Hurrell and Benedict Kingsbury, *The International Politics of the Environment: Actors and Institutions* (Oxford: Clarendon Press, 1992); Hugh Ward, 'Game Theory and the Politics of Global Warming: The State of Play and Beyond', *Political Studies*, XLIV (1996), pp. 850–71.

⁶ Julian Saurin, 'International Relations, Social Ecology and the Globalization of Environmental Change', in John Vogler and Mark Imber (eds), *The Environment in International Relations* (London: Routledge, 1996), pp. 77–99.

⁷ Norichika Kanie and Peter M. Haas (eds), *Emerging Forces in Environmental Governance* (Hong Kong: United Nations University Press, 2004); John Vogler, 'In Defense of International Environmental Cooperation', in John Barry and Robyn Eckersley (eds), *The State and the Global Ecological Crisis* (Cambridge, MA: MIT Press, 2005), pp. 229–55.

⁸ Susan Strange, 'Cave! Hic dragones: A Critique of Regime Analysis', in Stephen Krasner (ed.), *International Regimes* (Ithaca, NY: Cornell University Press 1983), pp. 337–54.

⁹ Robert O'Brien, Anne-Marie Goetz, Jan Aart Scholte and Marc Williams, *Contesting Global Governance* (Cambridge: Cambridge University Press, 2000); Robert Keohane and Joseph Nye, *Transnational Relations and World Politics* (Cambridge, MA: Harvard University Press, 1972).

the most innovative departures, opening up the possibility that ‘international organisations are arenas of struggle between global actors over the normative structures that govern (or should govern) specific issue areas’.¹⁰ Gale’s insights in particular about the possibilities of developing post-liberal and critical understandings of regimes and the bargains that underpin them, provide useful insights for the framework proposed here.

Even if it can be argued that a focus upon regimes is appropriate for IR specialists wanting to account for institutional arrangements that have been constructed at the global level to protect the environment, this question cannot increasingly be divorced from an understanding of the nature of the contemporary global political economy and its implications for the future direction of environmental politics. This is especially so amid increasing evidence of private actors assuming public functions of regulation and stewardship with regard to natural resources. As Saurin notes, ‘international political analysis continues to be conducted as if environmental goods and bads are produced, accumulated and therefore regulated by public organisations. They are not.’¹¹ Tracking shifting patterns of trade, production and finance will tell us much about the sources and drivers of environmental change. Likewise, studying the investment decisions of firms, banks and other financial actors and the political role of these actors in environmental governance will provide the basis for understanding what forms of action are possible and practicable in the contemporary neoliberal global economy. Both in terms of their influence financially and politically, as well as their ecological footprint, they dwarf the role of state environmental agencies that remain the point of reference for most IR specialists.

Given the centrality of market actors to environmental governance, we should expect IPE to provide the basis of a clear articulation of a political economy of the environment. IPE scholars have tended to neglect environmental issues, however. Indeed, it is more the case that writers on the environment have sought to make use of concepts and debates in IPE to account for the global politics of the environment.¹² Only rarely have scholars of IPE sought to understand the significance of environmental issues for mainstream theory, or use Green political theory to challenge conventional thinking within International Relations.¹³ Insights from IPE on these issues have yet to capture the imagination of much mainstream thinking in

¹⁰ Fred Gale, ‘“Cave! Hic dragones”’: A Neo-Gramscian Deconstruction and Reconstruction of International Regime Theory’, *Review of International Political Economy*, 5:2 (1998), pp. 252–83, at 270; James Keeley, ‘Toward a Foucauldian Analysis of International Regimes’, *International Organisation*, 44:1 (1990), pp. 83–105.

¹¹ Julian Saurin, ‘Global Environmental Crisis as “Disaster Triumphant”: The Private Capture of Public Goods’, *Environmental Politics*, 10:4 (2001), pp. 63–84, at 80.

¹² Julian Saurin, ‘International Relations, Social Ecology and the Globalisation of Environmental Change’, in John Vogler and Mark Imber (eds), *The Environment and International Relations* (London: Routledge, 1996), pp. 77–99; Marc Williams, ‘International Political Economy and Global Environmental Change’, *ibid.*, pp. 41–58; Dimitris Stevis and Valerie Assetto (eds), *The International Political Economy of the Environment: Critical Perspectives* (Boulder, CO: Lynne Rienner, 2001); Matthew Paterson, *Understanding Global Environmental Politics: Domination, Accumulation, Resistance* (Basingstoke: Palgrave, 2001); Peter Newell, ‘Towards a political economy of global environmental governance’, in Peter Dauvergne (ed.), *Handbook of Global Environmental Politics* (Cheltenham: Edward Elgar, 2005), pp. 187–202.

¹³ Eric Helleiner, ‘International Political Economy and the Greens’, *New Political Economy*, 1:1 (1996), pp. 59–77; Eric Laferrière, ‘Emancipating International Relations Theory: An Ecological Perspective’, *Millennium*, 25:1 (1996), pp. 53–75; Eric Laferrière and Peter Stoett, *International*

IR, however, which continues with a relatively state-centric reading of questions of international cooperation.

Exploring in detail the intimate relationship between global environmental change and the contemporary organisation of the global economy continues to demand, therefore, a realignment of our priorities for theoretical enquiry and practical application. The appeal of existing modes of engagement is that they draw on prevailing theoretical orthodoxies and assumptions about the role of international institutions, the nature of the international system and the organisation of global politics. Normatively, however, if we start from a desire to understand the political nature of environmental change and a commitment to identifying the most effective types of political intervention, we assume an obligation to think outside traditional and convenient theoretical parameters.

Aside from the shortcomings of conventional theoretical thinking regarding the contemporary practice of environmental governance, there is a strong, and related, sense in which changes in patterns of authority and decision-making in the global economy have served to reconfigure patterns of environmental governance in ways which suggest the need for theoretical innovation. These changes include a widening and deepening in the *range of actors* producing environmental harm and involved in its regulation (dispersed, global, private, beyond state regulation). Changes in the governance and exploitation of environmental resources have been brought about through shifting patterns of production and investment, through changes in the nature of standard-setting and institutional authority, and through increased participation by business and civil society actors in global environmental debates. Denser, multi-sited and increasingly transnational forms of governance that have resulted from shifts in the relationship between states and markets, and between public and private international bodies with authority in the environmental domain, require a theoretical account able to adequately capture these dynamics.

Toward a political economy approach

Both as a result of changes in the global system described above and the limitations of conventional approaches to environmental governance noted previously, an emerging body of critical work has sought to demonstrate, often in issue specific or very general ways, the merits of what might be considered a *critical political economy approach* which locates global environmental governance within broader patterns of governance designed to promote (and manage) the globalisation of the economy.¹⁴ Studies of the governance of particular technologies¹⁵ or in relation to specific actors such as the role of business in global environmental governance¹⁶ provide indications

Relations Theory and Ecological Thought: Towards a Synthesis (London and New York: Routledge, 1999).

¹⁴ Matthew Paterson, David Humphreys and Lloyd Pettiford, 'Conceptualizing Global Environmental Governance: From Interstate Regimes to Counter-Hegemonic Struggles', *Global Environmental Politics*, 3:2 (2003), pp. 1–10, at 5.

¹⁵ Rodney Loepky, 'History, Technology and the Capitalist State: The Comparative Political Economy of Biotechnology and Genomics', *Review of International Political Economy*, 12:2 (2005), pp. 264–86; Peter Newell, 'Globalisation and the Governance of Biotechnology', *Global Environmental Politics*, 3:2 (2003), pp. 56–72.

¹⁶ David Levy and Peter Newell (eds), *The Business of Global Environmental Governance* (Cambridge MA: MIT, 2005).

of the insights to be gained from such an account of environmental governance, but have yet to be articulated as a generic approach. This is in spite of attempts to explore disparate elements of an 'ecological political economy',¹⁷ or to analyse in general terms the interface between the global economy and global environmental politics, adopting case studies or competing perspectives to account for this relationship.¹⁸ Critical, often Marxist-inspired, accounts meanwhile have sought to address the question of capitalism's (in)compatibility with the achievement of sustainability, without exploring in detail the governance mechanisms which seek to manage this relationship.¹⁹

We still lack, therefore, a clear articulation of the contents and application of a coherent political economy approach to global environmental *governance*, one that has potential to provide explanations across diverse issue areas, offering a different view of 'global'(ity), what counts as 'environmental' and how we conceive of 'governance'. The approach developed here builds upon and resonates with the work of Paterson²⁰ and Saurin,²¹ but rather than develop a theory of global environmental politics, as Paterson does, that embraces the role of capitalism, modernity and patriarchy in (re)producing environmental crises, the task here is more modest; to refine and demonstrate the utility of a political economy approach in relation to contemporary patterns of environmental *governance*, rather than the sum of *all* global environmental politics. The starting point for Saurin is to explain the apparent incongruence between a growing environmental crisis in the face of unprecedented degrees of international coordination, regulation and technical advance.²² Explaining environmental degradation as a routine consequence of existing structures of power, Paterson's approach is to 'disrupt the notion that international power structures are neutral with respect to environmental change' by demonstrating that environmental change originates not in 'interstate collective action problems, nor in a set of *ad hoc* trends, but in the internal dynamics of both systems of accumulation and exploitation and systems of domination'.²³ The approach developed here seeks an understanding and explanation of the relationship between the *economic* structures and agents responsible for the production of environmental harm and those actors, coalitions and networks engaged in the construction of environmental governance in the contemporary global political economy. The following sub-sections develop the key elements of such an account.

¹⁷ Fred Gale and Michael M'Gonigle, *Nature, Production and Power: Towards an Ecological Political Economy* (Cheltenham: Edward Elgar, 2000).

¹⁸ Jennifer Clapp and Peter Dauvergne, *Paths to a Green World: The Political Economy of the Global Environment* (Cambridge, MA: MIT Press, 2005); Gabriela Kütting, *Globalization and Environment: Greening Global Political Economy* (Albany, NY: SUNY Press, 2005).

¹⁹ B. Sandler, 'Grow or Die: Marxist Theories of Capitalism and the Environment', *Rethinking Marxism*, 7 (1994), pp. 38–57; Andriana Vlachou, 'The Contradictory Interaction of Capitalism and Nature', *Capitalism, Nature, Socialism*, 4 (March 1993), pp. 102–8; Andriana Vlachou, 'Capitalism and Ecological Sustainability: The Shaping of Environmental Policies', *Review of International Political Economy*, 11:5 (2004), pp. 926–52; M. O'Connor (ed.), *Is Capitalism Sustainable? Political Economy and the Politics of Ecology* (New York: Guilford Press, 1994).

²⁰ Matthew Paterson, 'Car Culture and Global Environmental Politics', *Review of International Studies*, 26:2 (2000), pp. 253–71, and *Understanding Global Environmental Politics*.

²¹ Saurin, 'International Relations' and 'Global Environmental Crisis'.

²² Saurin, 'Global Environmental Crisis', p. 65.

²³ Paterson, *Understanding Global Environmental Politics*, p. 5.

Placing the relationship between states-markets-civil society centrally

A political economy of global environmental governance has to place the dynamic relationship between states and markets centrally, reflecting the fact that global environmental governance cannot be understood separately from broader shifts in authority in global politics. It can do so, however, in a way that does not assume an artificial separation between state and market or the *a priori* autonomy of either. Rather than reify this relationship at the expense of the 'absent other', civil society, it places their inter-relationship at the heart of enquiry, exploring its configurations across global society. This is fundamental to challenging what Saurin calls a 'misidentification' of the nature of the modern environmental crisis which rests upon 'the persistence with and development of the separation of the political and economic, the public and private and the corresponding differentiation of agents, agency, structure, responsibility and liability on a global scale'.²⁴

Such an approach would expect key changes in the relationship between and within states and markets to produce new forms of environmental governance. Debates about the transfer of power from state to market have a long lineage, yet narratives about globalisation have given them a new salience in debates about whether state power is in retreat, being reconstituted or may actually be expanding.²⁵ The answer to these questions depends very much on which aspect of state power is under scrutiny. While state budgets for environmental action are often squeezed in the face of fiscal discipline imposed by international financial institutions, reducing state capacity, state authority is often also strengthened by the acquisition of new bureaucratic functions of pollution monitoring and enforcement that are associated with membership of global accords. In more critical terms, Benton also argues that states have been empowered by the ideology of globalisation and by the increased mobility of capital which has enabled them to 'weaken environmental legislation and generally to align state policy more closely with the interests of dominant and transnational capital'.²⁶ The extent to which these trends towards the erosion or reconfiguration of state power apply also depends very much on the state in question. In a context of weakened state structures, the power and privileges of business groups are enhanced such that 'At the very time statist theorists were 'bringing the state back in', the importance of private actors in formulating state policies was actually increasing in Africa and elsewhere in the developing world'.²⁷ As with other areas of global politics, there are few conveniently simple, globally applicable, narratives about state power in environmental governance.

Just as theories of the firm seek to get inside the 'black box' of the firm,²⁸ so too theories of the state need to look inside the state for an understanding of the importance of bureaucratic politics and policy networks. This is significant because

²⁴ Saurin, 'Global Environmental Crisis', p. 63.

²⁵ Susan Strange, *The Retreat of the State* (Cambridge: Cambridge University Press, 1996); Linda Weiss, *The Myth of the Powerless State* (Cambridge: Polity, 1998).

²⁶ Ted Benton, 'An Ecological Historical Materialism', in Fred Gale and Michael M'Gonigle (eds), *Nature, Production and Power: Towards an Ecological Political Economy* (Cheltenham: Edward Elgar, 2000), pp. 83–105, at 104.

²⁷ Ronald W. Cox (ed.), *Business, State and International Relations* (New York: New York University Press, 1996), p. 5.

²⁸ Louise Amoore, 'International Political Economy and the Contested Firm', *New Political Economy*, 5:2 (2000), pp. 183–204.

businesses are better connected with some parts of the state than others and these patterns of influence extend into the international sphere.²⁹ While environmental bureaucracies in stronger states tend to be well embedded by virtue of engagement with global decision-making processes on the environment and through close ties to global epistemic communities,³⁰ ministries of trade and finance with which they are often in competition over environmental policies with significant budgetary or trade policy implications, are equally well globalised, but operate in global arenas such as the WTO that are conferred greater authority than their environmental counterparts. Power imbalances within the state are mirrored and reproduced by inequalities in the distribution of power between international institutions. Likewise, uneven distributions of power between states and firms at national level, where the latter's mobility and ability to relocate provide enhanced bargaining leverage, are reflected in and reinforced by public inter-state legal protection of private power. When multilateral rules ostensibly aimed at protecting the global commons conflict with attempts to multilaterally protect private access to, and control over, those resources the telling question is 'Whose rules rule?'³¹ Multilateral environmental negotiations are increasingly conducted in the shadow of world trade rules.³² This prioritisation of economic over environmental rule-making reflects what Gill refers to as the 'new constitutionalism' to describe the ways in which the rights of capital over states are being enshrined in international trade and investment agreements.³³ In the environmental field, the debate within the Convention on Biodiversity (CBD) over access, benefit-sharing and IPRs (Intellectual Property Rights) can be interpreted as a struggle to define corporate entitlements to the commons. Debates about bio-piracy and bio-prospecting are concerned with the boundaries of corporate access to natural resources and the compensation firms are expected to provide to the communities from whom the resources have been extracted. Indeed, it was primarily concerns about how the CBD would affect the access of the US pharmaceutical industry to such resources that led President Bush (senior) to refuse to sign the accord.³⁴

Strange's model of 'triangular diplomacy' that describes the triangle of relations among states, between states and firms and among firms, provides a useful way of understanding many dimensions of global bargaining, even if it has less to say about the role of civil society actors.³⁵ Firms with a presence at international negotiations on the environment bargain with one another over which positions to adopt in an attempt to reflect diverse and often contradictory interests. They then adopt formal and informal strategies to register their views with government through bodies such

²⁹ Peter Newell, 'Lost in Translation? Domesticating Global Policy on GMOs: Comparing India and China', *Global Society*, 22:1 (2008), pp. 117–38.

³⁰ Peter Haas, 'Obtaining International Environmental Protection through Epistemic Consensus', *Millennium*, 19:3 (1990), pp. 347–63.

³¹ This phrase was used in a World Development Movement campaign about the impact of trade rules on the world's poor.

³² Ken Conca, 'The WTO and the undermining of global environmental governance', *Review of International Political Economy*, 7:3 (2000), pp. 484–94.

³³ Stephen Gill, 'Globalisation, market civilisation and disciplinary neoliberalism', *Millennium: Journal of International Relations*, 24:3 (1995), pp. 399–423.

³⁴ Kal Raustiala, 'The Domestic Politics of Global Biodiversity Protection in the United Kingdom and United States', in Miranda Schreurs and Elizabeth Economy (eds), *The Internationalisation of Environmental Protection* (Cambridge: Cambridge University Press, 1997), pp. 42–74.

³⁵ Susan Strange, 'Rethinking Structural Change in the International Political Economy: States, Firms and Diplomacy', in Richard Stubbs and Geoffrey Underhill (eds), *Political Economy and the Changing Global Order* (Basingstoke: Macmillan, 1994), pp. 103–16.

as the Global Industry Coalition on biotechnology. A political economy account would need to go further, however, in asking why some coalitions of interest prevail over others. In contrast to pluralist accounts, a structural approach would suggest that owners of capital exercise structural power over state managers, in that they are able to shape the context in which states make decisions. As Paterson shows ‘because of the necessity of growth for capitalism to survive, those organising such growth, defined generally as capital, gain a great deal of power with respect to state decision-making’.³⁶ There have been many documented examples of the leading role played by large firms in vetoing provisions of global environmental accords threatening to their interests.³⁷ Some structuralist approaches go further in questioning the very division of state and market. Vlachou puts it the following way; ‘state policies towards nature and the ecological changes initiated in capitalism are not ‘external or artificial’ barriers to capital. They are the outcome of internal processes and also constitutive elements of capital as a social relation’.³⁸

That a political economy account requires a theory of the state is reinforced by a recognition that the state is not a neutral actor in environmental governance. Conca notes; ‘The emergence of the centralising, industrialising, national state, with its capacity to centralise decision-making, concentrate capital, strip local communities of their historical property rights in nature, supply coercive power and protect elite interests, has been a key social innovation along the road to global planetary peril’.³⁹ Risk and hazard, access and benefit are routinely, necessarily, allocated in ways which reflect and enhance existing social inequalities. This reflects the fact, in part, that political elites have major interests in key economic sectors which exact significant environmental damage including commercial logging, mineral and oil exploitation and plantation cropping.⁴⁰ We find evidence of Marx’s contention that the capitalist state is ‘based on the contradiction between public and private life, on the contradiction between general interests and private interests’.⁴¹ Its role is to maintain market discipline and mediate between the contradictions of general and particular interests within capital, such that competing fractions of capital seek to present their interests as consistent with those of capital-in-general in environmental as in other issue areas. This produces uncertain outcomes in contests over the form that environmental governance should adopt. Vlachou notes ‘Although the state assumes the capacity to secure the natural and other conditions for capitalism, the choice of particular policies, their requirements as well as the incidence of benefits and costs of such policies on different agents . . . is not pre-determined’.⁴²

³⁶ Paterson, *Understanding Global Environmental Politics*, p. 46.

³⁷ Peter Andr  e, ‘The Genetic Engineering Revolution in Agriculture and Food: Strategies of the “Biotech Bloc”’, in David Levy and Peter Newell (eds), *The Business of Global Environmental Governance* (Cambridge, MA: MIT Press, 2005), pp. 135–66; Peter Newell and Matthew Paterson, ‘A Climate for Business: Global Warming, the State and Capital’, *Review of International Political Economy*, 5:4 (1998), pp. 679–704.

³⁸ Vlachou, ‘Capitalism and Ecological Sustainability’, p. 928.

³⁹ Ken Conca, ‘Old States in New Bottles? The Hybridization of Authority in Global Environmental Governance’, in John Barry and Robyn Eckersley (eds), *The State and the Global Ecological Crisis* (Cambridge, MA: MIT Press, 2005), pp. 181–207, p. 181.

⁴⁰ Jeff Haynes, ‘Power, Politics and Environmental Movements in the Third World’, in Chris Rootes (ed.), *Environmental Movements: Local, National and Global* (London: Frank Cass, 1999), pp. 222–43.

⁴¹ Karl Marx, *The German Ideology*, vol. 5 (London: Lawrence and Wishart, 1975), p. 46.

⁴² Vlachou, ‘Capitalism and ecological sustainability’, p. 933.

Nevertheless, the state is not seen as a separate sphere with its own logic, not 'suspended in mid-air' as Marx noted, but giving form to economic institutions and production relations. This allows us to locate the state within those larger relations that are implied in the production of environmental degradation.

The lack of state theory employed in conventional analysis of environmental governance has implications for how we conceive of the law and its potential to serve as a vehicle for tackling environmental harm given the importance attached, *a priori*, by conventional accounts, to international law as *the* governance mechanism for managing the global commons whilst ignoring social relations within which law is cast and which it serves to entrench. Cutler argues, 'The possibility for the law to exhibit bias or to serve unrepresentative interests or undemocratic ends is ruled out by presumptions of the law as natural, neutral and consensual order'.⁴³ Even accepting that state laws to some extent do not intend to generate inequalities, 'State permitting laws remain neutral or blind toward these [environmental] inequalities; they therefore perpetuate, and indeed exacerbate, distributional inequalities'.⁴⁴ In this reading, legal rules cannot be divorced from the material conditions in which they are produced and seek to preserve since they form 'a crucial constituent of property relations and privatised class power', and also form the 'legal culture' of a transnational bloc advancing a globalising neoliberal agenda under the guise of naturalised representations of property, market and capital'.⁴⁵ Environmental politics are inevitably played out on this broader canvas of material and institutional power.

Building upon these insights without over-ascribing a 'productionist' logic to all governance arrangements, some of the insights from neo-Gramscian versions of historical materialism become useful. Neo-Gramscian perspectives seek to go beyond some of the more reductionist elements of structural accounts to look at the ways in which coalitions are formed between state, capital and civil society in order to preserve the hegemony of blocs whose interests are threatened by environmental regulation. An environmental account would posit the ways in which fundamental economic interests and privileges are protected through strategies that reify those structures of property and decision-making from which the transnational managerial class benefits. Alliances with conservative elements within the environmental movement have been key to this strategy of accommodation, producing as Sklair shows, 'a global environmental elite which has been more or less incorporated into the transnational capitalist class'.⁴⁶ The function of this sustainable development historic bloc is to distance global capitalism from the sources of environmental problems, accommodating some mild criticism of consumerism and globalisation without allowing the 'fatal connection' between the capitalist mode of production and the ecological crisis to be addressed.⁴⁷ Global ecology literatures that emerged in the wake of the United Nations Conference on Environment and Development (UNCED) of 1992 suggest that this bloc has been very successful in the task of

⁴³ Claire Cutler, 'Historical Materialism, Globalization and Law', in Mark Rupert Hazel Smith (eds), *Historical Materialism and Globalisation* (London: Routledge, 2002), pp. 230–56, at 233.

⁴⁴ Luke Cole and Sheila Foster, *From the Ground Up: Environmental Racism and the Rise of the Environmental Justice Movement* (New York: New York University Press, 2001), p. 71.

⁴⁵ Mark Rupert and Hazel Smith (eds), 'Editor's Introduction', *Historical Materialism and Globalisation* (London: Routledge, 2002), pp. 1–13, p. 10.

⁴⁶ Leslie Sklair, *Globalization: Capitalism and Its Alternatives* (Oxford: Oxford University Press, 2002), p. 276.

⁴⁷ *Ibid.*, p. 57.

obscuring its own role in the processes it is ostensibly regulating, a process described as analogous to putting 'foxes in charge of chickens'.⁴⁸

Embedding institutions within global economic processes

Grounding a political economy account still further requires us to demonstrate and analyse the empirical links and theoretical implications that flow from the intimate relationship between environmental change and its governance, and the organisation of the global political economy. A political economy rendition of environmental governance needs to explore how trade, production and finance shape the possibilities and limitations of governance arrangements; analysing them as *economic structures* and through the *policy processes* they generate. A focus on the mode of production and the social relations which flow from this help us to understand this in terms of 'specific, historically and geographically variable forms of social organisation'.⁴⁹ This is in contrast to orthodox IR approaches to the study of global environmental change which, as Saurin notes, take as given 'the questions of what is produced, how it is produced, who controls production – in other words all the key questions pertaining to the actual transformation of nature'.⁵⁰

Other work has adequately shown, in discrete ways, how patterns of trade, production and finance (and the links between them) are central to understanding the contemporary world of environmental politics.⁵¹ Non-environmental regimes, those governing trade, production and finance, with substantial environmental profiles, both in terms of the authority they exercise over resource access and use and their ecological footprint, are critical to the possibilities of effective environmental governance. Debates about the types of regulation and political action necessary to tackle many environmental problems are increasingly conducted in the shadow of, and often trumped by, parallel concerns with trade and global market integration. This narrowing of the terms of the debate to political solutions that can comfortably be accommodated within the business-as-usual model of contemporary neo-liberalism serves to marginalise and delegitimise alternative modes of environmental governance that may be more effective.

For example, calls to tie the liberalisation of trade to basic environmental standards, to regulate the activities of multinational companies through a corporate accountability convention, as proposed at the UN World Summit on Sustainable Development, or to screen flows of private finance for their environmental impacts, have so far been successfully resisted. Instead, there is a growing evidence of a staggering and highly damaging degree of policy incoherence whereby there are low levels of integration of environmental goals into mainstream economic, trade and development policy such that policy in these areas systematically undermines the

⁴⁸ Nicolas Hildyard, 'Foxes in Charge of the Chickens', in Wolfgang Sachs (eds), *Global Ecology* (London: Zed Books, 1993), pp. 22–35; Pratap Chatterjee and Matthias Finger, *The Earth Brokers: Power, Politics and World Development* (London: Routledge, 1994).

⁴⁹ Benton, 'An Ecological Historical Materialism', p. 85.

⁵⁰ Saurin, 'Global Environmental Crisis', p. 74.

⁵¹ Marc Williams, 'Trade and the Environment in the World Trading System: A Decade of Stalemate?', *Global Environmental Politics*, 1:4 (2001), pp. 1–10; Peter Newell, 'Managing Multinationals: The Governance of Investment for the Environment', *Journal of International Development*, 13 (2001), pp. 907–19.

achievements of environmental policy. The manifestations of the way in which the potential achievements of environmental governance are routinely undermined by the initiatives promoted by global economic institutions are many. Export credit guarantees and the use of overseas aid money, provided bilaterally and through funding for multilateral organisations such as the World Bank, continue to be allocated to developments with devastating environmental consequences, offsetting the gains made by environmental regimes. Since 1992, the World Bank has spent 25 times more on climate-changing fossil fuels than on renewables. One report found that less than 10 per cent of all Bank projects are screened for their impact on the climate.⁵² Internationally, lack of policy integration between regimes means that the goals and possible net gains from agreements on climate change, for example, are reduced to nothing because the WTO, at the same time, negotiates increases in trade which will increase emissions of CO₂ well beyond the savings carefully negotiated in the climate treaties, by transporting greater volumes of trade around the world.⁵³ Similarly, while there is discussion of the need to promote higher standards of environmental protection amongst firms, regional trade accords such as NAFTA include provisions that allow companies to challenge national and local governments seeking to raise environmental standards in the name of non-discrimination against foreign investors and to extract compensation from them.

What appear to be, from an environmental point of view, cases of alarming incoherence in policy objectives, actually make perfect sense once we understand that discussions about the ecological footprint of market-led globalisation are strictly off limits. Reform proposals that deviate from received wisdoms about the pre-eminence of individual property rights and (ostensibly) laissez-faire economics, are discredited and ridiculed. While economic orthodoxies are sacrosanct and protected from scrutiny, environmental measures are always evaluated according to their potential to negatively affect capital accumulation objectives. Describing this in terms of a shift in power between the public and private realms, Saurin shows that while the public realm is left attempting to resolve harms generated by private actors, 'the private entities – businesses and corporations – retain authority over production systems'.⁵⁴

The increasing popularity of market-based instruments of environmental regulation in the form of environmental taxation, labelling, voluntary (self) regulation and permit trading, is indicative of this reorganisation of power and authority between state and capital, reflecting and embodying many of the trends described above. Threats to accumulation imperatives mean that environmental measures have to be 'attuned to the incentives and growth possibilities of capitalist firms'.⁵⁵ This marketisation of environmental policy is certainly not hegemonic, however. It is an expression of the contemporary organisation of the global economy and the ideologies that rationalise its operations. Not only are there deviations from it in the

⁵² Sustainable Energy and Economy Network USA, International Trade Information Service, US Halifax Initiative, Canada; and Reform the World Bank Campaign, Italy. *The World Bank and the G7: Changing the Earth's Climate for Business: An Analysis of the World Bank Fossil Fuel Project Lending since the 1992 Earth Summit* June 1997.

⁵³ To take a brief example, to import 1 kg of asparagus from California to Europe requires four litres of fuel. If grown domestically, the 'energy grab' from transport would be over 900 times less. New Economics Foundation, *Collision Course: Free Trade's Free Ride on the Global Climate* (London: NEF, 2003).

⁵⁴ Saurin, 'Global Environmental Crisis', p. 76.

⁵⁵ Vlachou, 'Capitalism and Ecological Sustainability', p. 937.

form of different national and regional approaches to regulation, but in everyday practice around the world, customary patterns of resource stewardship continue to survive, existing alongside market structures or subversive of them. Marketisation, therefore, describes a particular historical juncture already subject to significant contestation, but perhaps flexible enough to accommodate challenges to its reach without confronting the relations of power which underpin it.

A broader notion of governance

Drawing on critiques from political geography about the narrow understandings of governance that are often applied to environmental politics, a political economy approach needs to move beyond traditional thinking in IR about hierarchies of levels, the boundedness of actors and linearities of decision-making which are assumed to follow a 'cascade' model where one level of political authority flows to the next in a natural downward trend.⁵⁶ We need to understand multi-cited network formations, being sensitive to the different forms that governance takes, challenging reified categories of *nationally/global* or *inside/outside* as these 'may obscure and subordinate such axes of analysis as ecology, race and gender'⁵⁷ which are important to understanding who governs and on whose behalf.

To adequately capture the dynamics of bloc formation and more embryonic forms of coalition evolution across scales, a political economy approach has to be transnational in scale, able to explore dynamics *within* and *across* the state, within firms, across 'levels' and bridging public/private divides, such as they exist. This departs from conventional analysis of environmental governance which tends to reify 'the level of analysis problem' in IR. Transnationalist approaches, such as that developed by Risse-Kappen,⁵⁸ which look at how global political outcomes are mediated through domestic institutions and coalitions, may help to advance a theory of regimes that transcends state/non-state and domestic/international analytical divides. Adopting a political economy frame, however, allows us to account for why some coalitions and alliances of interest have a greater bearing on global policy than others. Policy responses and the governance structures that give rise to them are understood as products of a particular configuration of historical and material circumstances. A political economy of transnationalism means being open to a plurality of governance forms, without falling into liberal assumptions about equality of power, actors and the neutrality of institutions. A neo-Gramscian framework is helpful in this regard. As Gale argues, 'A neo-Gramscian approach forces us to widen our focus beyond the diplomats who are formally engaged in negotiations to include the struggles taking place among competing social forces over the principles, norms, rules and procedures of the international regime'.⁵⁹ Politicising and historicising the

⁵⁶ Harriet Bulkeley, 'Reconfiguring Environmental Governance: Towards a Politics of Scales and Networks', *Political Geography*, 24 (2005), pp. 875–902.

⁵⁷ Laurie Adkins, 'Democracy, Ecology, Political Economy: Reflections on Starting Points', in Fred Gale and Michael M'Gonigle (eds), *Nature, Production and Power: Towards an Ecological Political Economy* (Cheltenham: Edward Elgar, 2000), pp. 59–83, p. 70.

⁵⁸ Thomas Risse-Kappen, *Bringing Transnational Relations Back In* (Cambridge: Cambridge University Press, 1995).

⁵⁹ Gale, 'Cave! Hic dragones', p. 277.

function of institutions in this way is important to negating the idea that the impacts of institutions are socially and environmentally neutral and that the decisions they make embody general and public rather than specific private interests.

Arguing for such an approach does not amount to an endorsement of exaggerated and therefore problematic claims about the entrenchment of a 'post-sovereign' or 'neo-medieval' form of (environmental) politics; a liberal reading of global governance which conveys, explicitly or implicitly, 'a pluralistic and post-ideological conception of the world'.⁶⁰ As with some accounts of the rise of private environmental governance, there is a tendency to underplay the role of the state as the centrifugal unit in such networks. Even where they seemingly bypass the state, as certification bodies do, they often ultimately require forms of state authority, or at the very least government consent, to operate in an authoritative institutional manner.⁶¹ Duffy shows, for example, that while patterns of global environmental governance claim to 're-order' politics whereby 'complex networks of non-state actors govern, authorise and regulate, the process of implementation is still heavily reliant on national governments'.⁶²

There is an important and conceptually significant difference, therefore, between the performance of governing roles and the exercise of authority. Though it is not appropriate to reduce the question of authority to sovereignty, gaining competence in the provision of some state functions 'does not in itself elevate the non-state to an equivalent positions of authority'.⁶³ If the exercise of authority implies both the power of sanction and enforcement (of law) on the one hand, and claims to representation on the other, it excludes most non-state governance providers. If, however, acting authoritatively, even producing law (through standards, and so on), without the backing of a democratic mandate is sufficient, then non-state actors can legitimately be said to be 'authority brokers'. Recognising multiple sources of authority and competition between governance providers in global environmental governance is not the same as claiming that each carries equal weight, authority or legitimacy. Merely that in seeking to account for the changing landscape of global environmental governance, our understanding of governance has to decentre the idea that states are the exclusive providers of effective environmental governance. The 'denationalization' of governance⁶⁴ means that while some forms of environmental governance remain state-dominated (UN treaties), others reflect market dominance (environmental management systems) or predominant roles for civil society organisations (civil regulation), but more often they embody hybrid formations whose governance practices are only possible through cooperation and competition between each of the key 'governance providers'. Indeed, Arts notes, 'the environmental domain has been a laboratory for new modes of governance *par excellence*'.⁶⁵

⁶⁰ Rosaleen Duffy, 'The Politics of Global Environmental Governance: The Powers and Limitations of Transfrontier Conservation Areas in Central Americas', *Review of International Studies*, 31 (2005), pp. 307–23, at 309.

⁶¹ Robert Falkner, 'Private Environmental Governance and International Relations: Exploring the Links', *Global Environmental Politics*, 3:2 (2003), pp. 72–88.

⁶² Duffy, 'The Politics of Global Environmental Governance', p. 319.

⁶³ Conca, 'Old States in New Bottles?', p. 189.

⁶⁴ Mathias Koenig-Arhibugi, 'Institutional Diversity in Global Governance', in M. Koenig-Arhibugi and Micheal Zürn (eds), *New Modes of Governance in the Global System: Exploring Publicness, Delegation and Inclusiveness* (Basingstoke: Palgrave, 2006), pp. 1–31, p. 2.

⁶⁵ Arts, 'Non-State Actors', p. 184.

From a political economy perspective, decentring spatiality with *causation* as the reference point for identifying and explaining patterns of *global* environmental governance, yields important insights.⁶⁶ An emphasis on causation requires us to look for governance practices in global politics in domains traditionally considered neither political nor capable of ‘governing’. This is a notion of governance where the environment is ‘governed’ in ways that derive from routine market transactions of huge ecological significance. Business is not just a subject of a regulatory system imposed by the state. Rather, business is an intrinsic part of the fabric of environmental governance, as rule-maker, and often rule-enforcer. Businesses construct and enforce their own systems of environmental and market governance through programmes of certification, such as the FSC (Forestry Stewardship Council) for example, and processes of standard-setting along the supply-chain.⁶⁷ These, in many ways, exist outside formal patterns of environmental governance, traditionally understood. Grant claims, for instance; ‘International firms create the need for improved governance, but they do not and cannot provide it’.⁶⁸ At a fundamental level, however, corporate strategies, with the command of capital and impact on resource use that they imply at company, sectoral level and along the supply-chain, generate ‘norms, rules and decision-making procedures in a given area of International Relations’, following Krasner’s classic definition of a regime.⁶⁹ They are, in other words, regime actors in their own right, though not in a way that would fit the narrow definitions of governance traditionally employed by scholars of IR and IPE.

At the level of rule enforcement, Dauvergne’s study of the logging industry in Asia demonstrates how the governance system is dominated by informal corporate norms and logging practices, resulting in severe environmental impacts.⁷⁰ It is often also the case that despite the globalising ambitions of governance projects, they encounter local resistances and disruptions that often derive from competing, albeit often more informal, even criminalised, ‘governance’ practices. Duffy’s study of transfrontier conservation areas in Central America makes us ‘aware of the power and limitations of global governance by the challenges it faces in its implementation’.⁷¹ In respect both of rule-makers and rule-enforcers, private formulations of governance are more adequately captured by Rosenau’s definition where ‘governance is . . . a system of rule that is as dependent on inter-subjective meanings as on formally sanctioned constitutions . . . of regulatory mechanisms in a sphere of activity which function effectively even though they are not endowed with formal authority’.⁷²

Once it is accepted that market actors, in particular, are key sites of environmental governance in the global political economy, we need theoretical tools to understand *how* they practice governance; we need to get inside the firm as a governance actor. Looking ‘inside’ market actors enables us to understand their strategies and influence

⁶⁶ Lucy Ford, ‘Challenging the Global Environmental Governance of Toxics: Social Movement Agency and Global Civil Society’, in David Levy and Peter Newell, *The Business of Global Environmental Governance*, pp. 305–329.

⁶⁷ Ronie Garcia-Johnson, *Exporting Environmentalism* (Cambridge: MIT Press, 2000).

⁶⁸ Cited in Koenig-Archibugi, ‘Institutional Diversity’, p. 10.

⁶⁹ Krasner, *International Regimes*, p. 2.

⁷⁰ Peter Dauvergne, ‘The Environmental Challenge to Loggers in the Asia-Pacific: Corporate Practices in Informal Regimes of Governance’, in David Levy and Peter Newell, *The Business of Global Environmental Governance*, p. 169–197.

⁷¹ Duffy, ‘The Politics of Global Environmental Governance’, p. 310.

⁷² James Rosenau and E. O. Czempiel (eds), *Governance Without Government* (Cambridge: Cambridge University Press, 1992), pp. 4–5.

and therefore their role within systems of environmental governance. A political economy approach, while recognising the embeddedness of regimes in broader structures, needs then to address the specific conditions under which market actors engage with particular issue arenas; to demonstrate the relationship between the macro and micro dimensions of governance. In so far as shifts in the corporate strategies of leading firms circumscribe the policy space available to environmental regulators whose actions, in turn, bring about shifts in technological choices, investment options and production processes, we need to account for these reciprocal relationships. Levy and Newell⁷³ have constructed one possible framework for such an enquiry, and issue and firm specific⁷⁴ work that has sought to understand and weight the significance of different drivers of firms' behaviour in relation to environmental policy, suggests future directions for research. Greater attention is needed, though, to the role of financial actors; banks, stock markets and credit rating agencies that steer flows of finance in the global economy with enormous implications for cycles of environmental degradation.

Looking at market actors as governance institutions in their own right challenges us to go beyond treating corporate interests at an abstract, aggregate level; capital rather than corporations. By opening up the 'black box' of the firm to more critical scrutiny, we may be better placed to locate the linkages and connections between inter- and intra-firm decision-making and the activities of firms as agents of environmental governance. Amore's notion of the 'contested firm' is useful in this regard, as it seeks to go beyond treating firms as 'actors, reactors and transmitters of global imperatives'.⁷⁵ Falkner, for example, challenges the idea that business passively adapts to the 'technology-forcing' pressures of environmental regulation. Rather, he argues persuasively that the innovative capacity of firms represents a form of 'technological power', which can play a critical role in shaping the design and phasing of environmental regulations.⁷⁶ Such approaches require us to do more than regard firms as transmission belts between national and global levels of analysis and to challenge their predominant construction in IPE as atomised, rational, unitary actors, an approach which is subject to many of the failings of conventional IR theory.

If including analysis of market actors provides answers to the question 'who governs', we can deepen our understanding of 'how they govern' by locating the *quotidian* practices of environmental governance within the broader politics of neo-liberalism which produce them. Marketised environmental governance is a mode of neoliberal governance. That is to say, the modalities, ideologies and forms which environmental governance assumes inevitably bear the characteristics of the neoliberal economy of which they are a part.⁷⁷ The depoliticisation of aspects of

⁷³ David Levy and Peter Newell, 'Business Strategy and International Environmental Governance: Toward a Neo-Gramscian Synthesis', *Global Environmental Politics*, 3:4 (2002), pp. 84–101.

⁷⁴ Brewster Kneen, *Invisible Giant: Cargill and its Transnational Strategies* (London: Pluto Press, 2002).

⁷⁵ Amore, 'International Political Economy', p. 183.

⁷⁶ Robert Falkner, 'The Business of Ozone Layer Protection: Corporate Power in Regime Evolution', in David Levy and Peter Newell (eds), *The Business of Global Environmental Governance*, pp. 105–34.

⁷⁷ The literature on 'neo-liberal environments' develops this argument further. Noel Castree, 'Commodifying What Nature?', *Progress in Human Geography* 27:2 (2003), pp. 273–92; Noel Castree, 'Marxism and the Production of Nature', *Capital and Class*, 72 (2000), pp. 5–36.

environmental governance through its conduct in private arenas free from public scrutiny and participation reflects attempts to settle political questions in a 'technical' manner within institutions where states have less control (such as the International Organisation for Standardisation). The emphasis on voluntarism embodies an anti-statist neoliberal presumption about the inefficiency of traditional 'command-and-control' state-based approaches to regulation. The fetishisation of partnership, which reached a climax at the World Summit on Sustainable Development, reflects the desire for a consensus-based 'stakeholder' form of politics which denies the existence of underlying social conflicts. The hegemony of discourses of eco-efficiency in pronouncements by states and influential bodies such as the World Business Council for Sustainable Development⁷⁸ reflect the purchase that market-based concepts have as validating devices in broader political discourse. Indeed, the logic and goals of neoliberalism infuse environmental initiatives. The ends of politics have to be justified in terms of their contributions to competitiveness and efficiency, hence the rise of the 'business case' for sustainable development, just as businesses have to be persuaded that poverty reduction presents a potential accumulation strategy in order to induce action.⁷⁹ In the EU, environmental measures have to be justified in relation to their ability to help achieve the goal of full market integration.⁸⁰ The use of cost-benefit analysis continues to be the preferred way of demonstrating this and of determining the value of environmental policy measures, despite the controversy surrounding its use and the way such assessments apportion value.⁸¹

Multi-dimensional view of power

An enlarged and reframed understanding of what governance is, the forms it takes and the actors engaged in its practice requires a multi-dimensional view of power. Beyond reflections about the changing nature of state-based power, noted above, there is clearly a need to develop further approaches which are able to capture non-state forms and expressions of power. There is already a great deal of work on global environmental politics that seeks to assess the observable political influence of different non-state actors.⁸² Rarely, however, does it explore second and third dimensions of power,⁸³ taking seriously less observable forms of power at work that determine which issues get addressed (and are subject to governance regimes)

⁷⁸ Stephen Schmidheiny, *Changing Course* (Cambridge, MA: MIT Press, 1992).

⁷⁹ C. K. Prahalad, *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits* (Upper Saddle River, NJ: Wharton School Publishing, 2005); Craig Wilson and Peter Wilson, *Make Poverty Business: Increase Profits and Reduce Risks by Engaging with the Poor* (Sheffield: Greenleaf Publishing, 2006).

⁸⁰ Wyn Grant, Duncan Matthews and Peter Newell, *The Effectiveness of EU Environmental Policy* (Basingstoke: Macmillan, 2000).

⁸¹ Micheal Jacobs, 'The Limits of Neoclassicalism', in Michael Redclift and Ted Benton (eds), *Social Theory and the Global Environment* (London: Routledge, 1994).

⁸² Bas Arts, *The Political Influence of Global NGOs: Case Studies on the Climate and Biodiversity Conventions* (Utrecht: International Books, 1998); Michelle Betsill and Elizabeth Correll, 'NGO Influence in International Environmental Negotiations: A Framework for Analysis', *Global Environmental Politics*, 1:4 (2000), pp. 65–85.

⁸³ Stephen Lukes, *Power: A Radical View* (London: Macmillan, 2005).

which are not and why. This neglect is also true of the broader forms of structural power which shape the conduct of global politics of which regimes are just one manifestation.⁸⁴ Newell⁸⁵ has made the case for the importance of importing into the study of global environmental politics ideas developed in debates about community power around 'anticipated reaction', and the 'un-politics'⁸⁶ of issues that are screened out of debates by the 'mobilisation of bias'.⁸⁷ Newell and Paterson⁸⁸ have also developed a structural account which places the relationship between state and capital centrally as a key element in understanding the position of states *vis-à-vis* environmental threats from which they benefit economically and which derive from economic actors with whom they have close ties and are reluctant to regulate.

A more nuanced and persuasive account also demands attention to the *material*, *organisational* and *discursive* elements of power and their interrelationship which find form in the contemporary practices of environmental governance. The material element needs to take seriously Cox's notion that 'production creates the material basis for all forms of social existence, and, the ways in which human efforts are combined in productive processes affect all other aspects of social life, including the polity'.⁸⁹ The arguments above about the ways in which the production of environmental harm sets the contours of action and probable effectiveness of initiatives undertaken by the environmental polity bear this out. In turn, 'Institutions reflect the power relations prevailing at the point of origin and tend, at least initially, to encourage collective images consistent with these power relations'.⁹⁰ Taking institutions seriously, however, means engaging with the possibility of autonomous institutional effects not guided exclusively by the needs of capital or derived rigidly from a particular mode of production. The conflicts described above where regimes and other governance forms become sites of contestation over access to resources and their control is indicative of this uncertainty of political outcome.

At a discursive level, the embrace of ideas about 'ecological modernisation' and 'sustainable development' indicate the way in which discourses and the institutions which adopt and diffuse them play a part in reconciling contradictions that derive from the conflict between the nature of production in the global economy and the ecological harm it generates, which public institutions are then expected to remedy, manage and control. Discursive power then reflects 'the argumentative struggle that determines which perceptions at some point start to dominate the course of affairs in environmental politics'.⁹¹ At the interface of power/knowledge, instead of viewing scientists merely as facilitators of cooperation as conventional accounts do,⁹² a political economy approach would view their contribution to policy as political; a

⁸⁴ Susan Strange, 'Cave! Hic dragones: A Critique of Regime Analysis', *International Organization*, 36 (1983), pp. 488–90.

⁸⁵ Newell, 'Climate for Change'.

⁸⁶ Matthew Crenson, *The Un-Politics of Air Pollution* (London and Baltimore, MD: Johns Hopkins Press, 1971).

⁸⁷ Elmar Schattschneider, *The Semi-Sovereign People: A Realist's View of Democracy in America* (New York: Holt, Rinehart and Wilson, 1960).

⁸⁸ Newell and Paterson, 'Climate for business'.

⁸⁹ Robert Cox, *Production, Power and World Order* (New York: Columbia University Press, 1987), p. 1.

⁹⁰ *Ibid.*, p. 219.

⁹¹ Maarten Hajer, *The Politics of Environmental Discourse: Ecological Modernisation and the Policy Process* (Oxford: Clarendon Press, 1995), p. 19.

⁹² Haas, 'Obtaining International Environmental Cooperation'.

result of complex processes of framing and accommodation. Scientists often ally themselves in environmental debates with NGOs, business or the media to advance and entrench their position and engage in a game of political bargaining which affects the content and presentation of their advice. The political and economic significance of the solutions they are in a position to propose helps to explain contests over the construction of policy-relevant scientific findings.⁹³

A meaningful analysis of power in global environmental governance has to operate across a number of sites. At a macro level we have to understand the power of multinational firms as a product of a series of structural changes in the global economy that have changed the relationship within and between states and firms. Many of these changes have been institutionalised in global accords whereby the rights of capital are protected from state interference, as we saw above. These rights are secured and advanced through the machinery of bodies such as the WTO that can discipline states not abiding by the 'laws' of the market. The internationalisation of production and mobility of capital, brought about both through changes in technology and state policy in the form of removing capital controls, have enhanced the leverage of firms to set the terms of investment. This power has translated into the sorts of political roles, described above, where in their own right, as well as through practices of coalition-building, firms have been able to shape environmental agendas at national, regional and international levels. In turn, the positions leading firms have adopted across a range of issues from climate change to biotechnology are driven by their corporate strategies and the constraints imposed by technology and production choices. At the same time, the dynamic flows the other way whereby global discourses and regulatory arrangements impact upon choices at firm level and, therefore, also set the parameters of corporate strategy. What we observe then is a reciprocal relationship between corporate strategy and governance, operating across a number of levels.

For hegemony to be exercised, though never complete, material, organisational and discursive elements of power need to be closely aligned. Change in each form of power opens up continual opportunities to contest existing forms of environmental governance and produce new forms. Since state actors are increasingly not the only sources of material, organisational or discursive power, the understanding of power central to political economy accounts has to account for the power exercised by corporate and civil society actors in their coalition-building across different sites in the global political economy and involving engagements between a plurality of non-state and state actors.

Critical

In so far as it seeks to understand the current organisation of the global political economy in order to change it, a political economy account is critical in Cox's understanding of critical theory which distinguishes itself from problem-solving

⁹³ Sheila Jasanoff, 'Product Process or Programme: Three Cultures and the Regulation of Biotechnology', in M. Bauer (ed.), *Resistance to New Technology* (Cambridge: Cambridge University Press, 1995) pp. 311–31; Brian Wynne, 'Scientific Knowledge and the Global Environment', in Michael Redclift and Ted Benton (eds), *Social Theory and the Global Environment* (London: Routledge, 1994), pp. 169–90.

theory.⁹⁴ In this sense it seeks to identify a moment of exploitation or degradation and attempt to understand the historical, material and political forces that allowed it to happen. However, unlike conventional approaches that would look to the state or international institutions for the source of the problem, assuming evidence of a governance failure or absence of coordinated inter-state action, a political economy approach would have to cast the analytical net wider; looking at a broader range of actors and structures which create and sustain environmental degradation.

This means not viewing environmental problems as discrete issues manageable in their own terms, but as products of existing patterns of political and social power. Vast bodies of work on environmental justice demonstrate vividly the way in which environmental degradation is often a signifier of social neglect and tends to be concentrated in areas of the world (North and South) where poorer people 'work, live and play' to coin a phrase from the environmental justice movement.⁹⁵ Questions of race, class and gender are key here in accounting for the production and distribution of environmental harm and the profits derived from it; in other words what is governed and on whose behalf.⁹⁶ A critical approach has to engage in serious analysis of the ecological effectiveness and social impact of prevailing governance arrangements. Analysis needs to be driven by the nature of the problem rather than the requirements of pressing problems into conventional theoretical categories. As Kütting argues, 'Institutions . . . are not the defining boundaries within which effectiveness is analysed; they are given by the structures, origins and remedies of the problem of environmental degradation'.⁹⁷ Such problems, if they are to be addressed, need to take account of the fact that, as Strange argues, 'since the chain of cause and effect so often originates in technology and markets, passing through national policy decisions to emerge as negotiating postures in multilateral discussions, it follows that attention to the resultant international agreement of some sort is apt to overlook most of the determining factors on which agreement may, in brief, rest'.⁹⁸

A political economy account is also critical in the Coxian sense of seeking potential for transformation; emphasising the dynamic in world politics rather than patterns of order and stability, even if it employs historical and material analysis to account for how and why a particular order of environmental governance came to be. Emphasis on the multiplicity of environmental governance forms, described above, is derived from a reading of *change* in the sites of authority, and *shifts* in relations of power between state, market and civil society. Once the political and social forces that produce environmental change are placed centrally in the analysis, it becomes easier to decipher moments of change and sites of resistance. Because specific constellations of social forces and production produce particular types of environmental change, disruptions in the relationship between state, market and civil society actors and the historical blocs of which they are a part, give rise to new patterns of environmental governance. Competing interests, even or especially within capital,

⁹⁴ Robert Cox, 'Social Forces, States and World Order: Beyond International Relations Theory', *Millennium Journal of International Studies*, 10:2 (1981), pp. 126–51.

⁹⁵ See, for example, Robert Bullard, *The Quest for Environmental Justice: Human Rights and the Politics of Pollution* (San Francisco, CA: Sierra Club Books, 2005).

⁹⁶ Peter Newell, 'Race, Class and the Global Politics of Environmental Inequality', *Global Environmental Politics*, 5:3 (2005), pp. 70–94.

⁹⁷ Gabriela Kütting, *Environment, Society and International Relations: Towards More Effective International Environmental Agreements* (London: Routledge, 2000), p. 3.

⁹⁸ Strange, 'Cave! Hic dragones', pp. 488–90.

provide opportunities to construct new coalitions that may ultimately produce new patterns of environmental governance. Paterson shows how Greenpeace's attempt to bring the insurance industry into a coalition of actors advocating action on climate change, playing on the industry's sensitivity to large pay-outs associated with climate-related damage to client's property, was aimed at fracturing the unity of the industry bloc opposed to action.⁹⁹ *The Climate Group*, in their attempt to make the economic case for action on global warming, have sought alliances with progressive local government authorities and businesses to counter the claims of powerful industry lobbies that oppose action on climate change regarding the scale of economic costs associated with tackling the problem.¹⁰⁰ Once the shift from a narrow focus on governance *outcomes*, thought to be existence of a treaty or an institution, to governance *processes* takes place, we are better placed to engage in necessary critical forms of enquiry about the contestation of processes which is ongoing and never reaches closure. Environmental governance from this perspective assumes a more dynamic quality, inevitably reflecting and embodying the broader political and economic structures and processes of which it is a part.

Finally, consistent with the duty of adopting a critical approach, a key obligation is to identify and engage with strategic dilemmas facing progressive movements for change. In the light of the analysis above it is clear that the environmental movement cannot afford to focus its attention exclusively on those global actors and institutions that identify themselves as environmental in isolation from the global economic processes in which they are embedded. Environmentalists have been heavily involved in campaigns around global investment accords such as the MAI (Multilateral Agreement on Investment), in global trade negotiations hosted by the WTO and in campaigns to hold multinational companies to account for their social and environmental responsibilities wherever they operate. The strategic dilemma is where to concentrate efforts; working with those bodies developing legally binding international environmental law with all its limitations, or mobilising to influence the activities of firms, banks and those actors whose day to day decisions impact more directly on patterns of natural resource use than any global institution could ever hope to.

Ultimately we return to the state as an important, if not central, site in the struggle for sustainability. As unreliable an ally as the state can be given the networks of power in which it is embedded, and the interests it responds to and represents, it remains a key source of authority and power that can force changes that are almost impossible to imagine by other means. As Conca notes, 'governments are central to any meaningful action for global sustainability – just as they have been central to the processes of modernization, marketization and enclosure that have delivered us to our current circumstances of ecological peril'.¹⁰¹ The challenge is to work with progressive elements within the state when it makes sense to, lobby firms and investors directly when such pressure is likely to achieve more and to form global coalitions to shift the agendas of global institutions when decisions reach beyond the sphere of either of these. In engaging in such short term politicking, we have to keep alive a vision in which choices about which globalisation we want are subject to the

⁹⁹ Matthew Paterson, 'Insurance and the Politics of Global Warming', *IDS Bulletin*, 30:3 pp. 25–30.

¹⁰⁰ <http://www.theclimategroup.org/>, accessed 27 February 2006.

¹⁰¹ Ken Conca, 'Beyond the Statist Frame: Environmental Politics in a Global Economy', in Fred Gale and Michael M'Gonigle (eds), *Nature, Production and Power: Towards an Ecological Political Economy* (Cheltenham: Edward Elgar, 2000), pp. 141–59, at 142.

imperative of constructing a more sustainable global system and not the other way around.

Conclusions

It has been argued here that a political economy account, one which departs from conventional theoretical perspectives in its view of governance and power, is better able to capture the multi-sited, marketised and increasingly transnational forms of governance which characterise contemporary global environmental politics. This provides us with an improved and less bounded sense of who governs and on whose behalf, how they govern and the implications of those practices of governing, in social and environmental terms. It was shown that by understanding patterns of environmental governance as a product of the neoliberal context in which they develop and at the same time reproduce, we are better placed to understand why environmental politics take the form they do and the likely barriers to attempted reforms that go beyond the 'ecological modernisation' of capitalism as usual.¹⁰²

In developing and enriching this approach, the challenge will be to connect empirically and account for theoretically, the ways in which 'macro' social and economic forces in the global economy configure the 'micro' practices of environmental politics in particular sites without losing a sense of what makes those sites unique. Transnational managerial elites and the role they play in key global economic institutions, public and private, undoubtedly serve to circumscribe the scope of autonomy and policy difference at national level. But the process is not a passive one and varieties of environmental capitalism compete with one another, produce diversity, become contested and therefore are always in transition. The differences in political culture, ideology of regulation and relationships to business between the European Union and the US, which have been at the heart of global conflicts over the governance of agricultural biotechnology and climate change, for example, have had widespread repercussions for the global management of those threats.¹⁰³ Responses to threats in the two areas reflect distinct models of state-business relationships and a conflicting sense of how strategic national economic interests will be affected by action on the issue. The outcomes of contests between different fractions of capital and competing elements within the state in the power centres of the global economy profoundly shape the forms of environmentalism that are 'exported'¹⁰⁴ to the rest of the world through supply chains or projected into global arenas. The rise of economic powers with weaker traditions of environmental leadership such as India and China looks set to recast the world of global environmental politics once again. Global economic concerns and growth ambitions can be expected to set the limits of formal environmental cooperation even more acutely in the future. How industry and

¹⁰² Arthur Mol, *Globalization and Environmental Reform: The Ecological Modernization of the Global Economy* (Cambridge, MA: MIT Press, 2003).

¹⁰³ Joseph Murphy and Les Levidow, *Governing the Transatlantic Conflict over Agricultural Biotechnology: Contending Coalitions, Trade Liberalization and Standard Setting* (London: Routledge, 2006); Thomas Bernauer, *Genes, Trade and Regulation* (Princeton, NJ: Princeton University Press, 2003).

¹⁰⁴ Garcia-Johnson, *Exporting Environmentalism*.

financial actors respond to investment opportunities in regions of the global economy where environmental regulation is either non-existent, less developed or poorly enforced will have a large bearing on the success of environmental governance, public and private, national, local and international.

To feed the potential of these new forms of theoretical enquiry requires a different empirical focus, one which seeks to explore the ways in which particular environmental practices are embedded within broader relations of political and economic power which determine the limits of the possible and the likely sites of resistance. This means understanding the intimate relationship between the economic forces that generate environmental change and the political coalitions and institutional forms which assume the responsibility for delivering environmental protection. It is increasingly not enough, if indeed it ever was, to study global actors and institutions that identify themselves as environmental in isolation from the global economic processes in which they are embedded, and which ultimately they will have to regulate if they are to make a difference.