

The Effectiveness of Private Governance in Global Sustainability Politics

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Currently, we are witnessing a shift in global environmental governance. State-centred approaches to problem-solving are increasingly complemented by novel institutional arrangements such as public policy networks and private forms of co-regulation between NGOs and companies. These new forms of global environmental policy-making emerge at the intersection of two broader trends in world politics. First, there is the ‘privatisation of regulation’, a transfer of regulatory tasks from public actor such as states and intergovernmental organisations to a wide range of non-state actors such as bond-rating agencies or the International Organisation for Standardisation (ISO). The second conceivable trend refers to the transformation of confrontation to cooperation as the primary mode of interaction between divergent actors in world politics. Partnership has been heralded as the new paradigm to overcome conflicts of interests in many different areas, from implementing international agreements to securing environmental and social responsibility of corporations. Empirically, these trends amount to the transformation of global environmental regulation from public international approaches to private multi-stakeholder approaches.

These empirical observations appear to be new for several reasons: first, novel governance arrangements involve NGOs and business actors that are believed to follow different logics of action in usual accounts of international politics; second, they involve both the ordering elements of markets and norms, combining claims to moral superiority with the incentive of higher profits, enhanced brand reputation, and access to new markets; third, they transcend state-centred, territorial-based forms of politics, thereby establishing new spaces of transnational organisation; and fourth, they are highly institutionalised, in forms of rules, standards and regulations, and thus go beyond cooperation, alliances, and partnerships discussed in most previous debates.

One theoretical approach that links these more empirical observations with larger debates within the discipline of IR is the conceptual framework of global governance. A global governance perspective is based on the assumption that the central heuristic unit of analysis is under transformation. Next to international order in the form of international regimes, conventions, treaties, and organizations, ordered rule (or in some cases ordered disorder such as transnational terrorist networks) increasingly emanates from non-state sources of authority. Within this larger context of analysis, recent studies have begun to further differentiate distinct forms of non-state, transnational organization such as public-private and private-private rule-making processes.

Private governance offers an overarching conceptual framework for the theoretical analysis of the aforementioned developments. It can be defined as a form of socio-political steering in which private actors are directly involved in regulating – in form of standards or more general normative guidance – the behaviour of a distinct group of stakeholders, including business and, in a wider understanding, also public actors such as states. In addition, private gov-

ernance can be understood as a continuing process through which conflicting or diverse interests may be accommodated and cooperative action may be taken by non-state parties. In its most encompassing understanding, private governance includes formal institutions that develop rules and enforce compliance, as well as informal arrangements that individuals or organizations perceive to be in their interest. The term 'governance' is most often used to denote an indefinite process of 'governing'. However, governance also refers to the outcome of such a process, the corresponding social order that is established. In this perspective, private governance is also understood to represent a functional equivalent to public policy outcomes.

Recent research has begun to examine the emergence and functional pathways of private governance along with questions of its democratic legitimacy. However, research into the conditions for effective private governance is yet in its infancy. To close this research gap in global environmental governance, the proposed project analyses the conditions for effective private governance in a comparative perspective. Three prominent examples of private rule-systems that address environmental and sustainability issues are examined through a qualitative case study approach. The Forest Stewardship Council (FSC) provides an illustrative example of private governance in the forestry sector. In contrast to other initiatives such as the Sustainable Forest Initiative or the Pan European Forest Certification Scheme that both have been influenced by industry and public actors and only recently are moving towards more organizational independence, the FSC constitutes a genuine cooperative effort of profit and non-profit actors from its very beginning. The Marine Stewardship Council (MSC) constitutes the second qualitative case study. Superficially modelled after the FSC, the MSC displays significant dissimilarities in its organisational structure and success, making it an ideal comparative case. The Coalition for Environmentally Responsible Economies (CERES), the third case focused on in this research, displays a different organizational form of private regulation. Here the rules do not govern a specific issue area but are targeted towards the everyday operations of companies in general. Achieving a better understanding of private rule-making as one of the emerging phenomena in world politics will not only broaden our theoretical understanding of global governance but also contribute to the much-needed institution building for effective sustainable development.

Explanation will focus around four variables: first, the problem-structure; second, the design features of private institutions; third, the political economy surrounding the problem; fourth, and finally, the degree of institutionalisation. In addition to a theoretical assessment of the effectiveness of private environmental governance, the proposed research will critically assess the limitations of market-based, private and voluntary approaches to problem-solving in the environmental arena.