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CORPORATE SOCIAL RESPONSIBILITY, GLOBALISATION AND DEMOCRACY

Understanding institutional change processes in political terms

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Introduction

These days it is even officially admitted that the degradation of the state of the environment continues in many ways (Commission of the European Communities 2001, European Environmental Agency 2001). Mankind faces a challenge that appears to be very difficult to handle. It refers to all levels from the individual through the group, organisation, municipality, regional and national communities to the international and global levels. The Agenda 21 movement has to some extent and at some places been successful at the local level in raising awareness about environmental issues and a number of international environmental regimes have been established (Porter et al. 2000). The Rio+10 United Nations Conference in Johannesburg will hopefully be successful at least in part. An increasing number of actors understand the seriousness of the situation but a lot remains to be done in our attempts to get closer to a sustainable development path.

Many are those who believe that present challenges related to environment and development can be handled through marginal adjustment within the scope of present theoretical perspectives, dominant ideology or development model and present institutional framework. Those who hold such a position get much help and support in the present society. Neoclassical economists, for instance, suggest that environmental problems have to do with so called 'market failures' or 'government failures' that relatively easily can be handled. We need just to apply the PPP-idea. Markets sometimes need to be corrected; polluters should pay to cover the total social cost of their activities and governments should eliminate subsidies that systematically damage the environment.

Others are not so sure and for them a kind of 'double talk' is a way of dealing with the issues, at least for the moment. They recognize what is happening to the state of the environment and seriously consider threats related to climate change, chemicals, biological diversity etc. They may furthermore point to our responsibilities to future generations and suggest a number of measures to deal with the problems but they at the same time continue to preach the gospel of business and markets as the road to freedom and economic growth in GDP-terms. The market penetration strategies of trans-national corporations can continue and will be beneficial to all. The report by the Brundtland Commission (World Commission on Environment and Development 1987) is a case in point. A kind way of looking upon this is to argue that it builds upon a realistic assumption that it takes some time to prepare people and their representatives in various countries for necessary changes. Adjustments must come in a step-by-step fashion.

Assuming that people and various actors are now – some years after the Brundtland report – a bit more aware about problems, a bolder analysis may be permitted or even encouraged. Sustainable Development (SD) is the catchphrase of the day. It can be understood as follows:

1. SD is a multi-dimensional idea of development to be distinguished from traditional one-dimensional GDP-ideas of development. Ecological or environmental dimensions are involved and the same is true of social and socio-cultural dimensions. Also monetary or financial aspects are part of the SD-concept. Poverty is an important consideration but poverty should again be regarded as a multidimensional concept (Department of International Development, UK 2002).
2. SD builds on the so-called 'Precautionary Principle'. Inertia is a characteristic of many negative environmental impacts. The existence of irreversible environmental impacts and the risk to add significantly to such impacts should be carefully considered. The risk of climate change is only one among examples.
3. Normal ideas about democracy are imperative in our attempts to get closer to a SD path. Agenda 21 is a beginning along these lines.

Assuming that Sustainable Development in the above sense is important at the societal level then also individuals and organizations of different kinds – so called micro units – have to be guided by similar ideas of progress. It is difficult to escape the conclusion that organizations that exclusively focus on monetary profits and individuals who selfishly maximize their utility become dysfunctional. We cannot any longer rely on such profit-maximizing business companies and 'socially and environmentally irresponsible' individuals. Also micro units have to be evaluated in multi-dimensional terms. This becomes even more clear when one realizes that 'micro' unit is not a very relevant terms for some of the organizations we are referring to. Trans-national corporations are today often compared to whole nations or planned economies in terms of economic activities. There are 'societies' in some national sense but also in a corporate sense. Trans-national corporations furthermore often work together for specific purposes of lobbying governments, the European Union or the US administration etc.

A commitment to SD implies a readiness to challenge many of the 'maps' that have been used in the past and that could have contributed to the present precarious situation. I am thinking of the dominant paradigms, ideologies and institutions that we have relied upon. Many local, regional, and national societies as well as the global society now follow what can be described as unsustainable development paths (USD-paths). In this paper, I will focus on options with respect to paradigms (or conceptual framework) as well as options concerning ideological orientations or development models and institutions. Rather than discussing all kinds of problems and policy domains, I will focus on climate policy.

My presentation is based on a pluralistic philosophy that is compatible with our previous emphasis on democracy. I do not believe in the Kuhnian idea of 'paradigm-shift' for instance (Kuhn 1970). In relation to social sciences we normally have a situation of 'paradigm co-existence' (Söderbaum 2000) and there is no reason to be unhappy about that. A social science paradigm such as neoclassical economics is science in some sense but at the same time ideology. Science should not play the role of restricting ideological deliberations in society but rather has to encourage competition between theoretical perspectives. While there is no complete shift in paradigm there could of course be a 'shift in dominant paradigm' as a result of such competition.

Ecological economics

Ecological economics can be defined as ‘Economics in the Spirit of Agenda 21’ or ‘Economics for Sustainable Development’. The neoclassical idea of a ‘pure’ economics comparable largely to physics and other natural sciences is judged to be misleading. The classical economists of the 18th and early 19th century referred to ‘political economics’ and as I see it, it was a mistake to abandon this terminology. Economics is better understood as political economics where values and ideology matter. Ecological economics is trans-disciplinary, it is pluralistic in the sense of respecting normal ideas about democracy and it is for many of us built on a value commitment to work for SD. This means, for instance, that bringing our economies closer to a SD path is more important than loyalty to specific paradigms in economics.

Ecological economics differs a bit from the neoclassical paradigm in economics. But even if one focuses on ecological economics there are at least two main theoretical perspectives. According to both perspectives, the economy should be seen as being embedded in the ecosphere and dependent upon natural resources and ecosystem services. Natural resources are limited in some physical sense and ecosystems can assimilate pollution only to a limited extent. The economy with its markets has to develop within the scope and capacity of natural systems.

One of the two ecological economics perspectives is closer to the neoclassical perspective. While recognizing the importance of ecology as a science and ecosystem services, it does not seriously question neither ecology nor economics. Neoclassical economics has to be modified to seriously deal with environmental services, it is argued, and it is assumed that the importance of such environmental services can still be measured in monetary terms. Attempts have been made even to estimate monetary impacts of climate change (Costanza et al. 1997). This can be referred to as the ‘interface’ idea of ecological economics – only modification of the two sciences is needed. It can be added that these days a majority of the articles in *Ecological Economics, The Transdisciplinary Journal of the International Society for Ecological Economics*, still reflects such an interface idea of ecological economics while a majority of the members in the European Society for Ecological Economics, for instance, entertain more radical ideas of departure from mainstream economics.

The other idea of ecological economics – which will be elaborated here – is more critical to neoclassical theory. It is more connected with institutional economics in the tradition of K. William Kapp (1950) and Gunnar Myrdal who both dissociated themselves from the idea of a pure and value-free economics.¹ While not denying the possible value of the neoclassical approach for some purposes, it suggests a new starting point in terms of ideas about the problems faced and conceptual framework. Instead of limiting ourselves to ‘market failure’ and ‘government failure’ in the above sense we should also consider more fundamental kinds of failure. There is the possibility of ‘paradigm failure’ for instance in the sense that we have so far relied too much upon ideas emanating from neoclassical economics. Another related kind of failure is ‘ideology failure’ in the sense that dominant ideologies in our societies – Neo-Liberalism being one case in point – do not reflect a good understanding of present problems related to environment and development. It is also possible to refer to a broader kind of ‘institutional failure’ than the two neoclassical suggestions of ‘market’ and ‘government’

¹ It should be added that institutional theory today is part of other social sciences as well such as economic history, sociology and business management (organization theory).

failure. The limited liability company was perhaps an elegant solution to problems of cooperating for business purposes at one time but may now be obsolete. There is finally the possibility that individuals as actors and single organizations or groups of organizations may fail in their decisions and actions with negative implications for the environment and society as a whole. It should be added that the potential failures here indicated are not mutually exclusive. Practical examples of non-sustainable development have many causes that often tend to be interrelated.

Conceptual framework for policy in relation to environment and development

Neoclassical economists tend to have a simple response to the environmental problems such as the climate change challenge; the neoclassical conceptual framework with its market philosophy is all that is needed. But this quick-fix idea of using market instruments will hardly be enough. For a systematic transformation to a SD-path something more is needed. To be able to use market instruments, political acceptance is needed and for this to happen issues of ideology have to be raised and discussed. My response as an institutional ecological economist is more complex and indirect than the neoclassical one. While not denying the usefulness of markets, my recommendation is to develop and articulate an alternative microeconomics to that of neoclassical theory. This will hopefully improve our understanding of the problems confronting us and lead us to partly other recommendations and instruments that those proposed by neoclassical theory.

Against the above background I will here suggest a Political Economic Person as an alternative to Economic Man and a Political Economic Organization as an alternative to profit-maximizing business companies (Söderbaum 1999, 2000). Efficiency and rationality will be understood in multidimensional and ethically or ideologically open terms. Also non-market relationships will be considered important in the economy and market relationship will be understood not only in terms of supply and demand but as social relationships as well. Business-to-business relationships for instance are often of a cooperative and social kind where trust plays a significant role (Håkansson and Snehota 1995, Ford et al. 1998)

Political Economic Person (PEP). According to Economic Man assumptions individuals are essentially regarded as consumers maximizing their utility. Something similar seems to be true of much of the business management literature (e.g. Kotler 2000). However, when considering environmental and climate policy, also roles other than that of being a consumer are of importance, e.g. the roles as professional, as citizen and as parent.² A conceptual framework more in line with social psychology is suggested. Our Political Economic Person is an individual with many roles, relationships, interests and motives and engaged in many kinds of activities. At a more integrated level, roles are part of an identity, relationships may be part of various networks and activities part of a pattern that may be referred to as a life-style. Motives and interests are furthermore part of the 'ideological orientation' of the individual and it is assumed that our individual is guided by her or his ideological orientation.

'Ideology' is here used in the broad sense of 'means-ends philosophy'. 'Ideological orientation' does therefore not refer to a mathematical objective function to be maximized but

² Similar alternatives to Economic Man assumptions have been suggested by Malte Faber and his group (Faber et al. 1997, Faber et al. forthcoming) who suggest a Homo Politicus and Bernd Siebenhüner (2000) who refers to a Homo Sustinens. Peter Jakubowsky is among those who use the Political Economic Person concept (1997, 2000).

is rather fragmentary, incomplete and uncertain. It may contain a vision or visual elements in addition to qualitative ideas, quantified variables etc. Decision-making is regarded as a matching process where the individual's ideological orientation is related to the expected impact profiles of different alternatives of choice. The impact profile of one alternative A1 may fit well into the ideological orientation of our decision maker while there may be a mismatch between her ideological orientation and the impact profile of another alternative of choice, A2. If the individual is clear about his or her ideological orientation and the decision situation is of a rather familiar kind (implying that impacts are relatively well-known), decision-making will be easier.

Political Economic Organization (PEO). Different kinds of organizations can contribute positively or negatively in attempts to move us closer to a sustainable development path. Universities, churches, Civil Society Organizations have a role. But neoclassical theory only considers profit-maximizing firms. Even in the case of business companies, some other interpretation of organizations may be preferable and the proposal here is to refer to Political Economic Organizations. Performance in monetary terms is important for all organizations but the relative role of monetary performance in relation to non-monetary performance may differ even among business companies. Some companies are certified according to ISO 14 001 or other Environmental Management Systems, which means that they also consider environmental performance. And if we want to get closer to SD, then all kinds of organizations can make positive contributions.

In organization theory, a 'stakeholder model' has gained some popularity. It is increasingly understood that many interested parties are related to a single business company or other organization and that the interests of those stakeholders may differ. Some tensions and conflicts of interest is a normal state of affairs rather than an exception. Expressed in terms of our present language, the ideological orientations may differ between stakeholder categories and even within one stakeholder category. Even shareholders may differ in their opinions about a wise strategy for a company as exemplified by the recent controversies connected with ABB, a company with Swiss as well as Swedish interests involved. In our PEO-model we will go a bit further than the stakeholder model by focusing on the polycentric character of an organization. In principle, each individual is a center and perceives the world in her or his particular way. Individuals connected with an organization may cooperate and have values in common but normally there are also differences in knowledge, entrepreneurship, ideological orientation that matter. The decision by a company to implement a SD-strategy will have a specific history in terms of individuals that started the process and were involved at different stages. The idea that all individuals related to a company or other organization change their minds at the same time is obviously unrealistic.

The assumptions made about PEP and PEO exemplify the ideological character of social science. I believe that in order to tackle social and environmental problems, it is a good idea to make the individual visible in all her different roles. The individual becomes an actor with her or his particular ideological orientation and ideas about ethics or responsibility in relation to other individuals and different collectivities. Rather than the individualism of neoclassical theory where each individual is preoccupied with her or his own interests as a consumer in a rather greedy way, we are concerned about individuals that ideally are 'socially and ecologically responsible'.

Economics and efficiency. Economics and efficiency is here understood in a multidimensional and ideologically open way. 'Eco-efficiency' has become a catchphrase for

efficiency in the use of materials for the production of specific commodities and this concept is clearly compatible with the multidimensional idea of efficiency here advocated. As part of our conceptual framework, efficiency and rationality furthermore becomes a matter of the individual's ideological orientation. The idea of neoclassical theory that there exists one idea about efficiency in resource allocation at the societal level that everybody can agree upon is thereby abandoned. The use of Cost-Benefit Analysis as part of neoclassical 'applied welfare' analysis is questioned as not being compatible with normal ideas about democracy. Each PEP may have her or his ideas about what is good for society as a whole and how different impacts should be weighted and if they should be weighted at all in mathematical terms.

Other approaches to a systematic study of alternatives in a decision situation such as Positional Analysis and Multi-Criteria Methods should be chosen, the purpose being rather to 'illuminate' an issue systematically from the point of view of different possible valuational or ideological standpoints. Rather than aggregating all impacts in one-dimensional terms and over time, the idea should be to estimate trajectories of future non-monetary and monetary impacts and how different stakeholders or interests are affected. The recent report by the World Commission on Dams (2000) is an example of how the legitimacy of CBA as an approach to decision-making is increasingly questioned. In their report the members of the Commission specifically point to resettlement of people connected with large dams and argue that such difficult ethical issues cannot be dealt with by reference to CBA. Other ethical standpoints than the one implied by CBA, for instance an ethics connected with a human rights philosophy, could be equally, if not more, relevant.

Decision situations can be complex at the level of societies but the same is true for individuals and organizations as actors. The recommendation here is the same; to use disaggregated, ethically and ideologically open approaches. There is still a role for calculation in monetary terms but only as partial analysis from the point of view of specific interested parties.

The Actor-Agenda-Arena approach to social and institutional change

As already indicated, institutional theory is helpful in understanding social and institutional change processes. An Actor-Agenda-Arena approach based on PEP-assumptions points to the importance of ideological orientation and the theoretical perspectives or conceptual frameworks used in interpreting various phenomena. Any attempt to get closer to a SD-path will involve changes in conceptual framework, language and connected interpretations. This can be illustrated by reference to the example of an increased number of business companies being certified according to ISO 14001. A business company is in itself an 'institution' and for a long time many are those who have interpreted it as a 'profit-maximizing organization'. Neoclassical economics preaches such an interpretation and business management literature and journalism tends to point in the same direction. At some stage – as a result of the initiatives of some actors connected with business – Environmental Management Systems such as ISO 14001 did appear on the scene as an 'institution' in itself. An increasing number of individuals understand the meaning of an EMS, which means that the institution is strengthened. But the fact that some companies are certified according to ISO 14 001 may in turn change our understanding of the business companies being certified. A certified business company is interpreted as being different from companies that are not certified. The institution of 'business company' may then be understood in broader terms. It is not only a matter of monetary profits but also of environmental performance. One may speak of a competition between the 'old' interpretation and a newer one.

Three aspects of such institutional change processes are relevant, i.e. interpretation, legitimating and manifestation. Changes in interpretation is just one among processes. An 'institution' becomes strengthened or more established to the extent that it becomes manifested in symbols or concrete behaviour among an increasing number of actors. Through all three processes 'institutionalisation' or 'deinstitutionalisation' may take place. Institutionalisation here refers to an institution that becomes strengthened and more established among actors while deinstitutionalisation refers to a situation where an institution over time is losing its support and becomes out-competed by other institutions.

As an example, a specific version of ecological economics and ecological economics as a broader field can become more institutionalised over time through manifestations in terms of international and regional organizations, journals, articles, conferences, educational programs, professorships, and so on. Ecological economists contribute to public debate on environmental and development issues and each such contribution is part of a broader evolutionary process where the policies and actions of various actors are shaped.

The present Actor-Agenda-Arena approach³ can be summarized as follows:

- Political Economic Person assumptions
- Emphasis on relationships between Actors who – with their specific ideological orientation or Agenda – appear on specific Arenas
- Emphasis on the conceptual and interpretative aspect of 'ideological orientation'
- Dialogue, search for consensus, conflict resolution and other aspects of interactive learning
- 'Institution' and 'institutional change' are defined in interpretative, legitimating and manifestation terms
- An assumption of heterogeneity of 'ideological orientation' in each conventionally defined actor category (farmers, business leaders, university scholars etc)
- A search for commonality in ideological terms by building networks and alliances within and across conventionally defined actor categories.

Only the heterogeneity assumption will here be further explained. In neoclassical theory, more precisely public choice theory, an assumption of homogeneity is made concerning farmers as a category, bureaucrats as a category etc. This positivistic theory is of some interest but our more normative and interpretative approach suggests that also differences within each category (farmers, bureaucrats or business-leaders) are of interest. Some farmers (business leaders) are concerned about environmental issues while others are not. Actors with a similar ideological orientation but belonging – in conventional terms – to different actor categories may work together as part of a common Sustainable Development Strategy.

Ideological options for policy and public debate

In the first issue of *Ecological Economics*, Robert Costanza made a distinction between various actors with respect to their risk attitudes (Costanza 1989). Some are 'technological optimists', others emphasize a precautionary principle in relation to the environmental threats faced. I will continue a bit along this path by contrasting an ideological orientation close to

³ See also Söderbaum 2001.

Neo-Liberalism and built on ‘unfettered technological and market optimism’, which appears to be quite common for instance among neoclassical economists and engineers, with a different orientation connected with SD in multidimensional terms and a ‘precautionary principle’ (Table 2).

Table 2. Two contrasting examples of ideological orientations

Unfettered Technology and Market Optimism	Sustainable Development in Multidimensional Terms with Precautionary Principle
Economic growth in GDP-terms is the main idea of welfare	Welfare for people and societies has to be approached in multidimensional terms
Monetary profits and ‘shareholder value’ are the main business objectives	As shareholders we should look for more indicators of performance than shareholder value e.g. environmental performance. Other stakeholders than shareholders are also relevant
International competitiveness and ‘free trade’ will increase welfare for all parties involved	‘Free trade’ also represents a gigantic environmental threat through transportation and globalization of pollution. There are sometimes good reasons for ‘environmental or health protection’
Technology development and entrepreneurship will solve all problems	Technology development and entrepreneurship has to be scrutinized in multidimensional and ideologically open terms
There is no reason to be worried about the power of transnational companies	The growth of transnational companies involves a transfer of power where nations, municipalities and citizens easily become the losers
Environmental concerns are acceptable for business only if they contribute to monetary profits	Business performance should be monitored and evaluated in a number of non-monetary dimensions in addition to monetary performance
The now dominant Neo-Liberal ideology and the paradigm of neoclassical economics are helpful in solving environmental problems, if there are any	The dominance of Neo-Liberal ideology and neoclassical economics is part of the problem and one reason why a systematic degradation of the environment continues
The critical role of universities is no longer very relevant since there is very little to criticize	Critical thinking internally and in relation to the outside world is the vital nerve of a university

Those who are in favour of the status quo do seldom like an open debate about ideology or ideological orientations. But if such debate is avoided only limited progress can be made. Quite contrary to the idea of avoiding ideological issues, dialogue of this kind is essential. A focus on actors, their ideological orientations, ideas about their roles and responsibilities seems to be extremely important in the present situation. As suggested by Table 1, ideological orientations may be expressed in other terms than those of established political ideologies such as liberalism and socialism. And ideologies may be of intermediate kinds rather than extreme. The study of establishment actors or other actors and their ideological orientation can systematically contribute to an understanding of public policy. At my university department, a number of studies have been made as type-recorded interviews or dialogues. When faced with their own arguments, the actors related to an issue have a chance to reflect on their roles, relationships to other actors and so on.

Interpretations of relationships and markets

As already indicated, looking upon the world with neoclassical spectacles will mean that one sees markets almost everywhere (Cf. left-hand side of Figure 1). The only relationships between actors in society (consumers and firms) are market relationships. And for each actor her or his self-interest is emphasized. Almost everything can be traded and has a price in monetary terms. Markets are described in terms of supply and demand as mechanistic forces and the goods or services traded are referred to as commodities. The 'value' of such commodities is described in monetary terms and there is a tendency to refer to 'correct' prices from a social point of view as part of Cost-Benefit Analysis (CBA), for instance.

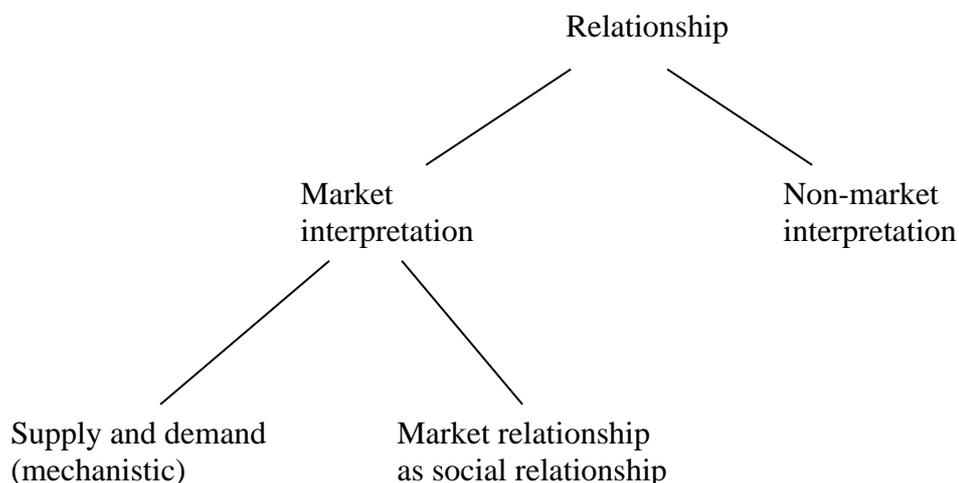


Figure 1. Relationships can be interpreted in market or non-market terms. Market interpretations in turn can be of different kinds.

This idea that everything can be traded or should be looked upon in market terms is obviously not a neutral one. It rather represents a strong ideological commitment that is close to a Neo-

Liberal position. As an additional feature of their philosophy, Neo-Liberals also preach the beneficial effects of privatization. Markets with private actors as sellers and buyers are preferred to and said to be more efficient than markets where national or local governments are involved.

Nothing is wrong in advocating a specific ideology in a democracy as long as this is done openly and the ideology does not threaten democracy itself. A monopoly for one ideology in society is incompatible with democracy while a degree of pluralism is closer to a well-functioning democracy. Fortunately, there are other ways of interpreting relationships. Just as neoclassical economists tend to expand the scope of market interpretations with Gary Becker as the extreme case (Becker 1976, 1981), one can for ideological or conceptual reasons choose to limit the scope of market interpretations (Figure 1, right hand side). There is a life outside markets and welfare can indeed sometimes be increased if we keep market ideas at a distance.

But even in the case of market interpretations, there are alternatives as suggested in Figure 1. A market relationship can be thought of or understood as a social relationship between actors as sellers and buyers in the sense that the history of this relationship matters and that transactions are built on cooperation and trust rather than exclusively self-interest. In private as well as business-to-business relationships each actor often bothers about – and even depends upon – the actor on the other side of a transaction. Each actor still considers her or his own ego but may at the same time think in terms of a ‘we-category’ comprising the two parties and sometimes a whole network of actors.

Among alternatives to the neoclassical model of markets that are attractive in relation to our present discussion about environmental policy I suggest one where the market relationship is interpreted

1. as a social relationship with elements of cooperative as well as conflicting interests
2. as an ethically and ideologically open relationship where the market actors reason in terms of ‘just’ or ‘reasonable’ prices (rather than ‘correct’ prices on the basis of a specific economic theory). Also other conditions of market exchange are a matter of ‘reasonableness’
3. as a relationship that is embedded in, and part of, a context that is socio-cultural, institutional and ecological
4. as a relationship whose impacts are multidimensional and cannot be reduced to monetary or other one-dimensional terms. Each actor may have multiple purposes. Impacts of activities, commodities or systems (where commodities are elements) are described in multifunctional terms.

Only the fourth point will be elaborated a bit here. In negotiations within the World Trade Organization on agricultural commodities, the European Union, Switzerland and Norway referred to the multi-functionality of agriculture as a way of broadening the scope of negotiations (Hara 2000). Agriculture is not only about the production of food in homogenous units that are sold at specific prices. There are other functions as well in relation to ecosystems, water and land resources, cultural heritage, landscape esthetics and even the climate issues presently discussed. In a recent OECD document, multi-functionality is discussed and attempts are being made to relate this ‘new’ insight to neoclassical theory (OECD 2000). I think this is confusing rather than clarifying and in my judgment ‘multi-functionality’ together with an increased understanding of the ‘public goods’ character of

many of the things that belong to our welfare will make simple analysis of one commodity at a time less meaningful.

The case of climate policy

Rather than pointing to specific technical, market or social ‘solutions’ to climate policy issues, I will here stress the more indirect factors that influence practical policy (Table 2). The conceptual framework and language with connected ideology used by various experts, professionals and other actors in negotiating or other roles is very influential and an alternative microeconomics as indicated will make other thought patterns and actions legitimate than those connected with neoclassical economics (Cf. A in Table 2). Focusing on actors and their ideological orientations is quite different from neoclassical ideas about Economic Man and profit-maximizing companies. Markets can be interpreted in more ways than one as suggested by Figure 1.

Markets for emissions trading can be constructed in many ways and they may be limited to specific geographical areas, rather than global. But the ethical and ideological basis of such ‘flexible mechanisms’ should be carefully scrutinized as well as the possibilities of monitoring and controlling such processes (Cf. B in Table 2). Neoclassical economists are of course enthusiastic about this and they are the only economists consulted about climate policy in my country (SOU 2000: 23, SOU 2000:45). Personally, I am skeptical on ethical grounds about much of these technical market solutions. Each country has to master and take responsibility for its own contributions to CO2 emissions and the vocabulary of resource allocation and cost-effectiveness should perhaps be played down a bit. Recent insights about complexity, multi-functionality of activities, of systems and land-use patterns suggests that precise figures in monetary terms too often are illusionary.

Table 2. A frame of reference for discussion and systematic study of policy in relation to environment and development

	Actors at different levels:		
	Global / International	National / Regional	Local
A. Conceptual framework for development debate			
B. Ideological orientation			
C. Institutions			
D. Indicators (direct and indirect) of performance			

A conclusion offered by the present analysis is that the ideology and ideological orientation of individuals as actors matter. The history of climate change negotiations (Porter 2000, pp.112-124) suggests that little can be achieved if the dominant development model in terms of simplistic ideas about economic growth is not challenged by other visions such as the multi-dimensional idea of SD.

Institutions and institutional change do matter (Cf. C in Table 2). To the extent that the ideological orientation that guide establishment actors and other actors reflect an understanding of environmental problems and a commitment to deal with them, institutional change will follow as in the example of ISO 14 001 given above (see also Söderbaum 2001). In this case of EMS, institutional change is voluntary. Institutional change can also be the result of governmental directives, new laws etc. – or a combination of voluntary and compulsory factors.

The efficiency of any policy cannot be evaluated without a set of indicators or more generally a monitoring system (D in Table 2). In relation to climate policy issues, non-monetary variables are of special relevance but also monetary variables have to be considered. Both for monetary and non-monetary variables, a distinction can be made between ‘flows’ (referring to periods of time) and ‘stocks’, ‘states’ or ‘positions’ (referring to points in time). In attempts to judge whether things are getting better or worse I tend to emphasize non-monetary state or positional variables. Global CO₂ emissions, for instance, may be reduced by 10% while concentrations in the atmosphere increase, albeit less than in the case of unchanged or increasing pollution levels. Similarly, land-use changes can be monitored in positional terms. More roads will reduce the green spaces with a certain ‘sink’ capacity and so on. Table 2 suggests that actors at each level; those who appear on local, national or global arenas can internalize issues related to conceptual framework, ideology (or development model), institutions and indicators in their agenda.

Other related matrices may be used in attempts to problematize climate policy options or other issues related to environment and development. It is for instance possible to think of one individual as actor in her different roles. The columns would then refer to roles such as citizen, politician, professional, consumer etc. that each can be related to A, B, C and D. One may furthermore study if there is coherence or lack of coherence in the behavior of the individual in her different roles.

The columns may alternatively refer to different kinds of organization and one may inquire into their potentials to act for SD. For a specific organization, such as a business company, the columns may similarly refer to different kinds of activities (e.g. product lines) and the totality of activities. How can environmental performance be improved? Could the business culture be changed to better cope with the problems of environment and development? Is there a need for a new conceptual framework, a new business ideology and new decision aids and monitoring systems?

It is also possible to focus on specific sectors one by one and how they interact in society as a whole. Energy systems and energy policy is one candidate and agricultural policy another. Little will happen if the financial sector continues as before largely neglecting environmental matters (Jeucken 2001). Educational systems also have to be considered, my favorite example being a need for pluralism rather than the present monopoly at Departments of Economics.

Climate policy is a field where there is a need for cooperation between actors at various levels, the global level included. Efforts to strengthen international agreements should continue and actors at each level should articulate a climate policy not only for activities where the actor has some degree of control. There is also a need for a 'progressive' 'foreign' or rather external climate policy. Cooperation for economic growth and international trade has to be played down a bit in favor of a policy for environmental and health security. But this is perhaps another story.

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