

8 Corporate political action in the global polity

National and transnational strategies in the climate change negotiations

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Climate change is a global environmental problem of potentially devastating proportions. Caused by the build-up of greenhouse gases, particularly carbon dioxide and methane, in the earth's atmosphere, climate change is a global commons issue requiring a coordinated international response. Because greenhouse gases are predominantly produced through activities associated with contemporary industrial economies, however, such a response is constrained by powerful economic and political forces which are unlikely to question the fundamental relationship between capitalism and ecological degradation. As capitalism and its ecological consequences become more universal, 'a global analysis of the power of capital is essential' (Gill and Law 1993: 102). Such a global analysis of the power of capital is essential for understanding the possibilities for and limits to international efforts to address global environmental issues such as climate change.

A major component of such an analysis is an understanding of how capital operates in the political arena. In the context of accelerating international economic integration and the growth of international institutions such as the World Trade Organisation, there has been growing concern that multinational capital has begun to turn to international fora to circumvent constraints from governments and social movements at the national state level. If the national state has historically been a site where the power of capital could be contested, the increased mobility of capital and interdependence of national economies within a system of international institutions defined by market rather than democratic values has, it is argued, eroded the autonomy and power of the national state and outmanoeuvred nationally-based social movements (Barnet and Cavanagh 1994; Korten 1995; Reich 1991; Strange 1996). The subsequent weakening of the national state's ability to manage national economies and construct nationally-defined social contracts, as well as the diffusion of state responsibilities to a variety of private and non-state actors, has resulted in 'a tendential "hollowing out" of the national state' (Jessop 1994: 251). The globalisation thesis sees the national state as 'look[ing] more and more like an institution of a bygone age' (Barnet and Cavanagh 1994: 19), as 'victims of the market economy' (Strange 1996: 14).

While this debate has focused on the ways in which the tripartite relationship among business, the state, and social forces is being reshaped at the national level, relatively little attention has been paid to the relationship between capital

and international institutions. Proponents of the globalisation thesis generally assume that capital prefers to operate at the international level to avoid national regulation. In contrast to this monolithic understanding, we distinguish two major types of international institutions. *Enabling* institutions are those that provide the infrastructure of a neo-liberal world trade and investment regime and in which multinational capital is highly influential and supportive; *regulatory* institutions are those responsible for negotiating and promulgating social, labour and environmental policies. We argue in this paper that capital is far from uncontested in these arenas. More specifically, based on a case study of the climate change negotiations, we argue that many large companies fear the emergence of an international environmental regulatory structure beyond the channels of influence to which they are accustomed at the national level. This suggests that, in contrast to the globalisation thesis, capital is undertaking a contingent, multi-dimensional strategy relative to the national state and international institutions.

The growth of international regimes to address global environmental problems has been analysed extensively in the burgeoning literature on regime theory (Haas, Keohane and Levy 1993; Haggard and Simmons 1987; Young 1994). This literature, even in its more institutionalist variety, tends to focus on states as the primary actors in the international polity and neglects the role of corporate and social interests (Paterson 1996; Strange 1988). Perhaps more relevant and fruitful for the present question has been the emergence of transnational historical materialism (THM) (Cox 1993; Gill 1990 and 1993). Grounded in the Gramscian theory of hegemony (Gramsci 1971), THM posits the emergence of a transnational historic bloc, comprising a coalition of businesses, intellectuals, and state managers that transcends any one class and is bound together through common identities and interests by material and ideological structures. This process serves the interests of an emergent and newly conscious international elite which depends for its prosperity upon the continuation and extension of a secure international neo-liberal trade and investment regime. In this conception, 'international organization functions as the process through which the institutions of hegemony and its ideology are developed' (Cox 1993: 62). In contrast to the globalisation approach, capital's hegemony is not uncontested in the international sphere; rather, it secures legitimacy and consent through a process of compromise and accommodation that reflects specific historical conditions.

Although the THM school emphasises the role of capital in the emerging global polity, the national state plays a major mediating role in the construction of world hegemony. Van der Pijl (1989: 19), for example, points to the national state as 'support[ing] the existence of ruling classes in their particularity' and argues that capitalist internationalisation can take place only if capital 'succeed[s] in synthesizing their international perspective with a national one' (Van der Pijl 1989: 12). Cox, as well as Gill and Law, see internationalisation as a contradictory process, one which is not monolithic and absolute but rather one which provides opportunities for the development of a counter-hegemonic alternative. The emergence of such an alternative is 'likely to be traceable to some fundamental change in social relations and in the national political orders which correspond to national structures of

social relations' (Cox 1993: 64). THM, in contrast to the globalisation thesis, thus accords the national state a more active role in the construction, reproduction, and possible subversion of internationalised capital.

While we believe that the Gramscian roots of THM offer a sophisticated theory of the material and ideological bases of the capitalist state (Boggs 1976; Showstack-Sassoon 1987), we also believe that THM would benefit from making more explicit the specific mechanisms and channels of capital's power relative to the state and international institutions. Thus, while our analysis of the role of capital in the international climate change negotiations is broadly located in the THM framework, we seek to integrate critical theories of the state with this framework. More specifically, our analysis is based on power elite or instrumentalist theories (Mills 1967; Domhoff 1990; Miliband 1969), structural dependence theories (Block 1987; Offe 1984; Poulantzas 1978), and cultural/discursive theories of the state (Foucault 1977; Habermas 1984; Hall *et al.* 1978). These theories are relevant to the question at hand because, in their fundamentals, they seek to explain how business influences politics within a capitalist system.

Although international institutions such as the UN are clearly not true states in that they are not sovereign supranational entities, Shaw (1994: 650) has observed that 'a *de facto* complex of global state institutions is coming into existence through the fusion of Western state power and the legitimization framework of the United Nations'. Our analysis of the climate change negotiations suggests that it might prove fruitful to reconstruct critical state theory to take account of the rise of extra-national bases of political power. We argue that international institutions are not mere epiphenomena created by dominant states, nor are they simply tools of international capital; rather, they possess significant resources, expertise, and regulatory initiative which they are able to deploy with some degree of organisational autonomy. In this context, critical theories of the state suggest a rich array of mechanisms by which capital might exert influence over these negotiations.

The increasing presence of social forces in the international arena has received growing attention in the literature on global civil society. Shaw (1994: 650) argues that 'civil society can be said to have become globalised to the extent that society increasingly represents itself globally, across nation-state boundaries, through the formation of global institutions'. The social movements engaged in such representation efforts are typically defined in terms of their common identity and interests, and their use of mass mobilisation as a prime form of sanction and power, though Peterson (1992) notes that international civil organisations tend to be decentralised, loose networks which typically lack coherence and common vision or goals. Wapner (1995) refers to the phenomenon of networks of associations actively working in international rather than national forums as 'world civic politics'. The relationships among civil society, social movements, the state and international institutions are subject to some debate. For Peterson (1992), civil society is autonomously organised public activity outside of the state. Shaw (1994: 648) articulates the Gramscian perspective in which civil society is both the 'outer earthworks of the state' and an arena in which social groups organise

to contest state power. Some writers locate environmental organisations within the phenomenon of 'new social movements', which, it is argued, transcend class lines and are more concerned with personal identity than political conflict (Larana, Johnston, and Gusfield 1994). The climate change negotiations afford us an opportunity to witness the operation of global civil society.

Our extension of critical state theory to the international level will contribute to the development of the transnational historical materialist analysis of the relationship between capital, states, international institutions, and social forces. Where the globalisation thesis sees the withering and growing irrelevance of the state, we contend that developments in the international sphere serve to shift the ensemble of *national* relations in complex ways. If international economic integration erodes the access of nationally-based social movements to decision-making at the national level (Panitch 1994) and creates pressure for states to maintain 'economic competitiveness' by adopting measures favourable to mobile capital (Carnoy 1993; Picciotto 1991), this is likely to increase the political leverage of capital *within* the national state; indeed, it is the very division of the world into competing national states which provides global capital with its structural power (Gill and Law 1993). As a result, it is possible that the development of an international institutional infrastructure for a world neo-liberal economic order may contribute to a new relevance for the national state as capital's preferred arena for regulating social, labour, and environmental issues (Hirst and Thompson 1996). At the same time, social forces might attempt to coordinate internationally and press for the standardisation of environmental regulation through international governance structures. These preferences are the reverse of those for market-enabling institutions, where capital tends to prefer the international arena and social forces the national level. The international system is thus not supplanting or eclipsing the national state and its relations to national capital and social forces. Instead, these two spheres mediate and condition each other in a dialectical relationship. Our analysis of the development of international environmental policy on climate change illustrates this process.

The contention that business is running to the international arena in order to escape national social constraints is predicated on a more pluralist view of the relationship between business and the national state. Pluralists argue that sectoral divisions prevent business from acting in a unified way, and that the state can maintain neutrality and independence in mediating conflicting claims (Epstein 1969). By contrast, critical theories assert that the state actively serves business interests at the national level. Three major variants of these theories point to different sources of power that business wields over the state, despite the formal trappings of democratic and independent state institutions. The power-elite or instrumentalist perspective emphasises the ability of business to act cohesively in the political arena through a dense network of relationships between business and the state. Structural dependence theories acknowledge that the state enjoys a degree of autonomy from business power, but argue that in a market system, the state is structurally dependent on private sector profitability. State managers depend on popular support and legitimacy, which is a function of jobs and prosperity in the

private sector and their ability to fund government programmes with tax revenue. These structural relationships cause state managers to act on behalf of, rather than at the behest of, business; indeed, the state needs to maintain its autonomy from any one business sector in order to resolve inter-sectoral conflicts and secure the system as a whole. Cultural or discursive theories emphasise the ideological and symbolic aspects of power. This loose collection of approaches has been applied to understand the state's relationship to business. Unlike power-elite theorists, who view cultural institutions such as schools and the media as subservient to business interests, discursive theories of the state see this sector as a relatively independent site of political struggle.

Corporate influence on the climate change process

Instrumentalist forms of power

The 1992 United Nations Conference on Environment and Development in Rio de Janeiro provided a setting for business to exert a very powerful influence over the direction of international environmental policy. Maurice Strong, head of the Canadian electric utility Ontario Hydro, was appointed to the position of Secretary-General of the conference; in turn, Strong appointed as his principal adviser the Swiss industrialist and multi-millionaire Stephan Schmidheiny, who organised the Business Council for Sustainable Development (BCSD), a group of industrialists representing forty-eight of the world's largest multinational corporations. Several scholars have argued that the conference structure gave companies special status and coherence that environmental NGOs lacked (Finger 1994; Kolk 1997). Despite the BCSD's professed commitment to achieving environmental goals through market measures such as green taxes (Schmidheiny 1992), it used its influence to help ensure that the Framework Convention on Climate Change (FCCC) agreed at the conference contained little commitment to concrete action (Mintzer and Leonard 1994; Hecht and Tirpak 1995). This example illustrates that when business does exert its power in international negotiations, it is often to keep regulation at the national level. Schmidheiny (1992:24) expressed his reasons for this quite candidly: 'Business has favored [national] regulation in the past because it also is more familiar with this approach, and feels it can influence it through negotiation. In addition, in many countries regulations are passed but rarely enforced.'

One important channel of influence at the domestic level in the US is the network of contacts maintained by large companies and their industry associations. For example, the Global Climate Coalition (GCC), the largest industry group active on the climate change issue, benefits from the personal connections of its director, John Schlaes, and of its member companies. Schlaes held a senior position in the executive office of the White House as director of communications under John Sununu, and still appears to exert significant influence on the Republican side of Congress. Financial donations to politicians represent a second channel of influence at the national level in the US. The oil industry alone provided \$15.5 million in

campaign contributions during the 1995–96 US election cycle, of which Republicans received about 80 per cent (Abramson 1997). Not surprisingly, recipients of this money tend to be people who are in a position to influence climate change policy (Makinson 1995). Industry associations opposing mandatory limitations on greenhouse gas emissions have been successful in securing the support of a key group of Republican Congresspeople in the 1994–6 House. The oil and automobile industries, which are major sources of greenhouse gases, are particularly powerful actors in the US domestic arena. A modest fuel tax proposed by the Clinton administration in 1992 was quickly dropped in the face of pressure from these industries. In more recent multi-party discussions sponsored by the White House on limiting emissions in the automobile sector, dubbed Car Talk, these industries appeared to be able to exert an effective veto. According to a representative of the Climate Action Network (CAN), an umbrella environmental organisation working on the climate issue, 'car companies would not discuss CAFE standards and oil companies would not entertain a gas tax. Without consensus, the process is dead.'¹

In contrast to these points of leverage at the national level, industry's direct influence at the international negotiations since Rio has been more limited. Although groups such as the GCC have established good relationships with some national delegations, especially those from Canada, Australia, and oil exporting countries, these ties tend to be based on a congruence of interests rather than personal or financial links. The international negotiations involve more than 100 countries, with whom the US-dominated industry associations share few social ties and whose politicians are beyond the reach of Political Action Committee (PAC) money. Most of the national delegations are drawn from the ranks of career civil servants and staff within each country's equivalent to departments of state, environment, energy, and commerce. Industry has not enjoyed the direct top-level influence provided at Rio through the Schmidheiny-Strong channel. Industry associations also have limited influence over less developed countries' (LDC) policies regarding climate change. The major industry associations active in climate change represent mainly larger multinational corporations based in North America and, to a lesser extent, Europe. Despite the potential leverage provided by their substantial investments in LDCs, the evidence suggests that industry has had little success in working with LDC delegations. Corporate managers report a degree of mistrust and suspicion, particularly from India and Latin America, which is partly a legacy of LDC hostility toward multinationals during the latter 1970s, and partly a function of the North–South divisions over climate change.

Industry groups have little direct influence over the UN environmental bureaucracy. Although the Conference of the Parties (COP), comprising delegates from more than 150 countries that are signatories to the Framework Convention, is formally the supreme decision-making body for the Climate Convention process, a number of UN-related bodies are more removed from national delegations susceptible to industry pressure. In January 1996 a permanent Convention Secretariat was established in Bonn, Germany. The Secretariat is based on a professional staff rather than country delegates, and, though it has no executive

power, plays an important agenda setting role. Observers expect that the Secretariat will enjoy solid support from the host government, which is one of the leading advocates of a strong emissions treaty.

The COP process has a number of affiliated organisations that are widely regarded as relatively independent and committed to the process. The Conference Bureau, which organises the COP meetings, is staffed by a small group of country delegates who tend to be environmental professionals and staff from national environment ministries. The Ad-hoc Group on the Berlin Mandate (AGBM), with representatives from all the parties to the convention, is the main body that works between formal COP sessions to establish objectives for a protocol, study various options, and prepare recommendations for the next COP to adopt. Under the leadership of chairman Raul Estrada Oyuela of Argentina, the AGBM has steadily pushed towards a mandatory protocol. At AGBM-3, in March 1996, Estrada expressed his determination not to let oil producing countries delay AGBM activities, and 'declared that he would not tolerate obstruction from delegates who had tried to slow negotiations before' (ENB 1996: 19).

The convention process has been guided by the scientific and technical input provided by the IPCC, an international group of more than 2,000 respected scientists operating under the auspices of the World Meteorological Organisation and the United Nations Environmental Programme (UNEP). Despite efforts by the GCC to impugn the integrity of the IPCC process, the consensus reached in the IPCC's Second Assessment Report (1995) concerning the likelihood of greenhouse gas-induced climatic change has gained broad legitimacy and has been widely accepted by most national delegations and even centrist industry groups. Despite the vast resources available to business groups, most observers concur that their influence has not overwhelmed the voice of environmental NGOs at the international negotiations. Environmental NGOs have also been well organised. Indeed, according to Chris Flavin of the Worldwatch Institute, Washington D.C., 'the NGOs ran circles around the Global Climate Coalition in Berlin'.² The Climate Action Network has published an influential daily newsletter at post-Rio meetings that is distributed to delegates and around the world via e-mail and the web.

Critics of the instrumentalist position point to the diversity of industry interests as a source of weakness that prevents business from acting as a cohesive, conscious bloc. The climate change case is characterised by a plethora of industry associations representing different perspectives (Levy 1997a). Although pluralist theory suggests that this disunity would weaken the power of business in the negotiation process, it appears that the US administration is anxious to obtain the consent of *all* major affected sectors and to avoid steps that would be economically harmful to them (Wirth 1996). The desire for consensus in the face of these sectoral divisions provides the more intransigent industry associations such as the GCC with considerable leverage; it has been resolute in refusing to join the position of a more moderate industry group, the International Climate Change Partnership (ICCP), precisely because that could form the basis for a compromise agreement.

While this evidence suggests that industry associations are currently much

more influential at the national than the international level, they are actively organising to broaden their geographic reach. Both the GCC and the ICCP are aggressively seeking more European, Asian, and developing country members. The International Chamber of Commerce has played a role in trying to coordinate international business responses to the climate change negotiations, although inter-sectoral differences have hindered its efforts. The International Chamber of Commerce, whose membership is primarily drawn from OECD countries, has a very active working party on climate change which met in London in January 1996 to plan strategy for the COP-2 negotiating session in Geneva in July 1996. Maurice Strong, having left Ontario Hydro in 1996, was appointed Deputy Secretary-General of the UN, and the UN is examining ways to formalise corporate input into its decision-making process.³

Structural dependency

Climate change has the potential to generate significant structural pressures on policy-makers because of the economic impact of measures to curb greenhouse gas emissions. Dependable access to cheap energy is often viewed by policy-makers as central to economic growth and prosperity, and a key strategic state objective (Newell 1997; Yergin 1991). Controls on emissions of carbon dioxide would affect not just the producers and refiners of oil and coal, but would significantly raise the price of these fuels for electric utilities and the transportation sector. Higher energy costs would also affect energy intense industries downstream on the value chain, such as chemicals, steel, glass, aluminium, cement, and paper. The GCC has been quick to point out the potential impact on growth and employment of curbing greenhouse gas emissions (WEFA 1996), and US officials have expressed concern about the sensitivity of American voters to fuel prices. In July 1997 the US Senate voted unanimously for the Byrd-Hagel resolution, which objected to any treaty measures that could hurt US competitiveness and employment. The US is not, of course, the lone champion of capital in international fora. European governments are extremely sensitive to the issue of unemployment, which has averaged more than ten per cent in the EU in recent years compared to around six per cent in the US. Structural dependence also extends to less developed countries, which have become increasingly eager to attract new inflows of private capital.

By contrast, the international institutions involved in the climate change negotiations are relatively insulated from structural pressures. The UN is not directly dependent for revenues on healthy national economies, nor does it have to compete with other entities to offer an attractive business climate. Indeed, the very lack of democratic accountability within international institutions that worries some observers also serves to insulate them from popular concerns about jobs and fuel prices. If curbing greenhouse gas emissions means higher fossil fuel prices, the UN might well be able to take actions that appear politically impossible in the US.

Those countries whose economic structures are most dependent on fossil fuels are the natural allies of industry groups opposed to emission limitations.

The Climate Council is known to have close links to Kuwait, Saudi Arabia, and other members of OPEC. The Global Climate Coalition has tried to exert its influence primarily with the JUSCANZ bloc of industrialised countries opposing strong measures.⁴ This loose coalition shares economic interests that could be harmed by greenhouse gas controls. The US possesses substantial reserves of coal and oil, the value of which would decline if demand were curbed or substitutes developed. Perhaps more importantly, the US is home to five of the seven oil majors, and is also the home to large multinationals in energy intense user industries, such as automobiles, steel, and chemicals. The US relies heavily on fossil fuels for its energy needs; its carbon emissions are the highest in the world, both in total and in per capita terms (Brown 1996). The imposition of carbon taxes at approximately uniform rates across the world would cause much more serious adjustment effects in the US where energy taxes are very low. Canada and Australia, also major consumers and exporters of fossil fuels, have strongly opposed specific emissions limits.

An examination of the positions of various European countries also supports the structural dependence position, as they appear closely attuned to each country's specific economic and industrial structure. France has been relatively supportive of emission controls because it already obtains more than 60 per cent of its electricity from nuclear plants, and stands to gain export markets for its nuclear technology. Although Germany, the strongest European advocate of controls, relied on coal for about one-third of its primary energy needs in 1990, dependence on coal was already being reduced due to concern about acid rain and the cost of coal subsidies, which exceeded \$4 billion a year. Germany has been able to reduce emissions through the closure of inefficient plants in the former East Germany, and is in the forefront of pollution prevention and renewable energy technologies. The UK, heavily dependent on coal, had followed the US position against controls until the early 1990s. The UK reversed its stance following the decision to end subsidies to the coal mining industry and close most of the coal pits (Boehmer-Christiansen 1995).

Much of the developing world has opposed any international agreement to limit emissions on the grounds that climate change is a rich country problem and that cheap energy is needed to fuel growth. China, with one-third of the world's proven reserves of coal, relies on coal for around 80 per cent of its energy needs, and in 1995 was already the world's third largest emitter of carbon dioxide. China planned to expand its coal production fivefold to three billion tons a year by 2020, which would increase global carbon dioxide emissions nearly 50 per cent (Grubb 1990). Brazil, Indonesia, and Malaysia, which are home to much of world's tropical rain forest, have expressed concern that a treaty might limit their ability to log and export timber, or to clear the land for agricultural use.

Although the broad correspondence between a country's negotiating position and its economic interests suggests that structural economic dependence is a powerful factor in the formation of policy, it does not illuminate which specific channels of influence are at work. Structural dependence can be translated into policy through instrumentalist mechanisms exerted by affected sectors, as discussed earlier, or discursively through the construction of 'competitiveness' as a primary goal of

national policy. US government publications and interviews with US government officials reveal that US competitiveness is considered a high-priority issue of legitimate concern throughout government. A few government respondents expressed fear of the voters and the need to accommodate business concerns, but none gave any hint that dependence on tax revenues played any role. Rather, it was simply taken for granted that government policy-making should promote economic growth and avoid economic disruption to major sectors. This vision of the 'competition state' has been internalised as part of the construction of the public official and has been institutionalised in policy-making processes. The three forms of influence thus appear to be inherently intertwined and interdependent.

Discursive influence

If environmental policy formation is, at least in part, a struggle for discursive hegemony (Hajer 1995) it is important to examine corporate efforts to influence the discourse around climate change. In the US, corporate interests likely to be affected by climate change have made significant efforts to influence discourse over the issue. Fossil fuel interests have engaged in substantial public relations campaigns in the US, targeted to the public in general as well as policy-makers, to highlight scientific uncertainties concerning global warming and emphasise the high economic costs of curbing emissions. More broadly, they have attempted to construct global warming as the invention of anti-business environmental extremists, while the UN is often depicted as a threat to American freedom and prosperity. These themes find fertile ground because they resonate with existing discourses in American society, reflected in the growth of the Wise Use movement, a suspicion of federal, let alone international, authorities and a particular concept of freedom that is highly individualistic and symbolically related to automobiles (Rowell 1996).

Advertising and education are two channels through which industry associations have tried to influence public opinion. Western Fuels, a US utility association and member of the GCC, ran an advertisement in 1993 titled 'Repeal Rio' calling climate change a 'controversial theory' with 'no support in observations', and made the claim that 'CO₂ fertilization of the atmosphere helps produce more food for people and wildlife.' The association also spent around \$250,000 to produce a video in 1991 called *The Greening of Planet Earth*, which carried the same message and was apparently influential in the Bush administration. One industry tactic has been to establish 'front groups' to mask the corporate interests involved. Coal, oil, and utility interests in the US established a group called The Information Council for the Environment in 1991, whose purpose, as stated in internal documents, was to 'reposition global warming as theory, not fact' (*Ozone Action* 1996). ICE developed a sophisticated print and radio media campaign directed at 'older, less educated men' and 'young, low income women', and set up a Science Advisory Panel which included three 'climate skeptics,' Robert Balling, Patrick Michaels and S. Fred Singer, all of whom have received funding from fossil fuel industries.

The GCC and its member organisations have engaged in a much more targeted

effort to convince business leaders and policy-makers that measures to curb greenhouse gas emissions 'are premature and are not justified by the state of scientific knowledge or the economic risks they create' (GCC 1995). The GCC commissioned a series of economic studies that suggest that the US might suffer economic losses in the region of 3 to 5 per cent of GDP annually if it follows proposals to cut emissions 20 per cent below 1990 levels by 2005 (Montgomery and Charles River Associates 1995; WEFA 1996). In a September 1996 press release, the GCC warned that measures to curb emissions by 20 per cent 'could reduce the US gross domestic product by 4 per cent and cost Americans up to 1.1 million jobs annually.' As a result of these efforts, industry's concerns have permeated governmental discourse, in some cases almost literally; respondents at the Department of Energy talked in terms of the need to avoid 'premature retirement of capital', a term frequently used by fossil fuel and utility interests. Fossil fuel interests have also attempted to convince opinion leaders and policy-makers that the science of climate change is dubious at best. The Western Fuels Association has funded the publication and distribution of a monthly newsletter called the *World Climate Review*. Edited by Patrick Michaels of the University of Virginia, the newsletter is dedicated to debunking climate change science and is mailed to all the members of the Society of Environmental Journalists.

Despite the resources invested in influencing the scientific and policy debates, it is evident that the fossil fuel industry's point of view has not achieved hegemonic status, even within the US. The ICE programme was halted following a number of embarrassing media stories, and few familiar with the issue are as sanguine about climate change as the Western Fuels advertisements. Nevertheless, the 'climate sceptics' have succeeded in turning climate change into an apparently balanced 'debate' in the media. Moreover, they have played a key role in a number of state and Congressional hearings by providing some cover for politicians who, because of their ideological inclination or allegiance to certain business interests, want to delay any action on greenhouse gas emissions (Gelbspan 1997).

Industry associations have enjoyed much less influence over the scientific and policy discourse in the international negotiations. Although international networks of media ownership and distribution have expanded in recent years, the sophisticated public relations campaigns waged in the US are not easily duplicated in other countries, where corporate public relations departments are less experienced and more restrictions exist on commercial activities in educational institutions. An industry effort to challenge the integrity of the Intergovernmental Panel on Climate Change Second Assessment Report illustrates the difficulty faced by industry in affecting the scientific discourse within the UN process. The GCC and the Climate Council claimed that Benjamin Santer and Tom Wigley, two of the lead authors, had deleted passages that dissented or expressed uncertainty (ECO 1996). These accusations were quickly picked up by the mass media, including the *Wall Street Journal* (Seitz 1996) and the *New York Times* (Stevens 1996), but the allegations had little impact on the international negotiations, where officials were quick to express their support for the peer review process that resulted in the changes.

The primary reason for the failure of the GCC viewpoint to gain hegemony in the US is the emerging challenge from a competing discursive paradigm, that of ecological modernisation (Hajer 1995). The lure of this approach lies in the core assumption that being 'green' can also be good for business, and that addressing environmental problems can be a positive sum game (Levy 1995, 1997b; Russo and Fouts 1997). To generate these 'win-win' situations, ecological modernisation puts its faith in the technological, organisational, and financial resources of the private sector, voluntary partnerships between government agencies and business, flexible market-based measures, and the application of environmental management techniques (Cairncross 1991; Schmidheiny 1992). In the climate change context, this view has been embraced by industry associations representing companies in the renewable energy, gas, and energy efficiency sectors, by a number of major environmental organisations, especially the World Resources Institute and the Environmental Defense Fund (Dudek 1996), and increasingly by other sectors of industry, including members of the ICCP. The Clinton Administration's approach to Climate Change bears the clear imprint of this paradigm. The US Climate Change Action Plan (1993: 2) states that 'returning US greenhouse gas emissions to their 1990 levels by the year 2000 is an ambitious but achievable goal that can be attained while enhancing prospects for market growth and job creation, and positioning our country to compete and win in the global market'. The joint EPA/Department of Energy Climate Wise programme describes itself as 'a unique partnership that can help you turn energy efficiency and environmental performance into a corporate asset' (US DoE 1996).

This discourse has also permeated the international climate negotiations, partly due to the powerful position of the US and partly to the influence of Schmidheiny and the World Business Council for Sustainable Development. To coincide with the 1992 UN Conference on Environment and Development conference, Stephan Schmidheiny published the influential book *Changing Course* (1992), which championed the role of private capital and free markets in achieving 'sustainable development', while downplaying any possible contradictions between vigorous economic growth and environmental protection. The primacy of markets and private capital in addressing climate change is also reflected in the Second Assessment Report of the IPCC, particularly the section by Working Group III, which addressed social and economic policies.

Conclusions

Overall, the evidence does not support the notion that the international arena offers capital a safe haven from environmental regulations. For the case of a regulatory international regime such as climate change, business appears to prefer the well-charted and predictable waters of the national political economy. Indeed, the correspondence between national negotiating stances and economic interests provides testimony to the hegemony of corporate influence over national policy. The case study suggests that instrumentalist forms of power operate more effectively at the national level, and that international institutions are relatively insulated from

these sources of pressure. US-based companies and industry associations have limited leverage over the climate policies of other countries, which tend to pursue what they perceive to be their own economic interests. In addition, the potential for greenhouse gas controls to cause substantial economic dislocation generates structural pressures at the national level, particularly in those countries most dependent on fossil fuels. International institutions themselves are removed from these pressures. Finally, business efforts to influence the science and policy discourse have also been much more prevalent and effective at the national than the international level. Even at the national level, the views advocated by the fossil fuel industry serve more to create the appearance of controversy than a hegemonic consensus. The more blatant attempts to discredit climate change science have fallen flat in the UN. Although a broad consensus has emerged about the central role of corporate solutions guided by market incentives in a future regulatory regime, the hegemonic nature of this discourse cannot be directly attributed to specific industry efforts; rather, it is related to the broader dissemination of the related discourses of neo-liberalism and ecological modernism.

The case highlights the importance of our distinction between regulatory institutions, such as those governing international environmental policy, and market-enabling institutions that provide the infrastructure for governance of global trade, investment, and financial flows. While capital might be highly supportive of international enabling institutions at the expense of national states, there is reason to be sceptical of the globalisation thesis in the case of regulatory institutions. This study suggests that capital does operate at the international level in an effort to influence emerging regulatory institutions, but that such action in this arena, rather than eclipsing the national state, is largely channelled through it, and is frequently directed toward blocking strong transnational action. In short, there are strong reservations against the claim of the neo-liberal global discourse (see introduction of this book) that transnational capital would gain authority at the expense of states due to globalisation.

Hirst and Thompson's argument that non-governmental organisations are more inclined to be transnational actors than are corporations is supported by the climate change case; environmental NGOs advocate for international regulation of greenhouse gas emissions because they recognise that many countries would not take strong action in the absence of an international agreement due to corporate pressures and the high cost of unilateral action. Moreover, they recognise the high status and influence of the international scientific community within UN-based institutions and the relative weakness of corporate pressures. This is the complete reverse of the case for international market enabling institutions such as the World Trade Organisation from which international civil society is largely excluded.

While our analysis provides support for the continued relevance of the national state within an internationalised capitalism, it also points to the changing relationship between capital, the state, international institutions, and social forces. Multinationals are developing more sophisticated transnational political capacities and are learning to coordinate their activities at the national and international level. As nation states lose some autonomy over economic policies and

cede some responsibility for environmental regulation to international institutions, they are increasingly important as conduits of business power and as sites for the formulation and implementation of social, labour, and environmental policies. The international arena can thus be understood as a contested political field of increasing significance that inter-relates with and modifies relations in the national domain. Hegemony must be secured, but can also be contested, at both levels, opening up new possibilities for resistance.

Notes

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- 1 Interview with Jennifer Morgan, 10 January 1996.
- 2 Interview with Chris Flavin, 11 January 1996.
- 3 On 24 June 1997, ten CEOs of transnational corporations, mostly members of the BCSD, met with fifteen government representatives, including three heads of state, the Secretary-General of the UN, and the Administrator of UNDP, to establish terms of reference for business sector participation in the policy setting process of the UN and partnering in the uses of UN development assistance funds (source: letter from David Korten, <http://iisd1.iisd.ca/pcdf>).
- 4 JUSCANZ comprises Japan, the US, Canada, and New Zealand.

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