

GLOBALIZATION and THE ENVIRONMENT

CAPITALISM, ECOLOGY AND POWER



PETER NEWELL

Globalization and the Environment

The book is dedicated to my family and above all to my wife Lucila, daughter Ana and son Camilo for their constant love, support and perspective on what is important in life and without whom the fight for a globalization that is worthy of the labels 'sustainable' and 'just' would be a lot harder to maintain.

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Preface

Globalization and the Environment critically explores the actors, politics and processes that govern the relationship between globalization and the environment. Taking key aspects of globalization in turn – trade, production and finance – the book highlights the relations of power at work that determine whether globalization is managed in a sustainable way and on whose behalf.

Each chapter looks in turn at the *political ecology* of these aspects of globalization, reviewing evidence of their impact on diverse ecologies and societies; their *governance* – the political structures, institutions and policy making processes in place to manage this relationship; and finally efforts to *contest* and challenge these prevailing approaches.

The book makes sense of the relationship between globalization and the environment using a range of theoretical tools from different disciplines. This helps to place the debate about the compatibility between globalization and sustainability in an explicitly political and historical context in which it is possible to appreciate both the ‘nature’ of interests and power relations that privilege some ways of responding to environmental problems over others in a context of globalization.

This book has been around fifteen years in the making. Constantly disrupted and sidelined by other personal commitments and academic and political obligations, it has been slow-cooked rather than flash-fried, but should ‘taste’ all the better for the fusion of insights from different research projects and theoretical explorations that this has allowed and which saturate the current book.

It builds upon an on-going interest as an academic, activist and concerned citizen in the relationship between globalization and sustainable development. Much of the empirical material and fieldwork and many of the insights that feature in the book, however, derive from eighteen years of research and engagement with environmental politics in a broad range of settings, on a diversity of issues, in a large number of countries. The content of the book reflects an evolving research agenda concerned

with different aspects of globalization and sustainable development: from projects on global climate politics and carbon markets to research on agricultural biotechnology, and from work on issues of corporate accountability and responsibility to projects on global and regional trade negotiations and the governance of energy finance. It also reflects insights from work in countries as diverse as Argentina and India, Ethiopia and Mexico, China and South Africa, and Kenya, Bolivia and Costa Rica. I have benefitted hugely from working in and for environmental and development non-governmental organizations (NGOs), conducting consultancy for international organizations, many of which feature in the book, providing policy advice to and working with a number of governments and from conducting training for, and being granted research access to, many corporations around the world. This has allowed me insights into the day-to-day functioning of these organizations and the dilemmas they face, an exposure which enables a richer and more personal understanding of the people and organizations that, as researchers, we sometimes tend to analyse in more abstract terms.

The book will be of interest to students of International Relations, Environmental Studies and Development Studies, Geography and Sociology.

Acknowledgements

This book has been a very long time in the making. The idea for it was first conceived in 1997 at a time when debates about globalization and its potential to transform the theory and practice of world politics were at their height, but when attention to the environmental dimensions of this was often ignored. My first attempt to get a handle on some of the issues at stake resulted in a special issue of the *IDS Bulletin* on the theme of *Globalization and the Governance of the Environment*, published in 1999.

Since that time much has changed. My interest in the 'nature' of the relationship between globalization and sustainable development came to be pursued through projects on business regulation and corporate accountability, on social movements and trade politics in Latin America, and on the global governance of biotechnology, as well as through theoretical interests in different strands of critical political economy and historical materialism. Much of the contents of this book reflect that journey, the research undertaken along the way through a multitude of projects in different parts of the world for diverse audiences, and the intellectual evolution and learning that accompanied it.

I am grateful for research support from the Department for International Development, including through the Development Research Centres they supported of which I was a part, the Economic and Social Research Council in the UK and many other governments, donors and NGOs that have funded particular studies and pieces of consultancy work that inform the book. I would also like to extend my appreciation to those publishers that have waived permission to draw upon and update elements of work previously published by them. The basis of the material in chapter 3 was first published in the *Review of International Studies* (volume 34, 2008) and some of chapter 2 has been published in Peter Dauvergne's *Handbook of Global Environmental Politics* (2012, Edward Elgar). Chapters 4 and 5 contain substantially revised and updated material previously published in the *Journal of International Development* (volume 13, 2001) and in my chapter

in the book *The Politics of International Trade in the 21st Century* (2005, Palgrave).

The personal journey has also incorporated several changes of job – from Sussex (Institute of Development Studies) to FLACSO Argentina to Warwick University, and from Oxford University to the University of East Anglia and finally back to Sussex at the Department of International Relations. Working in Departments of Development Studies and in Schools of Environment and Geography has served, I hope, to enrich my awareness of the variety of ways of approaching the central questions which frame this book beyond my core discipline of International Relations, even if exposure to such eclecticism has certainly made the path towards completion of the book longer than it needed to be.

Needless to say, the torturous route to completion has implied the accumulation of a number of personal debts. I am grateful, in particular, for the support of Jan Aart Scholte at Warwick, and Diana Liverman at Oxford for creating the space to make progress, albeit fitful and painstakingly slow, on this book. Nicola McIvor and Jon Phillips also provided valuable and much appreciated research assistance at critical moments. I would also like to thank Emma Hutchinson and David Winters at Polity for gentle guidance in steering the book to completion and for their understanding of delays along the way.

Peter Newell
Brighton
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Abbreviations

AIDA	The Interamerican Association for Environmental Defense
ALCA	Área de Libre Comercio de las Américas
ATCA	Alien Tort Claims Act
BRIC	Brazil, Russia, India, China
CAFTA-DR	Central America–Dominican Republic Free Trade Agreement
CAS	country assistance strategy
CBD	Convention on Biodiversity
CDM	clean development mechanism
CDR	community-driven regulation
CEO	Chief Executive Officer
CERES	Coalition for Environmentally Responsible Economies
CFCs	chlorofluorocarbons
CIF	Climate Investment Fund
CITES	Convention on the International Trade in Endangered Species
CO ₂	carbon dioxide
CSD	Commission on Sustainable Development
CSO	civil society organization
CSR	corporate social responsibility
CTE	Committee on Trade and Environment
CTF	Clean Technology Fund
EC	European Commission
ECA	export credit agency
ECGD	Export Credit Guarantee Department
EDF	Environmental Defense Fund
EU	European Union
FAO	Food and Agriculture Organization
FDI	foreign direct investment
FSC	Forest Stewardship Council

FTA	free trade agreement
FTAA	Free Trade Area of the Americas
G8	Group Eight Countries
G20	Group of Twenty
GABB	BioBio Action Group
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GEF	Global Environment Facility
GHG	greenhouse gas
GM	genetically modified
GMO	genetically modified organism
HIPC	highly indebted poor countries
HSBC	Hong Kong and Shanghai Banking Corporation
ICC	International Chamber of Commerce
ICCR	Interfaith Centre for Corporate Responsibility
ICSID	International Centre for Settlement of Investment Disputes
IEA	International Energy Agency
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
IPE	International Political Economy
IPR	intellectual property rights
IR	International Relations
ISO	International Organization for Standardization
IT	information technology
IUCN	International Union for the Conservation of Nature
LETS	local exchange trading schemes
MAI	multilateral agreement on investment
MDB	multilateral development bank
MDRI	Multilateral Debt Reduction Initiative
MEA	multilateral environmental agreement
MIGA	Multilateral Investment Guarantee Agency
MNC	multinational corporation
MNE	multinational enterprise
MST	Movement of the Landless (<i>Movimento dos trabalhadores sem terra</i>)
NAFTA	North American Free Trade Agreement
NEPA	National Environmental Policy Act

NGO	non-governmental organization
NIEO	New International Economic Order
ODA	Overseas Development Assistance
ODS	ozone-depleting substances
OECD	Organization for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
PPM	process and production methods
PRSP	Poverty Reduction Strategy Paper
REDD	Reducing Emissions from Deforestation and forest Degradation
SAL	Structural Adjustment Loan
SAP	Structural Adjustment Programme
SCF	Strategic Climate Fund
SEC	Securities and Exchange Commission
SME	small and medium-sized enterprise
SPS	sanitary and phytosanitary
SRI	socially responsible investment
TBT	technical barriers to trade
TCC	transnational capitalist class
TINA	There Is No Alternative
TNC	transnational corporation
TREMs	trade-related environment measures
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UK	United Kingdom
UN	United Nations
UNCED	United Nations Conference on Environment and Development
UNCTC	United Nations Centre for Transnational Corporations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
US	United States
USA	United States of America
USAID	United States Agency for International Development
WIPO	World Intellectual Property Organization
WRI	World Resources Institute
WTO	World Trade Organization
WWF	World Wide Fund for Nature

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Chapter 1

Globalization and the Environment: Capitalism, Ecology and Power

2012 marks twenty years since the Earth Summit on Environment and Development was held in Rio in 1992 and the fortieth anniversary of the Stockholm Conference on the Human Environment. Discussed at the time as the summit to save the earth, it is remarkable that twenty years on from Rio, many of the issues and debates look and sound familiar, as frustration at the lack of tangible progress in responding to environmental threats grows and intensifies. The principal challenges of delivering sustainable development appear as elusive as when the term entered mainstream policy discourse in 1987, with Brundtland's celebrated report *Our Common Future* (WCED 1987).

Despite nearly four decades of intense institutional activity aimed at containing and ultimately reversing an array of environmental threats and claims by a range of actors to have greened their activities, many environmental problems, despite some successes, show evidence of getting worse. The tragic roll-call is summarized in box 1.1.

Many of these problems result from decades, or in some cases even a century or more, of human activity including population growth and rapid industrialization. But none of the key indicators or trends shows signs of significant improvement or reversal, despite global endeavours to do so. Why then, despite rapid advances in human development, economic progress and the application of modern technology, paralleled by a large body of international environmental law and a great many global environmental institutions, do things appear to be getting worse? It is this basic anomaly that needs to be explained if we are to advance sustainable development in a context of globalization.

As the *Global Environmental Outlook* report noted over 10 years ago:

The global human ecosystem is threatened by grave imbalances in productivity and in the distribution of goods and services. A significant proportion of humanity still lives in dire poverty, and projected trends are for an increasing divergence between those that benefit from economic and technological development, and those that do not. This

Box 1.1 The state of our planet

- Half of the world's tropical and temperate forests are now gone. The rate of deforestation in the tropics continues at about an acre a second.
- 75 per cent of marine fisheries are now overfished or fished to capacity.
- About half the wetlands and a third of the mangroves are gone.
- There are more than 200 dead zones in the ocean due to over-fertilization.
- Freshwater withdrawals doubled globally between 1960 and 2000.
- Species are disappearing at rates about a thousand times faster than normal.
- Over half of the agricultural land in drier regions suffers from some degree of deterioration and desertification.
- 20 per cent of the corals are gone and another 20 per cent severely threatened.
- Human activities have pushed atmospheric carbon dioxide up by more than a third.
- Persistent toxic chemicals can now be found by the dozen in nearly every one of us.

Source: Speth (2008: 1–2)

unsustainable progression of extremes of wealth and poverty threatens the stability of the whole human system, and with it the global environment . . . Environmental gains from new technology and policies are being overtaken by the pace and scale of population growth and economic development. *The processes of globalization that are so strongly influencing social evolution need to be directed towards resolving rather than aggravating the serious imbalances that divide the world today* (UNEP 1999: xx; emphasis added).

The extent to which this predicament is intensified and exacerbated by an increasingly integrated global economy lies at the heart of one of the most contentious debates of our time. Is the current organization of the global economy compatible with the pursuit of sustainable development? Are we capable of securing the planet's future with the economic and political

institutions we currently have at our disposal? What forms of governance and collective action are possible in a context of globalization? Can the undoubted wealth which globalization generates (for some) be steered towards more equitable and sustainable forms of development (for all), or is the very idea of sustainable development in a context of globalization an oxymoron?

A globalizing capitalist political economy provides the context in which the challenges of sustainability have to be met given the imperative of near-term action. The fate of the economy and the planet are intimately interwoven. Just as the history and evolution of globalization has had a profound influence on the nature of environmental politics, so too ecological problems bring about changes in the 'nature of globalization': what forms of resource extraction are possible by whom, at what cost and under what constraints, as well as of course constituting a manifestation of globalization in their own right. Environmental change, therefore, produces new forms of globalization just as surely as globalization creates new patterns of environmental change and accelerates existing ones.

For good or for bad then, the fate of the planet's ecology is increasingly bound up with the fate of contemporary capitalism, or what we are referring to here as globalization. This means the contradictions that are intrinsic to capitalism become ever more apparent in the ecological and social systems with which the global economy interacts, upon which it is based and which 'sustain' it. As Marx noted in *Capital*, 'the original sources of all wealth' are ultimately 'the soil and the labourer' (1974: 475). We are faced with the juxtapositions of unprecedented levels of material comfort and human development for some parts of the world while millions of the world's inhabitants live in poverty. We have witnessed spectacular and unprecedented forms of technological advance and diffusion at the very time that the environmental and social costs of some such innovations have become increasingly apparent. Calls for vast increases in finance for environmental initiatives, most notably to address climate change (\$100 billion a year by 2030), will be achieved through an intensification of the very processes of production and consumption which have created human-induced climate change. As the quotation above from the *Global Environmental Outlook* suggests, important progress has been achieved, gains have been made, but the drive to accumulate, produce and consume on an ever expanding scale currently directly undermines and cancels out the effect of these measures. In order to address the question of whether the global economy, as currently constituted, is capable of addressing the challenges of sustainable development, it is critical to understand *how* and

for whom globalization works in order to understand the prospects for effective action to promote sustainable development.

Power: The Politics of Globalization

Underlying the questions posed above is an unpopular assumption that globalization can be managed or steered or that it is, in some general sense, organized. Contrary to many popular accounts of globalization, which construct the notion of a world out of control, in which volatile capital and footloose transnational corporations move rapidly around the world without control or direction, this book shows that globalization has always been, and continues to be, driven by deliberate actions and non-actions on the part of states, international organizations and the private actors that they often serve. This is as true of global finance, where governments have removed controls on capital and provided bailouts for banks with vast sums of public money, as it is for trade, where governments have subjected themselves to the decision-making authority of the World Trade Organization, or production, where they have sought to develop legal accords to promote and protect the investment rights of transnational companies. Debates about the desirability of constructing a new financial architecture or creating a 'green new deal' also suggest that most governments, when they choose to exercise such powers, can direct market activities towards collective goals such as protection of the environment or financial stability. The problem is that most of the time they choose not to do so.

It is key to understand, then, that the relationship between globalization and the environment is mediated by policies, institutions and processes from the local to the global level and in the public and private sector and not, for the most part, anonymous and uncontrollable economic forces as befits the popular caricature. This makes globalization first and foremost a political process: it results from deliberate actions and non-actions by political actors wielding political power. Differential distributional impacts often derive from the process by which decisions are made: who is represented, who participates, who makes policy, how and for whom.

Which Globalization?

The history of the relationship between a globalizing economy and the environment can be said to stretch back at least several hundred years. Indeed, some scholars have attempted to trace the rise and fall of

civilizations to environmental factors, providing us with a 'green history of the world' (Ponting 2007). Yet the globalization that is the subject of this book is that which is relevant to contemporary patterns of environmental governance and change. Both the latest stage in the historical development of capitalism and the rise of material, institutional and discursive responses to the ecological crisis can, for the most part, be dated back to the 1970s when unprecedented levels of integration were brought about through policies such as the removal of capital controls and the conclusion of trade agreements which, when combined with developments in technology and communications, enabled businesses to internationalize their operations. This period of globalization in the global economy also coincides with the era of multilateral environmental agreements and the globalization of the environmental regulations of leading states from the time of the Stockholm Conference on the Human Environment in 1972 onwards. The fact that the globalization of economic activity and the intensification of environmental degradation that prompted environmental summitry coincide is not of course coincidental, in so far as the former exacerbates the latter. The emergence of contemporary forms of global environmental governance in a liberal economic order has also significantly shaped the norms and principles which guide and underpin international environmental diplomacy, however. Steven Bernstein refers to this as the 'compromise of liberal environmentalism', which predicates environmental protection on the promotion and maintenance of a liberal economic order (Bernstein 2001).

But before proceeding further, what do we mean by globalization? There are, of course, numerous definitions of globalization (box 1.2). The range of definitions reflects attempts to capture the complex and dense interdependencies that increasingly exist across all levels of interaction between economic, political, social and cultural spheres, though clearly in some spheres, some parts of the world and for some people more than others. Many definitions are broad and all-encompassing. Mittelman (2000: 5), citing Berresford, notes that:

the term globalization reflects a more comprehensive level of interaction than has occurred in the past, suggesting something different from the word 'international'. It implies a diminishing importance of national borders and the strengthening of identities that stretch beyond those rooted in a particular country or region.

Often emphasis is placed on the increasing speed and intensity of exchanges (by implication in finance and communications). Giddens (1990: 64), for