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Institutional Fragmentation and Normative Compromise in Global Environmental Governance: What prospects for Re-Embedding?

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James N. Rosenau, editor

GLOBAL LIBERALISM
AND POLITICAL
ORDER

Toward a New Grand Compromise?

Edited by

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Preface

Some twenty-five years ago, John Ruggie coined the phrase "embedded liberalism" to describe the grand post-1945 political compromise between free-market liberalism and domestic political interventionism that legitimated and stabilized the multilateral economic order. After the traumatic three decades that began in 1914, it certainly seemed plausible that such a compromise in leading states, combined with US-led military alliances, provided the foundation for a remarkable period of systemic peace and widening prosperity. After the cold war ended, and in the face of widespread perceptions that social safety nets were fraying at the local level and that governing institutions were overwhelmed at the international level, the nature and persistence of that compromise became matters of serious debate among citizens, policy makers, and scholars. Ruggie himself had pointed to the risk that a resurgent ethos of global liberalism could destabilize a political order that necessarily remained only as strong as the political ties that bound together still-independent states. The rising influence of corporations and other non-state actors in our own day only complicates matters. So too does the rising challenge posed by deterioration of the natural environment.

This volume engages that debate. At its core is a fresh look at the idea of embedded liberalism and our current situation by Ruggie himself. A group of distinguished collaborators then explore various aspects of that situation in a series of original essays. Following several rounds of revisions, the volume focuses tightly on the contemporary foundations of political authority at the global level and on the prospects for adapting or renegotiating the grand compromise crafted so many years ago.

NINE

Institutional Fragmentation and Normative Compromise in Global Environmental Governance

What Prospects for Re-Embedding?

STEVEN BERNSTEIN AND MARIA IVANOVA

INTRODUCTION

IN WHAT WAS TO BE the signal global event to mark the dawn of a new post-cold war era, the environment held a principal position in the most ambitious attempt to forge a global compromise since Bretton Woods. The 1992 Earth Summit in Rio de Janeiro aimed at nothing less than building a grand compromise to shape global governance into the twenty-first century. The United Nations Conference on Environment and Development centered on the concept of "sustainable development," promising to link the environment, development, and social agendas in a way that captured the world's imagination and provided an ideological basis to build a new vision of global governance.

The Earth Summit capitalized on the new optimism in international cooperation to solve global problems. The combination of environment, development, human rights, and engagement of civil society at local and global levels captured the alternative international agenda so long buried under the cold war preoccupation with superpower conflict. The Earth Summit's organizers—mostly veterans of the UN system and North-South diplomacy—also saw a chance to promote the new face of multilateralism. Rio,

they hoped, would be a catalyst for a post-cold war order characterized by an open, market-friendly international economic system and a peaceful, multilateral political system, tempered by a global management regime to steer economic development in a more sustainable and equitable direction. In effect, the Earth Summit could be characterized as an attempt to internationalize embedded liberalism by expanding the bargain to the developing world and deepening its normative and institutional underpinning. By design, the Rio process would not deliver hard bargains among the great powers on the post-cold war architecture. Rather, its uniqueness relative to other contemporary efforts to reform or redesign international institutions lay in its wide engagement of the world community, its focus on a North-South bargain, and its wide-ranging vision for the future of global governance.

In some ways, this volume as a whole can be viewed as an assessment of whether the Rio vision of global compromise still has legs in a world where multilateralism appears under threat, the world's democracies are at odds over economic, environmental, and social agendas, North-South conflicts threaten to undermine the stability of the trading system, and the Western alliance on which much of the post-World War II institutional order was built is at its most tenuous in the last forty years. This chapter looks at the environmental piece of that puzzle, but does so in the context of these general strains on the entire governance architecture.

The Earth Summit occurred precisely when underlying economic, social, and political forces associated with globalization began to threaten to unravel embedded liberalism (Ruggie, this volume). The result for global environmental governance was a weak compromise that showed signs of strain and contradiction almost upon inception. Some fifteen years later, the promise of sustainable development remains largely unfulfilled and environmental governance has evolved in conformity with the changing demands of a hyper-liberal global political economy, rather than vice versa (Bernstein 2001). If this outcome had resulted in the institutional capacity and resources necessary to respond to the world's most serious environmental problems, such a shift would have been welcome. By almost any measure, however, that has not been the case. Indeed, the overwhelming sense among official and non-governmental delegates alike at the 2002 World Summit on Sustainable Development (WSSD)—the global conference meant to reinvigorate the implementation of the Rio agreements—was that for all the rhetoric, agreements, and promises of action over the previous thirty years, actual institutions, processes, and resources have fallen woefully short of addressing the problems for which they were established (Speth 2003).

Our goal in this chapter is both to explain why the current compromise in environmental governance has led to a fragmented institutional architecture under increasing stress and to argue for the need for institutional reform that re-embeds environmental governance in the broader social purposes of

world society. In our analysis, we show how forces of globalization have reinforced fragmentation by further undermining the capacity of intergovernmental management, elevating the authority of international economic institutions, and directing environmental governance toward increasing engagement with the global marketplace. In developing prescriptions, we pay close attention to the prospects and limits of reform in the context of the social forces limiting the effectiveness of current arrangements. Underlying this argument are two analytic themes addressed in this volume. First, we address the legitimacy requirements of world order. This focus highlights how the shifting basis of legitimacy created a tension that pushed the importance of the marketplace, but also put strain on the underlying social purpose of achieving environmental goals, creating a need for some rebalancing. Second, we address the tension of order and fragmentation, and assess whether a fragmented system of governance can be adapted to serve the social purposes for which it was constructed.

The argument proceeds in three parts. First, we outline how global environmental governance evolved to the current compromise, and the contemporary challenges to its legitimacy and effectiveness. Second, we explain the tendency toward fragmentation in the institutional architecture and analyze the implications of fragmentation for responding to the contemporary governance challenge. Third, we assess proposals for a new institutional architecture in light of the normative and institutional requirements of a new compromise, but also in light of governance failures and institutional trajectories that militate against major structural reform.

HOW WE GOT HERE: THE CRISIS OF LIBERAL ENVIRONMENTALISM

THE LEGITIMATION OF LIBERAL ENVIRONMENTALISM

The integrity of the world's environment was noticeably absent from the agenda of the post-World War II planners of the embedded liberalism compromise. To the degree it was addressed at all in the Bretton Woods agreements, the environment—or more precisely natural resources conservation and animal and plant health—was hived off in GATT article XX (which identifies “general exceptions” or policy areas not subject to GATT rules). In other words, the environment was considered strictly in the realm of discretionary domestic policy. The immediate post-cold war world—which saw an explicit attempt to forge a new global compromise that *included* the environment—was a vastly different place.

In many ways, the legacy of embedded liberalism helped to reintroduce the environment to the global agenda. It established multilateralism as the ideal of global governance and institutionalized the need to embed the liberal

international economy in domestic social purposes. Thus, when Western societies began to recognize environmentalism as an additional social purpose, embedded liberalism provided fertile ground for a new multilateral global bargain that incorporated this concern. Environmental movements in the 1960s and 1970s also played a role by helping to push the issue from the margins to the mainstream of public policy. Subsequent environmental disasters, from massive oil spills to the 1986 Chernobyl nuclear incident, combined with increased scientific knowledge of human-induced damage to planetary life support systems, reinforced the place of the natural environment in the embedded liberalism equation. They also reinforced an idea of planetary interdependence and the need for international rather than only domestic responses—although how to incorporate environmental concerns into national and international policy was the subject of much debate. The ideal of “sustainable development,” which promised to integrate the environment, the economy, and societal needs under a single grand rubric, became the dominant response of the international community, and gradually emerged as a central component of the new post-cold war vision.

The 1987 Brundtland Commission report (WCED 1987) articulated sustainable development as the underpinning of global environmental governance in its idealized form. This was not a negotiated document, but a visionary statement meant to mobilize domestic and international action on the twin themes of environment and development. Its articulation of the sustainable development concept captured world opinion, but also addressed competing social purposes and priorities of developed and developing countries. In particular, it responded to worries that environmental concerns would trump economic growth, poverty reduction, and access to the markets of wealthy countries. This tension between environmental goals and the fear they provoked among Southern elites had plagued attempts to forge an international consensus since the 1972 Stockholm Conference on the Human Environment, the first major UN-sponsored world environmental conference. In response, the Brundtland Commission's report promised to integrate environment and development. The intergenerational equity and focus on human needs in its definition of sustainable development—“development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED 1987, 43)—was, in hindsight, less significant than its integrative proposition that action on the global environment rested on a foundation of liberal economic growth.

Indeed, the Brundtland report made accelerated economic growth its top strategic priority (WCED 1987, 50–51, 89). Although the report supported some global redistribution, it did so through a loosely interpreted Keynesian liberalism in the international economic order: liberal interdependence, management of the global economy by industrialized powers, and free trade tempered by managed interventions (such as increased foreign aid or com-

pensatory financing to offset commodity price instability) to cushion and facilitate adjustment in the South and direct development on a path less likely to harm the environment (WCED 1987, 67–91). Unlike the Bretton Woods bargain among Western industrialized countries, Brundtland's proposition for a global bargain that included the South recognized that forty years of development policy had exposed the inadequacy of simply leaving room for domestic interventions. Instead, global liberalism itself needed to be more tightly managed in order to provide the necessary resources, expertise, and economic environment to enable national governments in the South to fully benefit from a liberal order while, like the North, maintaining domestic stability and broader social goals.

But Brundtland's formulation did not merely reflect a North-South compromise. Policy makers in the North had increasingly examined their own environmental policies through economic lenses and sought ways to address environmental problems without disrupting economic priorities. For example, elsewhere Bernstein (2001) has shown the direct influence on the evolution of the sustainable development concept adopted by the Brundtland Commission of policy work in the Organization of Economic Cooperation and Development (OECD). That work focused primarily on ways to internalize environmental costs through principles such as Polluter and User Pays and to develop market mechanisms to address environmental problems. This work helped catalyze changes in environmental policies and policy instruments in many industrialized countries. The Brundtland commissioners and staff were also conscious of previous failures to move the environment and development agendas forward, including the cool reception of concepts such as eco-development, which were perceived as too environmentally focused.

At a time when the forces of globalization were less visible, the Brundtland report also reflected what today might seem like naive confidence in the state-centric, multilateral institutional form to take embedded liberalism global. It reframed poverty and environment as global problems requiring global solutions, even if the effects were local and local action would be needed. Liberalization would still provide the necessary engine of growth, but a system of multilateral management and redistribution would provide political will and resources where local technical and material capacity was lacking.

By managing to place these goals under a single rubric, as well as taking advantage of its high-profile status as a UN General Assembly mandated initiative, the Brundtland Commission significantly increased the legitimacy of the concept of sustainable development and environmental governance more broadly. Following Brundtland, it would no longer be possible to discuss global environmental governance absent consideration of development goals. Nonetheless, questions remained as to how these lofty goals would be institutionalized in actual mechanisms of governance.

Charged with that task, the global negotiations of the Rio Summit process, to the surprise of many environmentalists, produced a compromise that might be likened to embedded liberalism in reverse. Instead of recognizing the need to embed the economy in society, the political compromise that emerged premised environmental governance on embedding the environment in liberal markets. The result has been crisis, fragmentation (institutionally, in the location of authority, and in the mix of public and private governance), and the subordination of environmental goals to market principles. What the architects of sustainable development failed to anticipate was the way in which forces of global economic integration, the hegemony of neoliberal economic orthodoxy, and the failures of aid-driven development policy would push policy in a direction that would militate against global multilateral management and interventionist policies. Their failure is understandable in light of underlying structural changes that were poorly understood, which, as Ruggie describes in this volume, assumed an *international* bargain among states that would reinforce something like embedded liberalism. But in a more *global* world, the strength of norms that reinforce the global market have become a powerful legitimating force in their own right, even if their sustainability is questionable.

The immediate effects on environmental governance were to promote market mechanisms, the privatization of global commons as opposed to centralized or collective management, and the idea, most notably stated in Principle 12 of the Rio Declaration on Environment and Development, that free trade and environmental protection were perfectly compatible. That principle states, in part, that, "[s]tates should cooperate to promote a supportive and open international economic system that would lead to economic growth and sustainable development in all countries, to better address the problems of environmental degradation" (UN 1992).

GLOBALIZATION AND DISEMBEDDED GLOBAL ENVIRONMENTAL GOVERNANCE

The 2002 World Summit on Sustainable Development in Johannesburg—sometimes referred to as Rio + 10—further reinforced global liberalism, the importance of the private sector, and the declining hope for multilateral management. It thereby reflected underlying structural conditions of freer and accelerated transaction flows, globalizing markets, and the fragmentation of political authority. Rio provided the normative foundations for environmental governance to adapt to such conditions. Thus, environmentalists should not have been surprised that a number of Northern delegations went to great lengths to ensure that the Johannesburg Declaration and Plan of Implementation, the two negotiated texts produced by the conference, did not contradict or undermine existing trade agreements (Wapner 2003, 6;

Speth 2003, 27). Such arguments simply reinforced Rio Principle 12, which, following the Earth Summit, began to serve a legitimating function for major trade agreements. For example, trade ministers negotiating the World Trade Organization (WTO) agreed, citing Principle 12, "that there should not be, nor need be, any policy contradiction between upholding and safeguarding an open, non-discriminatory and equitable multilateral trading system on the one hand, and acting for the protection of the environment, and the promotion of sustainable development on the other."

The WSSD also heralded the legitimization of another trend consistent with the pattern of working with the market and private sector: public-private partnerships for sustainable development. Most analyses identify the endorsement of partnerships as one of two things most notable about the summit, the other being its recognition of the dismal progress since 1992 on implementing the Rio agreements combined with its failure to generate any significant new commitments or financing. The combination of the move to the marketplace to solve environmental problems and the lack of progress within multilateral environmental agreements contributed to the further fragmentation of environmental governance. It broadened the location of environmental activity, but without deepening core commitments by states or improving multilateral coordination efforts.

Partnerships work under the assumption that combining the resources, skills, and commitment of non-state actors with the authority of states will succeed where state action has not. Almost three hundred such partnerships were identified before or at the Johannesburg Summit (Doran 2002). They range from links between medical schools in the North with physicians and social programs in the South to establish public health programs, to a partnership between Shell and the Philippine government for the multi-billion dollar Malampaya Deep Water Gas to Power Project.² While such partnerships appear to be the poster children of sustainable development—combining economic, environmental, and social goals and usually involving community stakeholders and NGO input—skeptics worry that their success depends on the good will and voluntary participation of the private sector.

The ultimate aim of partnerships is to embed the marketplace in broader social and environmental goals. Ideally, they also ought to put in practice demands for greater corporate responsibility and accountability. Yet, the summit made much less progress in these areas. Moreover, as Paul Wapner (2003) has pointed out, "so far the number and magnitude of the partnerships proposed seem minuscule to the tasks at hand. . . . Indeed, the WSSD's embrace of the private sector to spearhead partnerships has led many critics to refer to the Summit as 'Rio-minus-10'" (4).

The engagement of the corporate sector at WSSD is part of the larger response to globalization within the UN system, particularly in development policy.³ Another example of this trend is the Global Compact, which enlists

the corporate sector to endorse a statement of environmental principles derived from the Rio Declaration, along with labor, human rights, and anti-corruption principles.⁴

Not content with leaving corporate engagement to governments or international institutions, some nongovernmental groups have similarly opted to directly target firms in the global marketplace through the creation of non-state governance systems. The most common are "certification" systems, where products, processes, or services get "certified" as meeting specific standards of sustainability established by the system, and sometimes get a label so buyers can identify products or services that meet those standards. Such governance systems arose partly in response to the lack of progress in multilateral negotiations, but also because NGOs worried about the limitations of voluntary codes of conduct, self-regulation, or learning networks, even when backed by the United Nations.⁵ A small but accelerating number of such systems have started to operate at the transnational level over the last ten to fifteen years as demands for governance of the global marketplace have increased. They currently cover aspects of forestry, food safety and production, labor standards, tourism, fisheries, and human rights. Others are in development in the energy/electricity and mining sectors. Most include specific performance criteria and employ systems of third-party verification and regular auditing and monitoring of compliance in which firms must participate to maintain "certified" status. They also frequently have governance structures that include representation from corporations, broader civil society, and affected local communities. To the degree they exhibit the above characteristics, they can be considered "governance" systems with significant authority as opposed to strictly voluntary or self-regulatory schemes (Bernstein and Cashore 2006).

Such governance systems take advantage not only of globalizing markets, but also the spread and influence of global consciousness and civil society organizations to create pressures on companies to participate. Whereas these non-state governance systems engage the marketplace, environmental concerns also drive the more critical and broader anticorporate globalization backlash, precisely owing to globalization's perceived failure to deliver on its promise of sustainable development for all. Put another way, the globalization backlash stems in large part from its threat to social purposes—now including environment protection—at the heart of the embedded liberalism compromise.

Taken together, these trends suggest that environmental governance has settled in a similar place to global development policy as described by Jean-Philippe Thérien (this volume): teetering on a "thin" re-balancing between Right and Left. This precarious balance is showing signs of strain. While it may be too strong a characterization to call the current situation in environmental governance a full-blown legitimacy crisis, early warning signs point in that direction.

The legitimacy of a governance system rests on relevant communities viewing it as appropriate and justified within some broadly accepted system of norms. If the premise of this volume is correct, that embedded liberalism is a key constitutive component of that broader system of norms upon which contemporary global governance rests, then one of two things would need to occur to avert a full-blown crisis in environmental governance. One possibility would be to deepen the original liberal environmental compromise. That would require market liberalism to somehow further buttress its own legitimacy dynamics. The globalization backlash, however, belies any trend toward greater legitimacy for deepening market liberalism. Similarly, the collective findings of contributors to this volume suggest that the norm of embedded liberalism still has resonance, even if embedding increasingly must occur globally or through networked forms of governance, not only nationally. A second, and more promising, response to avert a legitimacy crisis, therefore, is for contemporary liberal environmental governance to more deeply re-embed itself in broader societal purposes rather than vice-versa.

The poor performance record of contemporary governing institutions has reinforced a sense of crisis. Liberal environmentalism, though it succeeded in bringing environmental concerns from the margins to the mainstream of the international agenda, has proven limited in its ability to provide a normative foundation for effective environmental governance. Just as the experience of globalization has revealed the limitations of the hyperliberalism and "Washington consensus" policies of the 1990s, so too has it shifted the terrain of what is considered acceptable or appropriate environmental governance.

Before taking up the possibility of re-embedding, we show how the current strains on the normative underpinnings of environmental governance are mutually reinforced by underlying tendencies toward fragmentation in its institutional architecture. This tendency began with the failure of the United Nations Environment Programme (UNEP) to centralize international environmental governance and control. Once the trend toward fragmentation became institutionalized, it created path dependencies that militated against consolidation. The trajectory of global environmental governance since Rio reinforced these path dependencies, as described below.

THE FRAGMENTATION OF ENVIRONMENTAL GOVERNANCE

Contemporary governance architecture for international environmental issues originated with the establishment of UNEP as a result of the 1972 Stockholm Conference. The key premises of the institutional negotiations were that "the work in the field of environment needed a common outlook and direction" and that "a central co-ordinating mechanism [was necessary] to provide political and conceptual leadership in the United Nations system"

(Rydbeck 1972). The goal was to avoid and reduce global environmental risks by providing necessary information, establishing joint norms and standards, and coordinating the environmental activities of existing organizations.

The global environmental governance system has, however, not lived up to the task of responding adequately to the problems for which it was designed. In the words of one prominent contributor, it is "an experiment that has largely failed" (Speth 2004, 2). It is weak, fragmented, lacking in resources, and short on authority (French 1992; Conca 2000; UN University 2002; Esty and Ivanova 2002).⁶ UNEP, designed to be the "anchor" in this system, was expected to take the lead in addressing environmental concerns and threats and to provide the necessary institutional home as new issues emerged (UN 1972a, 1972b). It has, however, fallen short of this mandate. Although the reasons for UNEP's failure are open to debate (see Ivanova, forthcoming), without a center of gravity the system has grown increasingly complex and fragmented.

Hence, UNEP has become only one forum among many for negotiations on international environmental issues. More than a dozen other UN bodies over which UNEP possesses little authority share the environmental portfolio and vie for the same political attention and financial resources—the Commission on Sustainable Development (CSD), the World Meteorological Organization (WMO), the International Oceanographic Commission (IOC), the UN Educational, Scientific and Cultural Organization's (UNESCO) Man and Biosphere Program, and the Food and Agriculture Organization (FAO), to name a few. The environmental financing mechanisms are also scattered among multiple institutions and conventions. For example, the Global Environment Facility (GEF) (established in 1991 as the primary funder of global environmental projects carried out by developing countries) operates independently from financing operations of its three implementing agencies—the World Bank, UNEP, and UNDP. Separate treaty-based funds such as the Montreal Protocol Multilateral Fund are also involved in environmental activities on a global scale, but coordination among these efforts is minimal. In contrast, other international issues such as trade, health, or labor have relatively well-developed and coherent governance structures centered in an anchor international organization (the WTO, World Health Organization, and International Labor Organization respectively).

The independent secretariats to the numerous environmental conventions provide an additional layer of environmental bureaucracy. There are more than two hundred multilateral environmental agreements (MEAs), many with their own independent secretariats (UNEP 2001a). As new agreements emerged, often through processes led by UNEP, new organizational structures sprang up in Geneva, Bonn, Montreal, and elsewhere to house their management functions and secretariats. Coordination among MEAs has

been difficult, if not impossible, as UNEP has little if any formal authority over the conventions and is geographically far removed from the independent secretariats (von Moltke 2001b). No incentives exist for integrated activities between the conventions and UNEP. Efforts have been "piecemeal rather than the result of a deliberate, overarching strategic choice" (UNEP 2001a) and, as one convention secretariat put it, "considerable lip service is paid to the synergies paradigm but, when it comes to implementation, each convention continues to be inward-looking and afraid of sharing or giving away part of their sovereignty" (UNEP 2001a, Appendix 2, 62).

Fragmentation of the MEAs presents a serious operational challenge and undermines UNEP's coordination role. For example, UNEP staff must travel on average approximately 3,777 miles from Nairobi to UNEP-hosted convention secretariats while other international organizations, including the International Maritime Organization, the International Labor Organization, and the UN Economic Commission for Europe, provide an institutional home for the conventions that have emerged under their aegis.

Overlaying the organizational fragmentation are potentially competing and conflicting mandates, which reflect how liberalizing trends in environmental governance post-Rio have empowered economic institutions. Rules are written and policies formulated in a context where institutions designed for other purposes limit and direct the types of practices deemed appropriate or acceptable for the environment. For example, ostensibly economic organizations including the World Bank, UNDP, OECD, United Nations Conference on Trade and Development (UNCTAD), and WTO have become important policy nodes that directly or indirectly address global environmental issues. Moreover, the goals of environmental agreements and organizations increasingly intermingle with economic goals. While this has the potential to contribute to global equity and development, the practical effect is often to weaken environmental priorities either owing to the institutional power and dominance of economic concerns within these institutions or because existing rules in the international political economy more broadly favor corporate and investor rights and freedom. Thus, the fate of environmental quality is not unlike other noneconomic goals increasingly being addressed under a neoliberal framework, where the rosy "win-win" scenarios painted by institutions such as the World Bank (World Bank 1992) and globalization advocates frequently fail to materialize.

An added pressure in the environmental case is that new rules must attempt to work with market forces and be carefully formulated to not run afoul of international trade rules. Despite being a priority area for the WTO Committee on Trade and the Environment (CTE) since its creation in 1994, the CTE has made virtually no headway on the reconciliation of trade rules and multilateral environmental treaties (Eckersley 2004). In combination with increasing fears of legal challenges under the WTO and worries about

the acceptability of environmental trade measures, the resultant "chill" and "self-censorship" has affected multilateral environmental negotiations, including the Cartagena Biosafety Protocol and the Stockholm Convention on Persistent Organic Pollutants (Eckersley 2004, 27).⁷ Moreover, concern about compatibility with trade rules is increasingly on the minds of organizers of even non-state certification systems (Bernstein and Cashore 2006; interviews New York, May 2004).

FRAGMENTATION VERSUS INTEGRATION: A FALSE DICHOTOMY?

It is difficult at this time to imagine an environmental organization as an integrating body in this context of numerous entities with environmental mandates at all levels of governance and a strong caucus of economic institutions with environmental impacts. Yet, as Rosenau argues in this volume, integration and fragmentation are two sides of the same coin rather than diametric opposites. Global environmental issues provide a stark example of the apparently contradictory tendencies toward order and fragmentation in contemporary politics, a phenomenon that Rosenau calls "framegration." Framegration refers to the inextricable linkage between the simultaneous devolution of power from the state to subnational and non-state actors (local authorities, nongovernmental organizations, and corporations) and to the concentration of power within supranational institutions and organizations.

On the one hand, environmental concerns are locally manifested and require tailored responses, making decentralization an absolute condition for effective problem solving. The proliferation of agreements, agencies, partnerships, and alternative forms of governance at multiple scales therefore bodes well for the environment. On the other hand, from some ecological perspectives, all environmental problems are global as every person, plant, animal, and nonanimate object on the planet is part of one interconnected system. Some problems, moreover, are particularly complex and difficult to address through traditional governance systems as they may originate in one locality while their effects manifest in a jurisdiction thousands of miles away (as in the case of persistent organic pollutants) or in the global commons (such as the atmosphere or the oceans). Thus, while there is a pervasive need for multiple activities at the local level, some kind of integrated response is necessary internationally.

Although most analysts agree on the need for an international response to environmental issues, especially those of transboundary character, there is much disagreement over the need for fragmentation in environmental governance in order for the system to be effective, legitimate, and just (von Moltke 2001a; Haas 2004). Peter Haas, for example, argues that "some degree of redundancy is actually desirable in the international system, as it provides insurance against the decline of any individual international institution and

fits better with an ecological institutional design vision of requisite diversity" (3). Environmental problems are indeed characterized by complexity, scientific uncertainty, and, frequently, a lack of fit between the ecosystems involved and the territorial and hierarchical institutions of nation-states charged with their resolution.

Even when intergovernmental cooperation can be achieved, the nature of sovereign-state diplomacy often reproduces the problem by reinforcing states' sovereign control over resources within their borders, and over environment and development policies. These norms are well entrenched in international law and practice (Bernstein 2001, 46–47, 101–102, 208–209). Designing an effective institutional architecture that not only responds to these constitutive aspects of global environmental problems, but also responds to the political and economic forces that militate against centralized coordinated responses, poses a daunting challenge.

Seen in this light, fragmentation, if understood as multiplicity of agencies active in an issue area, is not inherently deleterious. No one organization—national or international—possesses sufficient authority, resources, and knowledge to turn policy intentions into policy practice. Rather, the concerted efforts of multiple actors are required, all possessing significant capabilities but each dependent on many others to solidify policy intention and convert it into action. Complex, multi-actor processes thus emerge for the identification, definition, and resolution of problems, and for the implementation of policy (Imperial 1999).

The problem, however, is that each agency tends to adopt parochial solutions that rely on policy instruments over which they have direct control, with no guarantee that these solutions will combine to produce desired policy outcomes (Imperial 1999). Even the United Nations has openly recognized the need for greater integration of the work of numerous environmental agencies since "the flourishing of new international institutions poses problems of coordination, eroding responsibilities and resulting in duplication of work as well as increased demand upon ministries and government" (United Nations 1998). The result is confusion of responsibility and authority, poor use of existing information and resources, inconsistency of policies across and between governance levels, and, most importantly, an inability to successfully tackle global environmental problems.

Fragmentation may not only limit effectiveness, but legitimacy and equity as well. The conflicts among international agencies, overlaps of activities and overload of national-level authorities responsible for implementation, and indeterminate rules disproportionately affect developing countries. The scattering of environmental activities across many international organizations creates high costs for attending intergovernmental sessions to negotiate environmental agreements and treaties, both in terms of direct economic expenses and opportunity costs of days away from already understaffed environmental

ministries. Countries with limited diplomatic and financial resources have been forced to choose not only which conferences they can afford to attend or not attend, but even which sessions to attend in single negotiations where simultaneous activities and negotiations are common (Kelly 1997). Such physical challenges are exacerbated by limited capacity and a knowledge divide on many levels, which limits the effectiveness of developing countries in negotiations and implementation (Karlsson 2002).

Developing countries stand to benefit most from reform in the current system for global environmental governance and any move toward a more coherent and rule-based institutional structure. A more streamlined and effective system for environmental governance would ensure that developing countries' priorities—poverty eradication and development—figure more prominently and are embedded within environmental policies. A set of clear and enforceable rules would also better ensure that fairness and equity in terms of benefit and burden sharing are built in and that decision making is based on democratic principles.

INSTITUTIONAL ARCHITECTURE

In light of normative, structural, and institutional constraints, what governance architecture is most appropriate for the scale and scope of contemporary global environmental problems? We argue that continuing along the trajectory of simply adapting to the global marketplace—what we termed embedded liberalism in reverse—would be detrimental. If we do not address governance failures, our stewardship of the environment will continue to be ineffective and inequitable, with little chance of finding a path toward sustainability. Improved processes, institutions, and organizations are necessary to reduce our collective environmental impact and ensure a fairer distribution of costs and benefits. The legitimacy and sustainability of a renewed compromise, however, will require significant trade-offs. While the prospects of a radical reordering of the international political economy may not be realistic,⁸ our argument is that the institutional basis should be created to facilitate a greater embedding of the economic order in environmental purposes.

Below we discuss three broad alternatives for global environmental governance reform that have received the most attention in the literature. We then suggest a fourth that we argue better takes into account the opportunities and constraints we have identified, and thus might form the institutional basis of a renewed compromise in environmental governance.

REFINEMENT OF THE STATUS QUO

Some commentators (von Moltke 2001a; Najam 2003) believe that the most feasible way to improve global environmental results is to revitalize the exist-

ing regime centered on UNEP. They argue that the current system suffers from lack of political will, not from any inherent flaws in the institutional arrangements. These conservative reform proposals, which only aim to fine-tune the status quo, include elevating UNEP's status within the UN system from a program to a specialized agency, strengthening its funding, and increasing its responsibility for managing the proliferation of multilateral environmental agreements.

Proponents of a refined status quo approach argue that any broader gauge reform to consolidate global-scale environmental responsibilities will fall flat politically, and might diminish the effectiveness of the system. They note that the range of problems that require attention is diverse, which makes a decentralized structure of multiple international organizations and treaty secretariats a virtue. In their most aggressive proposals, experts in this camp have argued for a "clustering" of the various pieces of the existing environmental regime so as to improve policy coherence, tighten potential cross-issue linkages, and avoid the duplication of effort that comes from full decentralization (UNEP 2001b, 2001c; Oberthür 2002; von Moltke 2001b; Najam 2003).⁹ Such analyses, however, fail to identify the root causes behind UNEP's inability to serve as the leading international environmental organization and ensure a coherent environmental governance system. Instead, they emphasize the difficulty of carrying out fundamental changes within the UN system and point to the likely bureaucratic obstruction and fierce turf battles that would be triggered by any wholesale restructuring.

However, current reform efforts within UNEP, which since 1997 has been engaged in a major effort to strengthen international environmental governance at large, have also so far yielded very little. The International Environmental Governance (IEG) initiative, which UNEP launched in 2001, resulted in a weak declaration with a large number of priorities and little in terms of a plan of action. Having received only perfunctory attention at the WSSD in 2002, UNEP downgraded the initiative considerably.

The two potentially most significant reforms pre-date that initiative: the creation of the Environmental Management Group (EMG) and a new Global Ministerial Environmental Forum, both approved by the UN General Assembly in 1999 (UNGA 1999). The EMG is a forum for UN agencies, convention secretariats, the Bretton Woods organizations, and the WTO, under the chairmanship of the UNEP Executive Director. It aims to "promote inter-linkages, encourage timely and relevant exchange of data and information on specific issues and compatibility of different approaches to finding solutions to those common problems, and contribute to the synergy and complementarity among and between activities of its members in the field of environment and human settlements" (UNEP-EMG 2005). The EMG largely avoids turf wars in its role as coordinator of UN activities on the environment, but should not be seen as a centralizing decision-making body of global environmental governance.

Since its first meeting in 2001, its activities have included the establishment of an issue management group to harmonize biodiversity-related reporting, as well as system-wide consultations on the implementation of the UN's water agenda, focusing on environmental aspects including clean water, sanitation, and human settlements. Its 2004 activities focused on coordinating capacity building efforts. Although the EMG is potentially a major innovation in the coordination of international environmental governance, it marks a minimal reform in practice as long as governments show little inclination to grant it significant authority. High-level political commitment has been difficult to attract because of parallel UN forums putting excessive demands on the time and resources of top management. The EMG is still perceived as an instrument for UNEP's control rather than as a crosscutting mechanism for mutually beneficial collaboration. Furthermore, the EMG's severely limited capacity (two professional staff and an annual budget of \$0.5 million) prevents the institution from taking bold initiative and effectively performing coordination activities. In its early years, UNEP devoted 30 percent of its annual budget to the activities of other organizations. Currently, more than 90 percent of the \$0.5 million budget of the EMG is devoted to staff salaries and internal operations. Thus, it is rendered virtually ineffective though it has the institutional and structural potential to serve as the foundation for a clearinghouse mechanism (Ivanova, forthcoming).

The Global Ministerial Environment Forum was designed to raise UNEP's profile by including a ministerial-level meeting of Governing Council members at its regular biannual meetings and at a special session in off years to annually review important and emerging policy issues in the field of the environment. However, militating against increasing UNEP's authority, its mandate is co-terminus with UNEP's and the resolution creating it explicitly recognizes "the need to maintain the role of the Commission on Sustainable Development as the main forum for high-level policy debate on sustainable development" (UNGA 1999). Addressing its weaknesses in financing, UNEP launched a new voluntary contribution initiative to its Environment Fund. The contribution levels in 2002, however, averaging US\$ four hundred thousand, are still well below the 1993–1994 all-time high average of US\$ nine hundred thousand per country.¹⁰ While partly due to the increased number of participating countries, the overall level of financing has fallen from over US\$ sixty million in 1993 in the Environment Fund to about US\$ fifty million in 2002 (UNEP 2002).

The only recent innovation in governance of significance is the Bali Strategic Plan for Technology Support and Capacity Building, developed in 2004 and adopted by the Governing Council in 2005 to improve UNEP's capacity building efforts. The Bali Plan addresses problems of fragmentation by focusing on coordination. Its strategic premise is that efforts should build on existing institutions and be "coordinated, linked, and integrated with

other sustainable development initiatives through existing coordination mechanisms" (UNEP 2005). The plan underlines the need for improved interagency coordination and cooperation based on transparent and reliable information. It does not, however, clarify the respective roles for UNEP, UNDP, and the World Bank, which have become more like competitors than partners. For some, the strategy in the Bali Plan marks the return of an issue-based philosophy and a shift from a function-based organizational structure and priorities. For others, it is the only means to enhance UNEP's profile and create a brand name and reputation for the leading organizations in the environmental domain. Comprehensive in its nature, it addresses many of the most important challenges facing UNEP in the core areas of its mandate; however, it offers few concrete solutions. In sum, the Bali Plan marks UNEP's improved commitment to its coordination role in global environmental governance, but it takes a conservative "refined status quo" approach to needed broader reforms, and tangible implementation of the plan is yet to be seen.

REDIRECTING EFFORTS TO THE NATIONAL LEVEL

A second camp argues that energies put into changing the international architecture are misplaced. The priority should be to strengthen domestic environmental capacity (Juma 2000). This position reflects a false dichotomy. Whereas strengthening national and local capacity is required for effective governance, the issue at the global level is whether the institutional architecture will support and reinforce such efforts. This is especially the case for developing countries, something governments explicitly acknowledged in the Bali Plan (UNEP 2005).¹¹

Efforts on major global problems will require local responses, but international institutions often set the agenda and provide normative leverage for such change. They also can ensure that the normative and material incentives internationally work for positive action on environmental problems, not against them. For example, in the absence of either reform of international economic institutions to support local, national, and regional environmental efforts, or the creation or strengthening of environmental institutions to counteract rules that systematically favor economic over environmental values (for example, within the World Bank or WTO), national environmental policies will continue to be evaluated and encouraged as much from the perspective of their effects on trade or investment as on the environment, and will continue to be subject to legal challenges under institutions such as the WTO dispute settlement system.

In other words, if the status quo remains more or less intact in the environmental area, improvement will depend on system-wide reform within existing institutions, including the WTO and regional trade agreements such as NAFTA. This is not out of the question. In the abstract, the WTO and

NAFTA accept the idea that trade and sustainable development can be mutually supportive. The door is thus open to environmental demands that trade agreements take into account the environmental consequences of trade and the effect of trade rules on the natural environment and environmental regulations. However, the institutionalization of this linkage to date subordinates environmentalism by posing potential conflicts as challenges to free trade, instead of to the environment. For example, Rio Principle 12, based on the trade norm of nondiscrimination, reinforces a binary view of all trade-related measures as either liberalizing or protectionist by imposing the burden of proof on national environmental regulations to show they are not discriminatory, when it states that "trade policy measures for environmental purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade" (UN 1992). Nowhere does it say nondiscrimination or open markets should not constitute an unjustifiable restriction on environmental protection or ecosystem health. This normative environment makes trade-offs difficult between efficiency, economic growth, corporate freedom, and environmental protection, and thus risks justifying inaction if tough regulatory choices, which imply trade-offs with market values, are necessary to get the desired ecological effects.

As Gaines (2003) has argued, the real issue is whether, and what type of, institutional reform can "bridge the cultural gap between the worlds of environmental policy and trade policy" (325). More broadly, can we rebalance the norms and goals of the environment and economy in a more sustainable direction rather than privileging liberal economic goals? Gaines, like others in the national focus camp, argues that the creation of a counterorganization to the WTO is wrongheaded since it might be ignored by more powerful economic institutions rather than facilitate dialogue. Instead, given the normative and power configuration, we should "persist in the arduous process of attitudinal change and policy integration" within trade institutions and, especially, in powerful national governments to better integrate environmental policy into trade and other economic policies (Gaines 2003, 326). Those who argue for major structural reform and the creation of a World Environment Organization (WEO) contend that such reform within existing economic institutions is necessary but not sufficient to prevent the environmental agenda from being subsumed within the trade, investment, or finance agendas.

FUNDAMENTAL STRUCTURAL REFORM

Proposals for major structural reform derive from a conclusion that the existing global-scale environmental architecture is deeply dysfunctional and structurally flawed, making a fresh start easier than reform along the margins. A growing number of politicians (Chirac 2001; Gorbachev 2001; Ruggiero

1998; Panitchpakdi 2001) and academics and analysts (Runge 2001; Esty 1994, 2000; Biermann 2000; Whalley and Zissimos 2002; Charnovitz 2002; Zedillo Commission 2001; Speth 2004) support this view. Beyond the difficulties of trying to fix a failed structure, those arguing for this approach often note that the existing regime was designed for a preglobalization era before the full spectrum of worldwide environmental problems was understood and prior to the current depth of economic integration. Moreover, globalization has changed the political landscape away from intergovernmentalism toward fragmented authority and the ascendancy of markets, conditions that reveal the limitations of national regulation and the need for social regulation of the global marketplace.

The case for a major overhaul of the environmental regime rests on several premises: (1) a "public goods" logic that requires collective action be organized at the scale of the problem to be addressed (Olson 1965); (2) the potential of a new body to overcome the fragmentation of the current structure, obtain synergies in addressing problems, and take advantage of opportunities for better issue prioritization, budget rationalization, and bureaucratic coordination; (3) the need for an organization to serve as a counterpoint and a counterweight to the WTO, the World Bank, and other international economic institutions, especially given the judicial powers of the WTO; and (4) the need for an authoritative international environmental body with a first-rate staff, a reputation for analytical rigor, and the capacity to take on tasks such as dispute resolution.

The political prospects for wholesale reform in the short to medium term, however, appear slim. A 2003 proposal of French President Jacques Chirac for the creation of a World Environment Organization has been downgraded considerably to fit with the existing political constraints. The French and German governments now advocate the establishment of a United Nations Environment Organization (UNEO), which essentially upgrades UNEP into a UN specialized agency with the aim to ensure more financial resources and bureaucratic independence. The proposed UNEO, however, fails to significantly upgrade UNEP from the status quo—even keeping its headquarters in Nairobi—and overlooks underlying problems and institutional faults of the existing architecture (Ivanova, forthcoming). Yet, the UNEO proposal is gaining increasing attention and is emerging as the only serious political option for institutional reform.

AN INSTITUTIONAL COMPROMISE: A GLOBAL ENVIRONMENTAL MECHANISM

We argue for a fourth option that builds on Esty and Ivanova's (2002) proposal for a Global Environmental Mechanism (GEM) centered on a structure that can deliver the *functions* needed at the global level. Whereas this option

avoids the pitfalls and poor prospects of a new World Environment Organization, it recognizes that shoring up a failing governance structure will not suffice given path dependencies in UNEP's operation and location, as well as its lack of authority to engage the broader global governance system. This option offers the best hope for a renewed compromise that successfully re-embeds liberalism within broader social purposes that include environmental purposes. Our argument depends on making the realist case that such a structure can facilitate the necessary principled dialogue within the liberal economic order and existing institutions, neither of which show signs of disappearing any time soon. Thus, below we attempt to bring our argument full circle, linking the institutional and normative elements required to revitalize what the compromise of liberal environmentalism promised, but could not deliver.

Institutionally, a GEM attempts to capture the middle ground of governing under conditions of "framgregation," by acknowledging the diversity and dynamism of environmental problems and the need for specialized responses. No single bureaucratic structure can build an internal organization with the requisite knowledge and expertise to address the wide-ranging, dynamic, and interconnected problems we now face (Esty and Ivanova 2002). The issues demanding immediate attention arise on various geographic scales, requiring a multi-tier response structure (Esty 1999; Karlsson 2000; Ostrom 1990; Vogler 2000). They demand capacities in multiple areas, including ecological sciences, public health, risk assessment, cost-benefit analysis, performance measurement, and policy evaluation, as well as a sound ethical foundation. Today's global environmental governance challenge thus requires a more virtual structure built on a multi-institutional regime capable of drawing in a wide array of underlying disciplines through governments, NGOs, and global public policy networks.

The core governance functions required under these conditions include: (1) provision of adequate information and analysis to characterize problems, track trends, and identify interests as well as monitoring and reporting on performance; (2) creation of a "policy space" for environmental negotiation and bargaining; and (3) sustained buildup of capacity for addressing issues of agreed-upon concern and significance.

Consequently, a GEM would comprise: (1) a global information clearinghouse with mechanisms for data collection, assessment, monitoring, and analysis to reveal the nature of the problems; (2) a global technology clearinghouse with mechanisms for technology transfer and identification and dissemination of best practices to help build capacities where needed; and (3) a negotiation forum to elucidate values, bring forth ethics and justice concerns, and facilitate agreements that improve environmental quality and reconcile the interests of different parties. Rather than formal bureaucratic structures, these elements are more likely to take the form of networks that would build

on the expertise of existing institutions, only creating new mechanisms where key functions are nonexistent or inadequate. Nonetheless, building on a proposal by the Norwegian environment minister, we do envisage the possible evolution of an office akin to the UN High Commissioner for Human Rights to add needed moral authority and agenda-setting capacity (Brende 2004). This office might, for example, evolve out of the Environmental Management Group in Geneva.

The information clearinghouse could contribute to the creation of a common vision and encourage long-term thinking by providing timely, relevant, and reliable data on environmental issues, risks, and trends on the global scale. Better and more accessible data, science, and analysis could shift assumptions, highlight preferences, and sharpen policies. Moreover, information on how similar problems are solved in various national contexts can aid national-level administrations in adopting best practices and learning. Comparative performance analysis across countries could provide greater transparency and encourage positive competition.

The technology clearinghouse would focus on problems of inadequate capacity. Although most multilateral environmental agreements contain provisions related to technology transfer as part of the incentive packages for developing countries to meet their obligations, most technologies are owned by private companies not governments. Thus, incentives need to be devised to motivate the private sector to disseminate technological advances optimally. An effective environmental technology clearinghouse could support North-South and public-private partnerships and provide a forum for coordinating financial assistance to developing countries. It would contain information on best practices around the world and facilitate technology development and continuous learning.

The real test for such a GEM, however, is whether it can facilitate reform of existing institutions to sufficiently address environmental purposes that are increasingly recognized as necessary for the stability of global liberalism. In this regard, the negotiation forum component of this proposal is absolutely essential, linked to something akin to a high commissioner's office. Together, they can facilitate a high-level political forum to try to catalyze the necessary dialogue within existing institutions such as the WTO's Committee on Trade and Environment, the Commission on Sustainable Development, the Global Compact, and even non-state governance schemes, as well as provide a forum for multilateral and bilateral bargaining. The new Environmental Management Group is already a step in this direction, and might be enhanced if states were to agree to let it evolve a more political role. In addition to what EMG already does, this office would facilitate learning and coordination across the full range of environmental governance institutions, as well as provide a high-profile office to promote environmental norms and develop new ones, promote national environmental infrastructure, and stimulate action

on the environment. While more modest than a WEO, such an office would significantly raise the profile of environmental issues and provide a focal point to move the agenda forward where negotiations within existing institutions have been stalemated.

For example, it might do better in moving the trade-environment agenda forward than the WTO's Committee on Trade and Environment, because it would be outside that institutional environment. The CTE has proven unable to make any significant progress on its core mandates, such as when deviations from nondiscrimination for environmental protection are permissible, the reconciliation of WTO rules and environmental treaty provisions, or the question of eco-labeling. Instead, discussions reflect the subordination of environmental protection to trade and development rather than balancing or integrating the three goals. A Global Environmental Mechanism would not be a replacement or competitor with the CTE, which is institutionally best suited to deliberate on the trade-environment relationship and to influence trade rules. However, a more coherent and authoritative environmental voice would be present along with individual treaty secretariats, to which the CTE currently grants observer status. A GEM could similarly promote dialogue and mutual learning within regional trade agreements, other international economic organizations, national governments, and civil society, in all cases helping ensure that development, trade, and environmental goals are on more of an equal footing. Working with existing institutions and networks avoids the risks associated with expecting a WEO to counter the WTO, since its likely relative weakness could allow members of the trade community to "evade the difficult choices facing it and simply dump the trade-environment problem in the lap of the [WEO], or blame the policy impasse on the recalcitrance of its environmental counterpart" (Gaines 2003, 361).

While we believe that such a redesign is possible, the prospects will be considerably dimmer without the political engagement of the major powers, especially the United States. As Ruggie notes in his chapter, the administration of George W. Bush demonstrated little interest in even a modest centralization of authority of this sort. It prefers complete control over its own domestic environmental agenda, working in limited ways with existing institutions, and bilateral engagement or coalition building with countries willing to adapt to its policy preferences rather than working multilaterally.¹² Nonetheless, the normative conditions and ideational resources within existing institutions, global civil society, and even some segments of the global marketplace, are already available to draw upon to make the case for such a reform, if leaders are willing to seize them.

Any reform of global environmental governance, however, needs to be based on a holistic assessment of the strengths and weaknesses in the current system. An independent external review of (1) the system of global environmental governance and (2) UNEP's role and performance within the system

would help to clarify the mandates of existing organizations, reveal their comparative advantage, and provide a vision for reduced competition and a productive division of labor. A strategic review will systematically assess the history and performance of the anchor institution for the global environment, outline current and future needs, and define scenarios for action based on sound assessment of progress to date, constraints, and opportunities. Designing a feasible and functional blueprint for a GEM, or other reform proposals, will hinge on such a learning experience (Ivanova, forthcoming).

CONCLUSION

The advent of sustainable development was a major accomplishment in global governance. It succeeded in bringing the environment onto the international agenda in a new, creative, and productive way that provided a solid basis for a global compromise between environment and economy. But attempts to institutionalize sustainable development in international institutions and agreements also produced the unintended consequences of embedding environmental governance too firmly in the emerging hyperliberalism of the late twentieth century. When combined with path dependencies in the institutional architecture, this liberal environmentalism was a recipe for governance failure. Indeed, the strongest argument for reform is that the legitimacy of that liberal order, as is increasingly understood within the major liberal economic institutions, will depend in part on at least the modest success of an environment-economy compromise.

Our argument has been that change is needed in both the norms and institutions of global governance, although perhaps less fundamental change than some environmentalists advocate. In the case of norms, the thinking that adapted environmentalism to the liberal economic order needs correction to allow greater consideration of how to leave policy space for local environmental protection. In other words, a correction that brings the compromise closer to the embedded liberalism ideal. Such a shift might, for example, elevate the Precautionary Principle—which suggests erring on the side of caution when there is risk of severe ecological harm—from its current economic interpretation, as merely a justification for various methods of incorporating environmental risks into prices, to a more ecological footing that allows greater policy space to assess health and environmental risks on their own terms. At the same time, simply leaving policy space for national governments is insufficient given the global scope of some problems and the effects of globalization on national autonomy. Moreover, globalization has brought environmental consciousness to the global level and embedded it in a variety of networks that eschew clear spatial and political boundaries, and from which local solutions increasingly draw ideas and resources.

The normative changes, we argue, are unlikely to occur absent institutional change. One main element of institutional reform is to create the necessary basis for dialogue and greater moral authority for the environment. Greater coherence is also needed, even if some fragmentation and decentralization is a virtue. If environmental governance is to be effective, it requires clearer guiding principles, a strong voice to influence economic institutions and thinking, information, and resources, as well as a forum in which to make bargains, both large and small.

All this does not require a new grand compromise. But it would represent an important expression in our own time of the original promise of embedded liberalism.

NOTES

1. World Trade Organization (1994). The preamble to the Agreement Establishing the WTO includes a similar understanding of the trade/environment relationship.

2. On the project, see <http://www.malampaya.com/web/index.html>.

3. See also Thérien (this volume).

4. See, for example, Ruggie (this volume), and references therein to current activities and assessments of the Global Compact.

5. For a broader discussion of such governance systems, see Bernstein and Cashore (2006); Cashore (2002); Gereffi et al. (2001).

6. Our claim is simply that governance has performed poorly as measured by its own terms of reference and goals, with only a few notable exceptions such as international action to prevent depletion of the Earth's ozone layer. We cannot here independently assess the state of the world's environment.

7. See also Conca (2000).

8. For what such an ecological order might look like, see Helleiner (1996).

9. Three approaches to clustering have been identified: (1) at the thematic level (of issue-specific MEAs such as the biodiversity related conventions, chemical conventions, etc.); (2) at the functional level (harmonized reporting, capacity building, issues management, trade related issues, etc.); and (3) at the regional level (UNEP 2001d).

10. The contributions range from \$1,100 for Bhutan to \$6.5 million for the United Kingdom and the United States (UNEP 2002).

11. This discussion somewhat mirrors a similar discussion in the WTO. Any "grand" compromise in global governance must confront the problem of technical assistance and capacity building across the board, although the debate over what these entail is complex and ongoing. Some developing countries and development experts worry that technical assistance, for example, has been geared more toward socializing developing countries into the fold of existing regimes that favor Northern interests

than toward building indigenous knowledge, expertise, and capacity that would enable them to develop stronger negotiating positions and arguments or innovative solutions to problems facing their countries (Helleiner 2001; Adler and Bernstein 2005).

12. For example, at UNEP's Governing Council Meeting in March 2004, the US delegation either opposed or sought to delay discussion of any proposed institutional reform, including EU proposals for an Intergovernmental Panel on Global Change and proposed universal membership for UNEP's Governing Council (IISD 2004).