

Information in Market-driven Environmental Policy:

Scale and the limits of
global markets

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A world map showing trade routes with arrows connecting various regions. Labels include Canada, United States, Mexico, Algeria, Egypt, Saudi Arabia, United Arab Emirates, China, Thailand, Philippines, Malaysia, and Indonesia.

Economic globalization

A stylized globe with a grid of latitude and longitude lines.

Neo-liberal policy regimes

A photograph of a pond with water lilies and a fountain in the background.

Pressures on public goods

A hand holding a globe, with a faint background image of a person's face.

Civil society
Non-state market-driven governance

Non-state market-driven governance

Underwriter Laboratories, Kosher Union, Orthodox Union, SafeSurf, Consumers Union, American Medical Association, American Dental Association, Blue Angel, Nordic Swan, Forest Stewardship Council (FSC), CertFor, Green Mark, Programme for the Endorsement of Forest Certification (PEFC), Sustainable Forestry Initiative, Marine

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In 1983, there were an estimated 32,000 private standards systems in the United States alone.

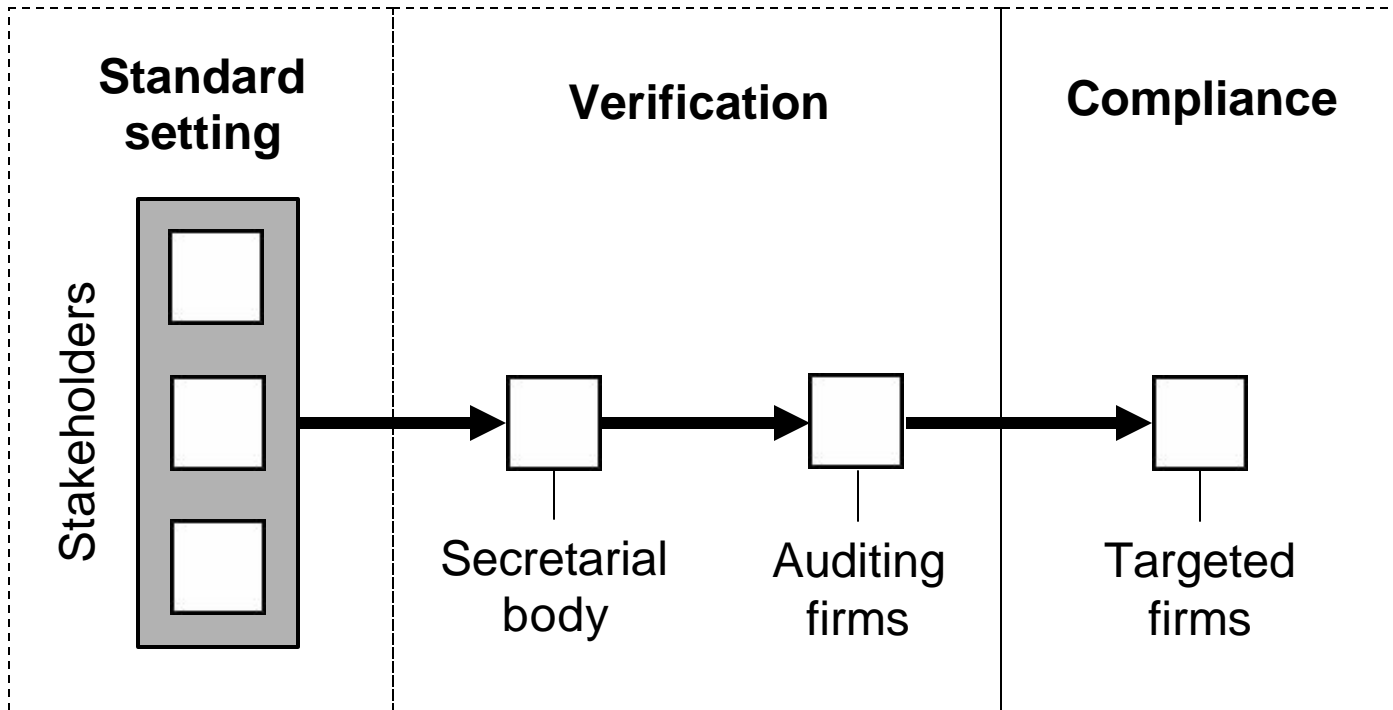
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Hawaii Organic Farmers Association, International Certification Services, Leaping Bunny, Midwest Organic Services Association, International Organization for Standardization (ISO), Natural Food Certifiers, Northeast Organic Farming Association, Nutriclean, Oregon Tilth, Organic Crop Improvement Association, Rainforest Alliance, Salmon Safe, Standard and Poor's, Consumer's Union ...

Non-state market-driven governance

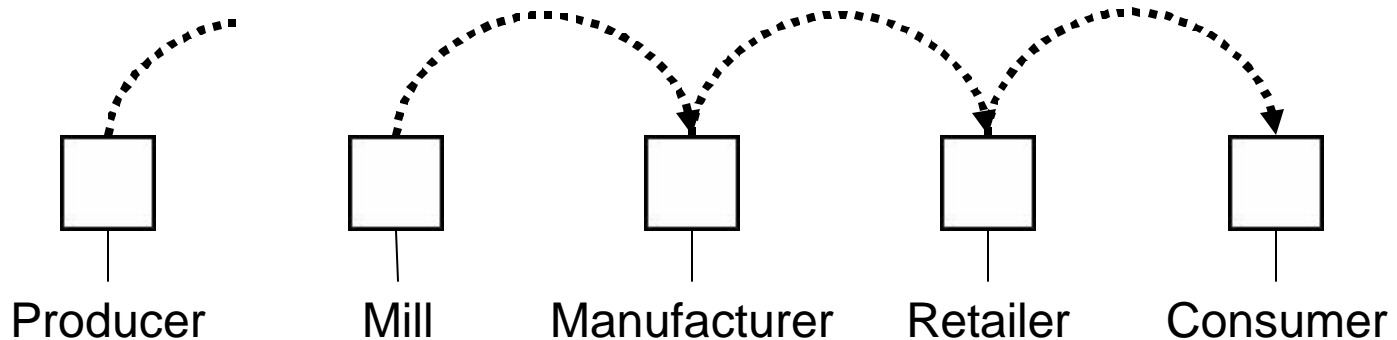
1. Policies are in **demand downstream** from producers
2. Participation is **voluntary**
3. Authority is based on **stakeholder participation**
4. Compliance is **independently verified**
5. **Chain-of-custody** is maintained

Non-state market-driven governance



The Chain-of-custody

Connecting producers to consumers



Social distance in global markets

“Consumer decisions based on incomplete information about the conditions of production are not likely to account for their long-term and environmental impacts”

Princen, Thomas (1997). "The Shading and Distancing of Commerce: When Internalization is Not Enough." Ecological Economics 20: p 243

Social distance in global markets

People tend to better understand those most like themselves ...

... **“differences”** can
complicate communication ...



Social distance in global markets

Geographical distance

Differences in media content by **location**

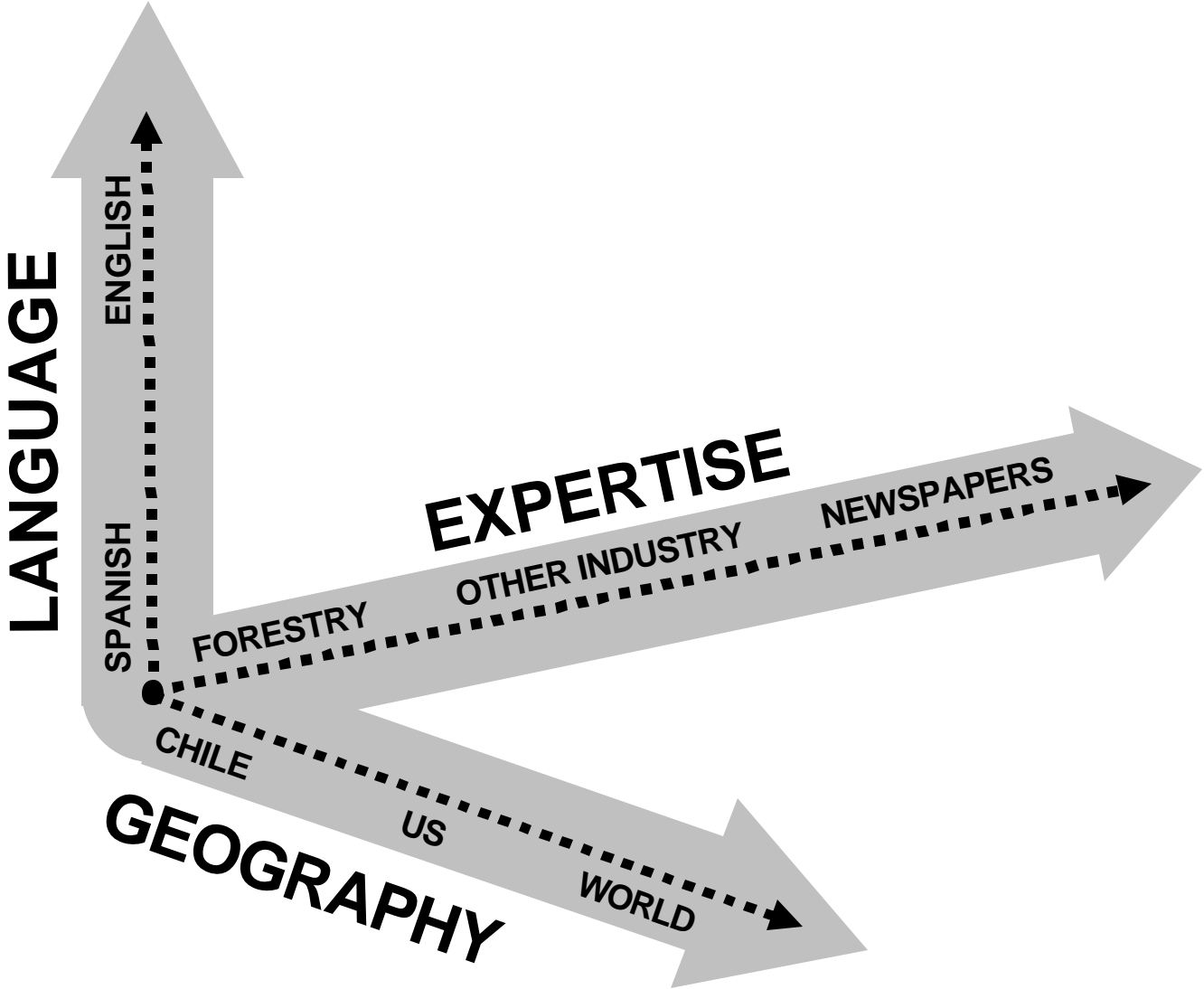
Cultural distance

Differences in media content by **language**

Epistemic distance

Differences in media content by **expertise**

Social distance in global markets



Social distance in global markets

Content analysis

- 2,096 articles on forest certification
- All available market segments
- 27 categories, in both Spanish and English

economics, environment, social, procedural features, Chile, boycott, shareholder, stakeholder, government, governance, regulation, public, private, FSC, ICEFI, ICEFI stakeholders, FSC-certified firms, CertFor, CertFor stakeholders, CertFor-certified firms, PEFC, ISO 14000, ISO-certified firms, ISO stakeholders, and more ...

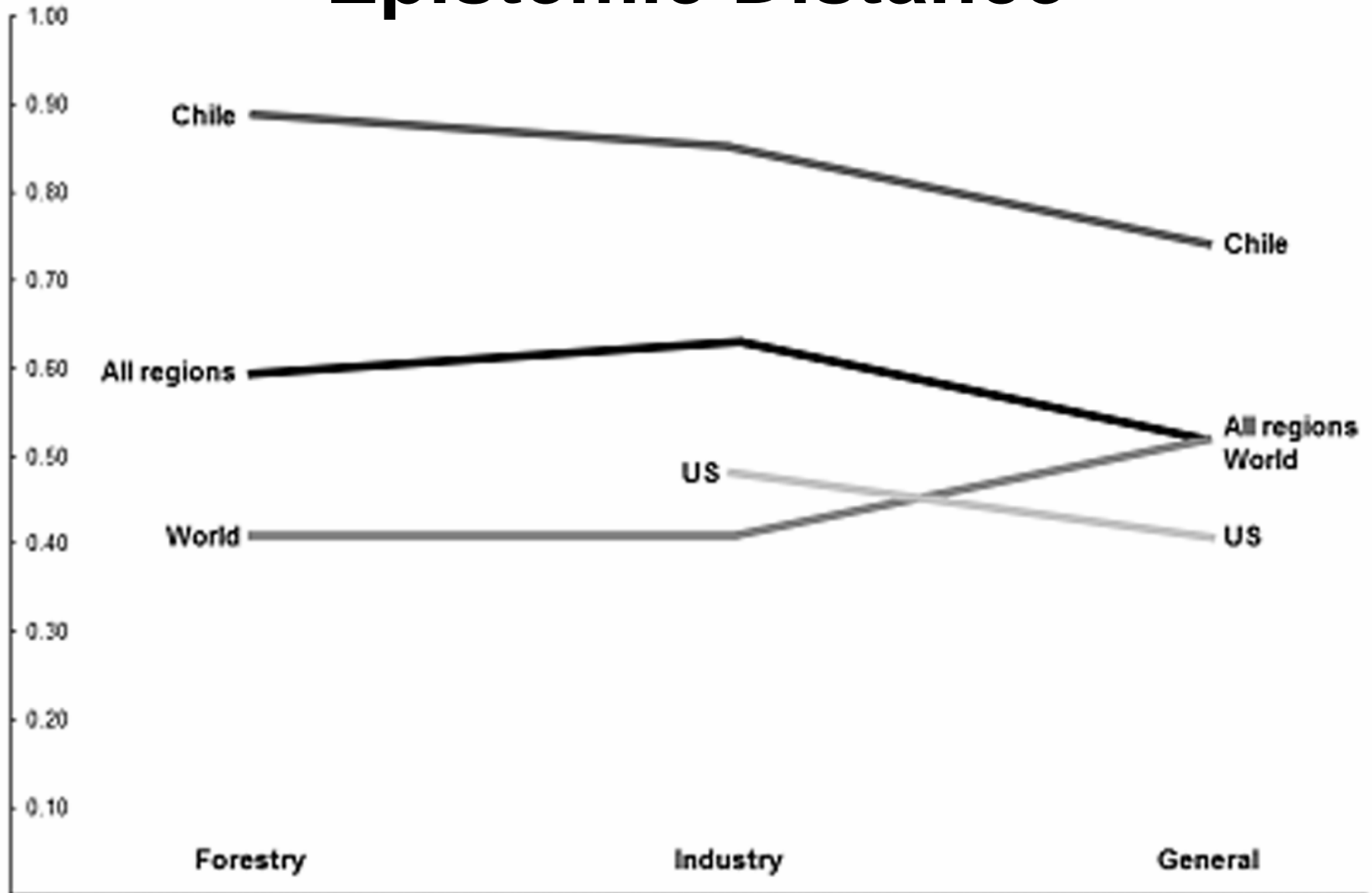
Social distance in global markets

Content analysis

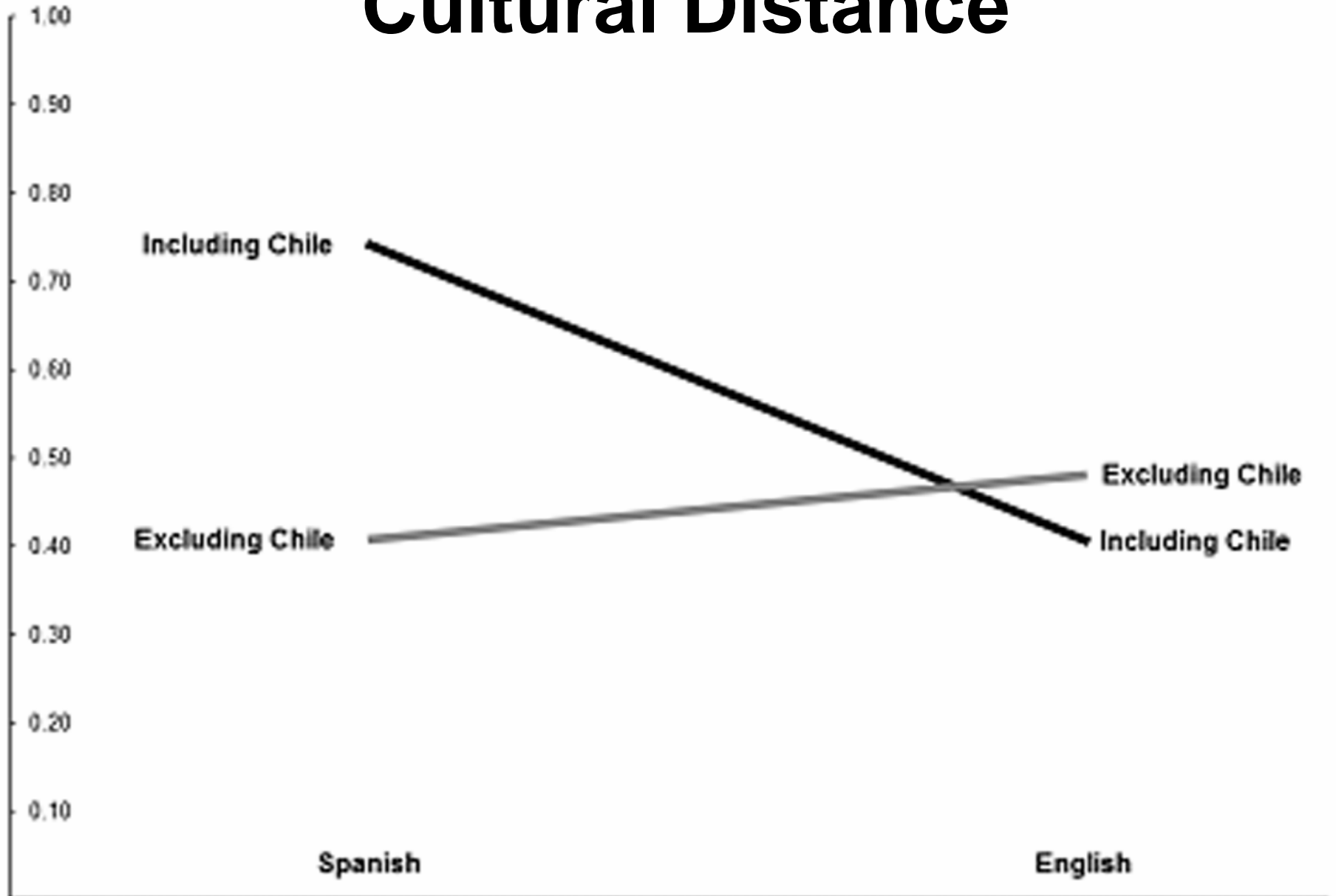
- comparison of the **proportion of articles** mentioning terms from each category
(e.g., **90 percent** of the Chilean media articles mention Chile, whereas fewer than **5 percent** of non-Chilean media use the term)
- can be understood as the “**signal**” of particular topics in publicly available media

Ceteris paribus, **weaker signals imply less-well-informed consumers**

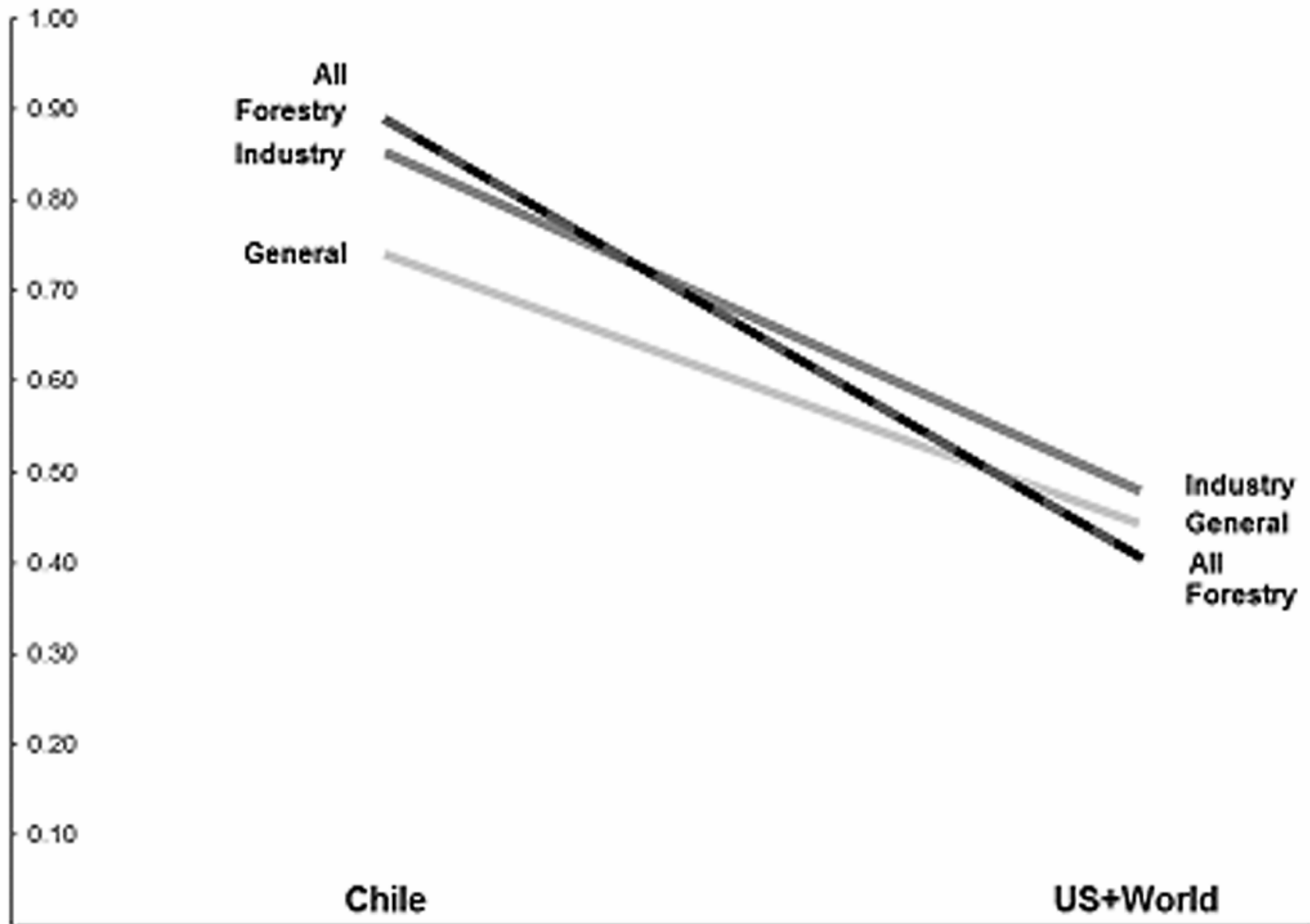
Epistemic Distance



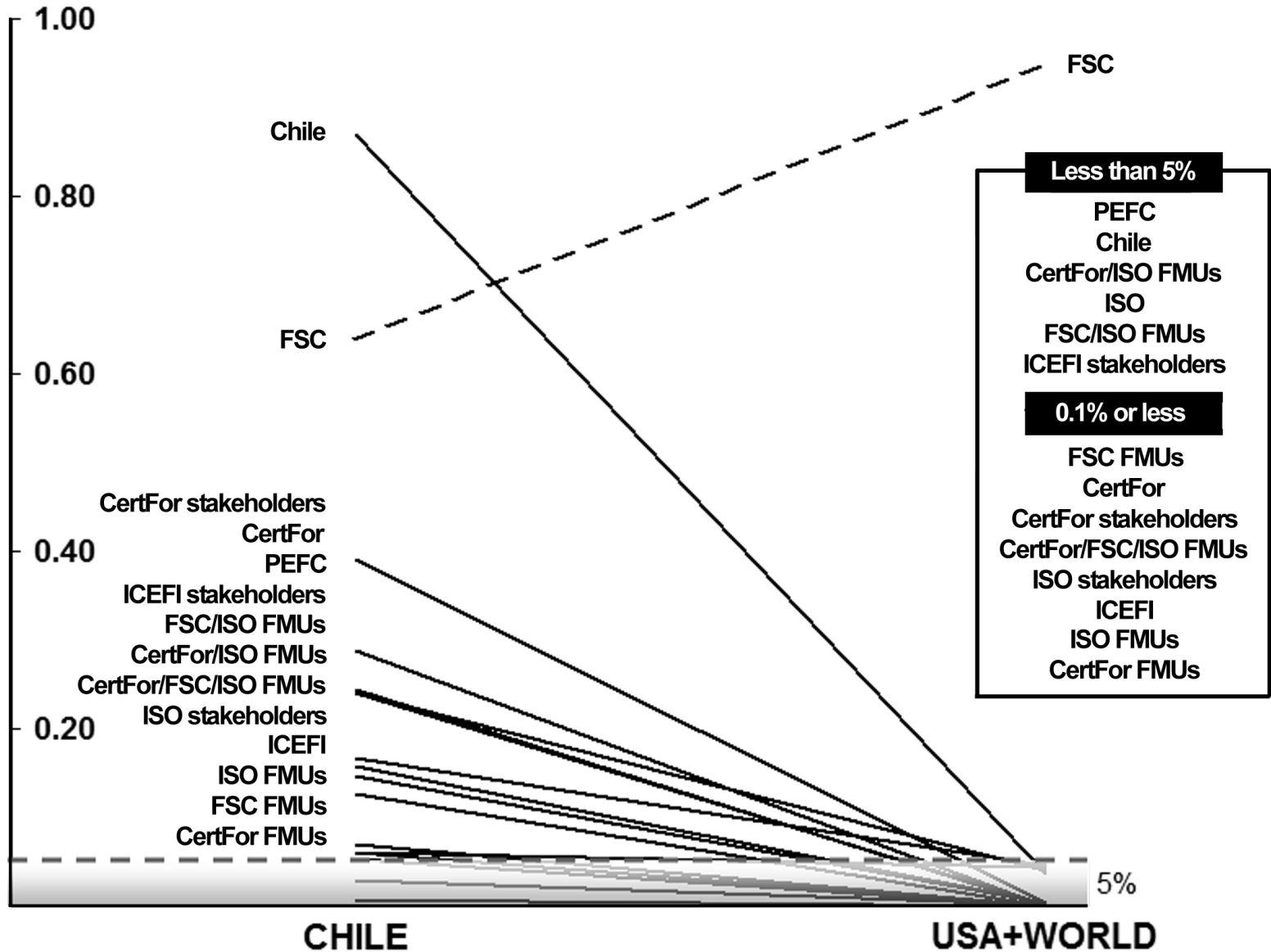
Cultural Distance



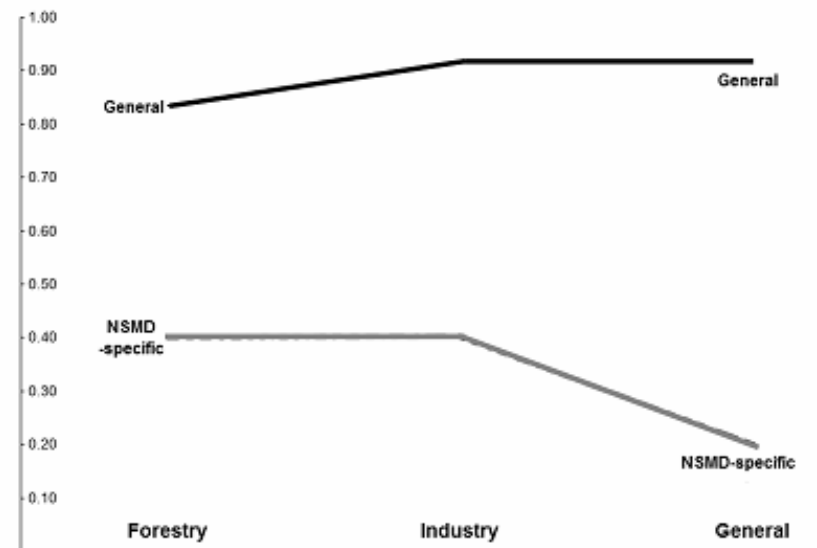
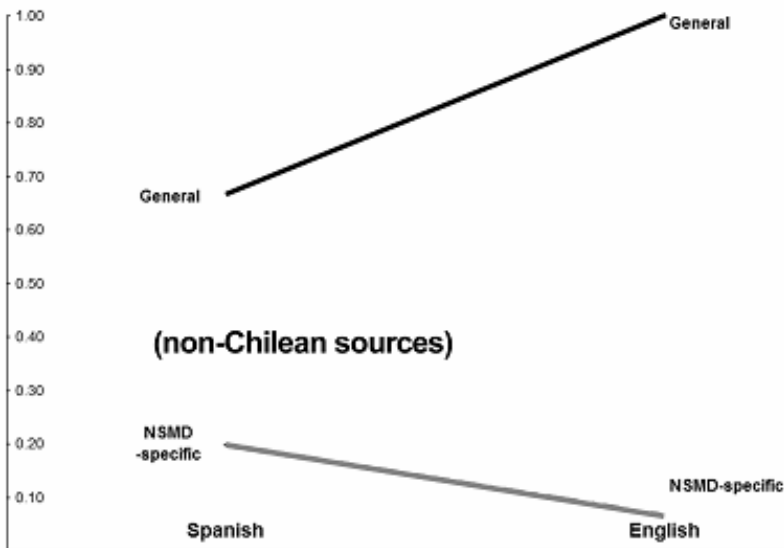
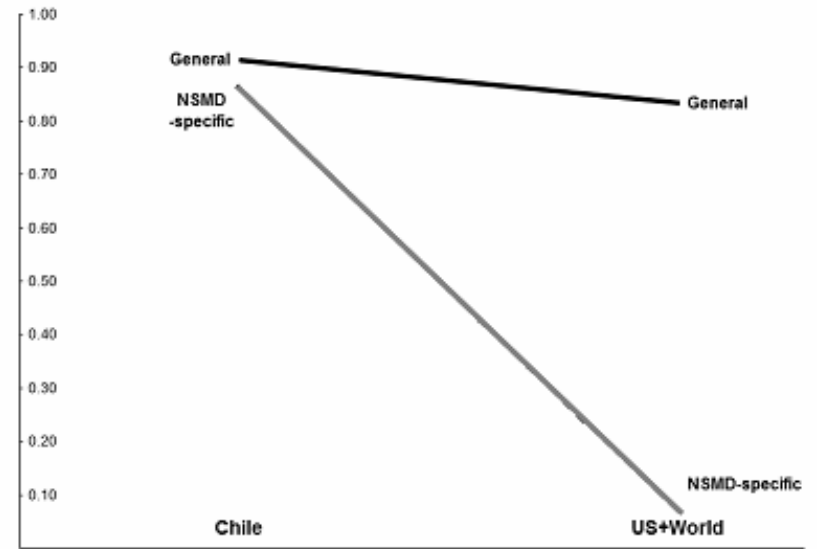
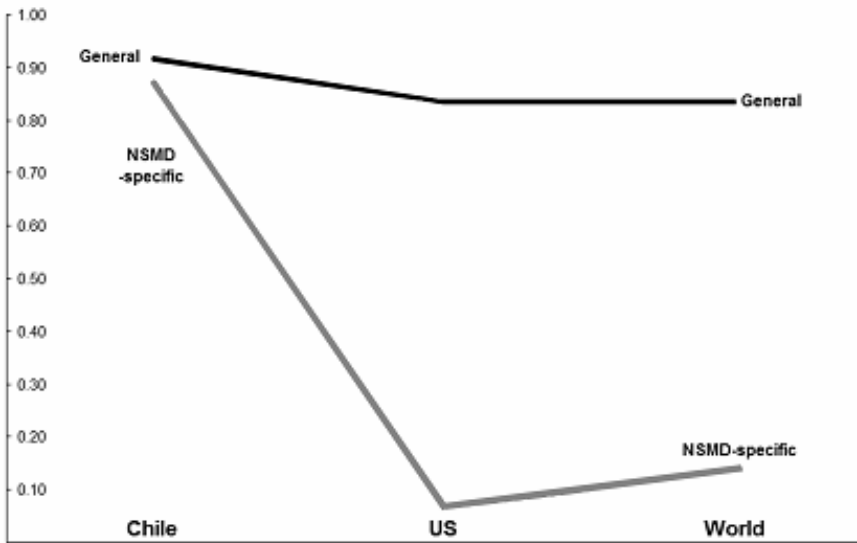
Geographical Distance



Geographical Distance



Social Distance



Conclusions

Consumers are only likely to be **well-informed** where production is **relatively local**.

While social distancing effects may be partially mitigated through **direct-marketing strategies**, such approaches are **difficult to scale**.

Conclusions

Thus,

successful market-driven public policy is likely to be **limited to wealthy nations**,

is unlikely to be broadly effective in the **Global South**,

and will therefore have a **limited ability** to transform global-scale industries.

Conclusions

Strong and effective state-based regulatory systems are still critical for efforts to encourage socially and ecologically responsible industries – especially those **in developing nations with weaker local markets.**