

If a Tree Falls on the Other Side of the World...

Information and the Limits of Global Markets

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“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**

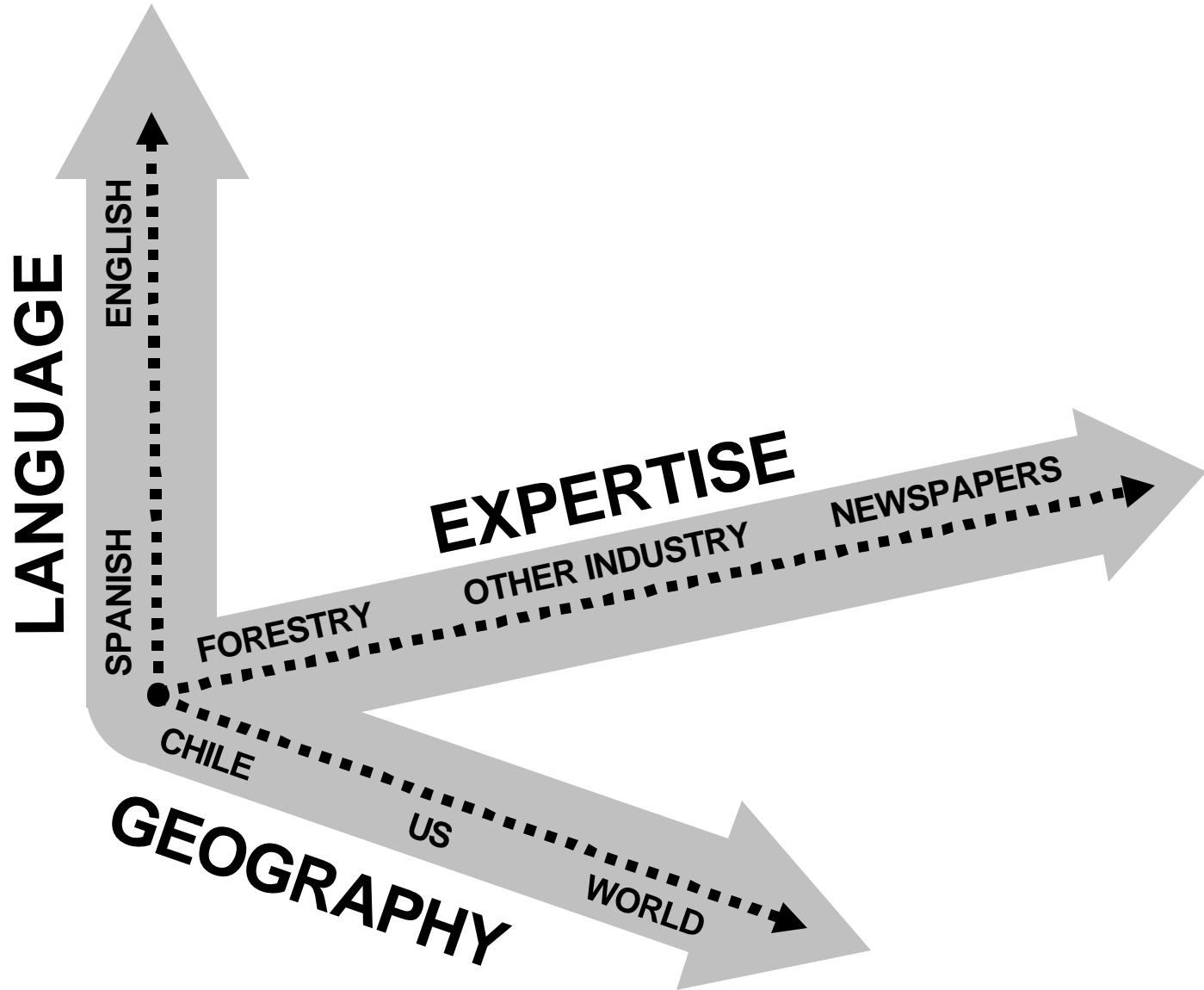
Cultural distance

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

- 1,899 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

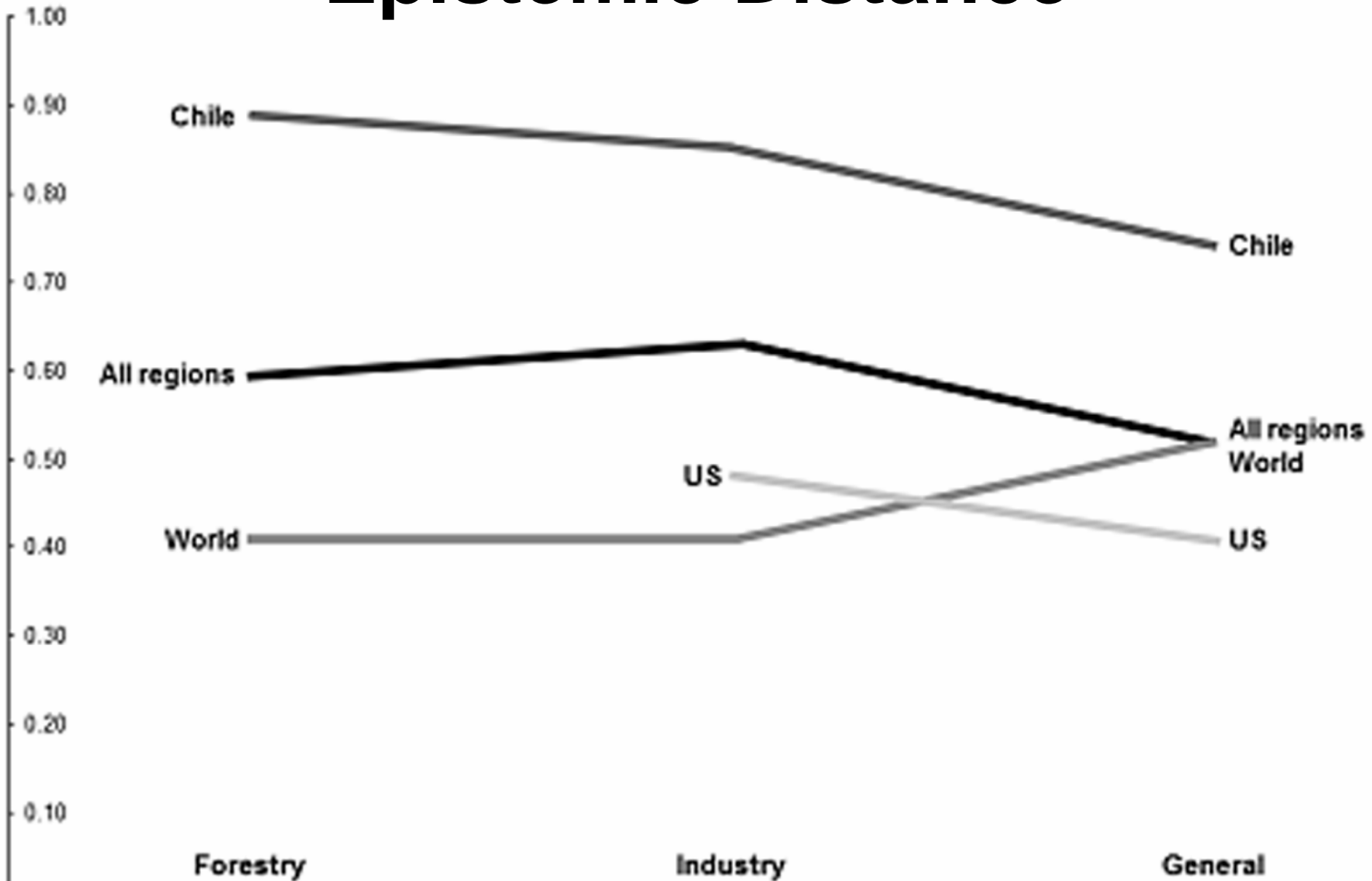
- comparison of the **proportion of articles** mentioning terms from each category
(e.g., **90 percent** of the Chilean media articles mention Chile, whereas fewer than **5 percent** of non-Chilean media use the term)
- can be understood as the “**signal**” of particular topics in publicly available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

Social distance in global markets

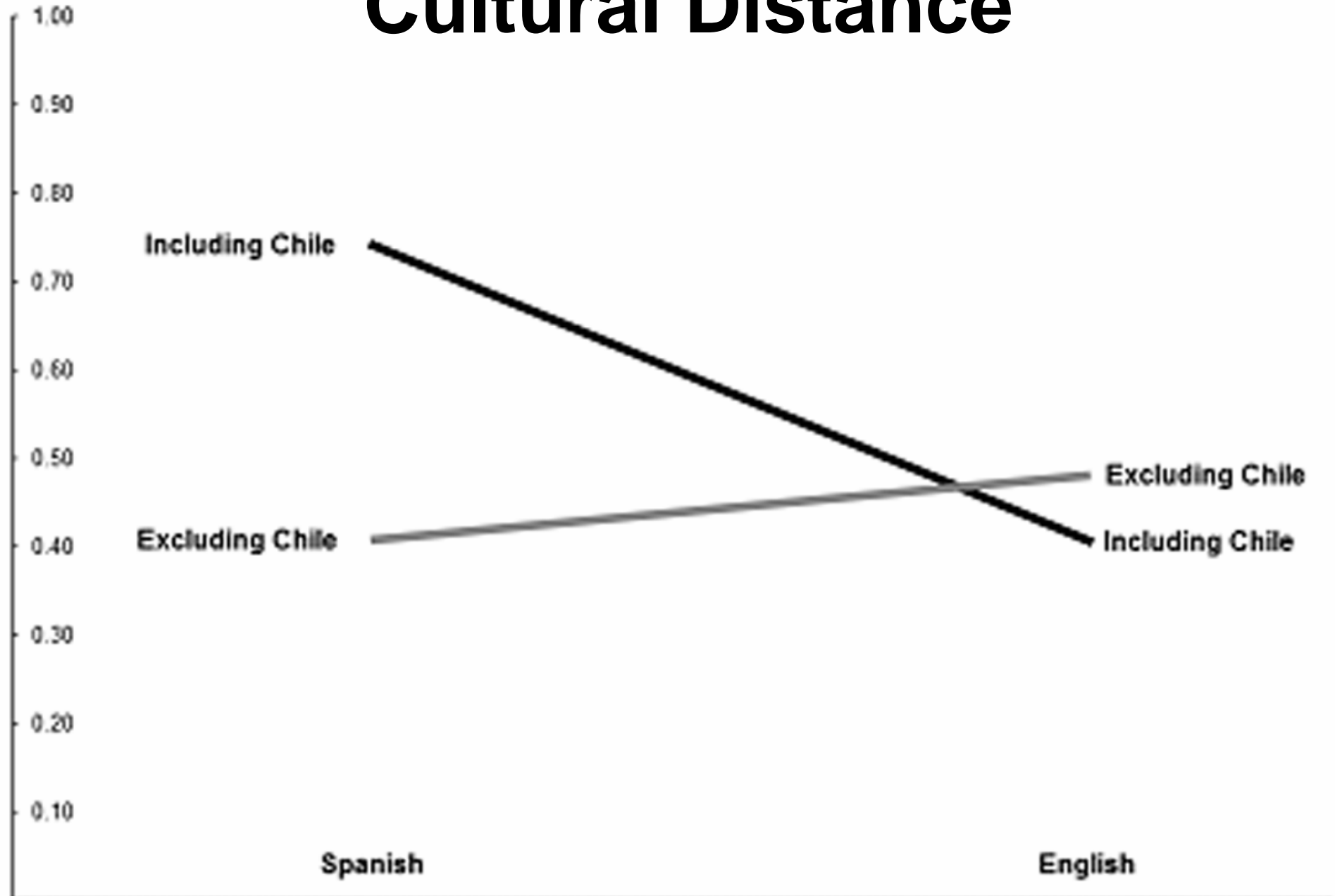
Content analysis

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

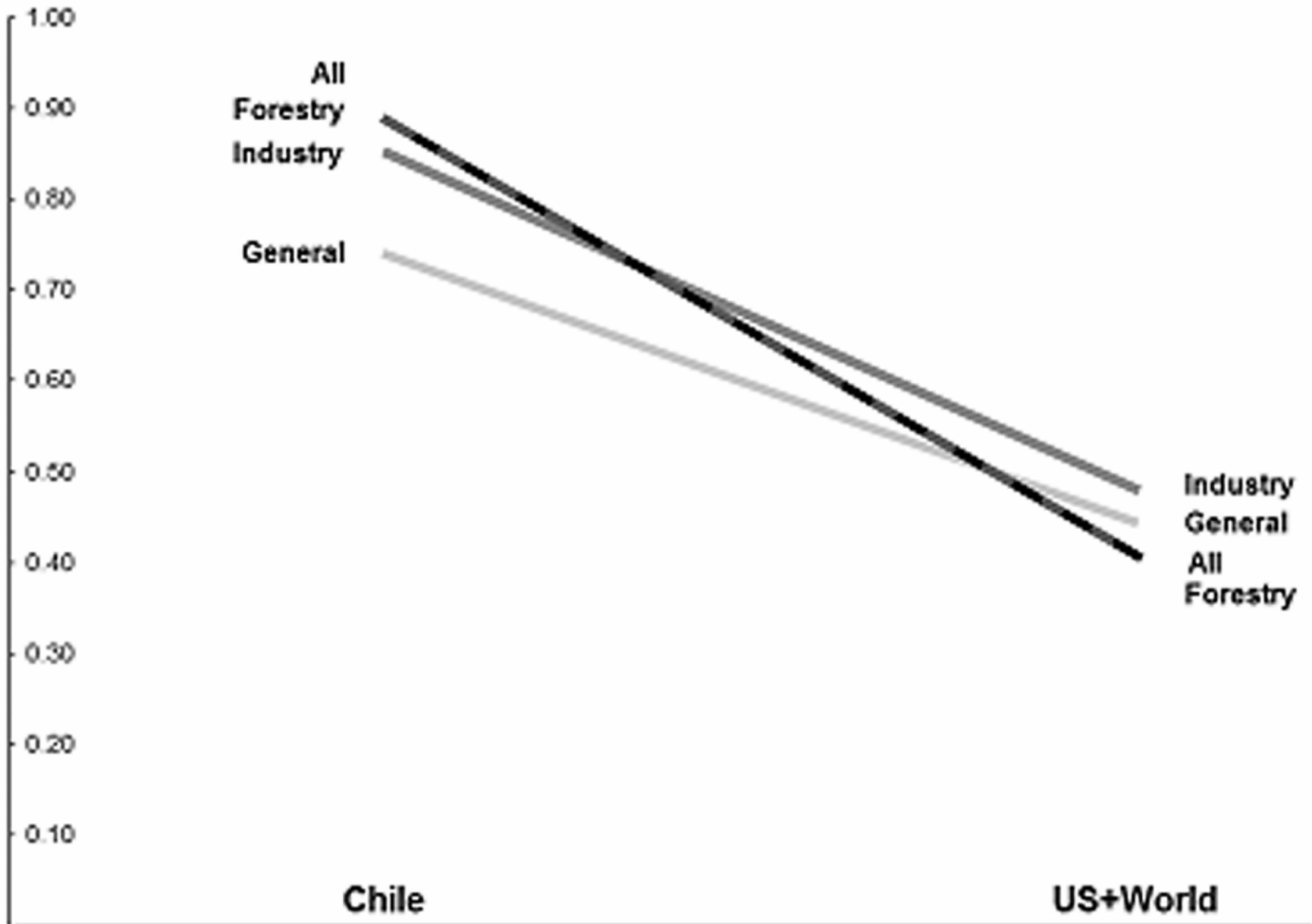
Epistemic Distance



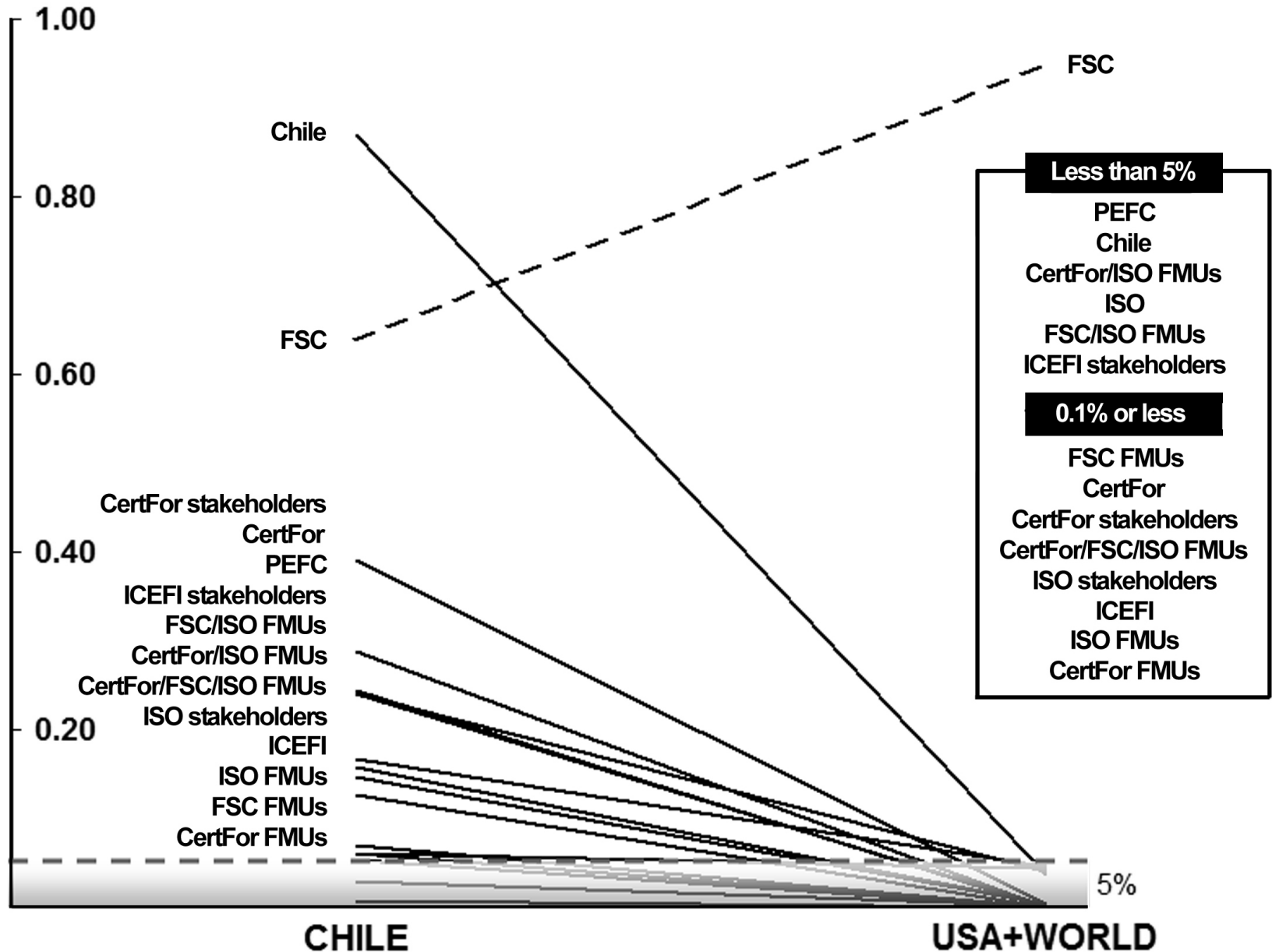
Cultural Distance



Geographical Distance



Geographical 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

Early adopters with a global focus (e.g., Forest Stewardship Council) **are likely to be advantaged** over local labels in global markets.

Successful global-scale NSMD markets may *necessarily* be concentrated (~**non-competitive**)

Conclusions

Most **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.**