

Chapter 3

ENVIRONMENT, DEVELOPMENT, AND LIBERAL ENVIRONMENTALISM

THIS CHAPTER CONTINUES the story of the evolution of global environmental norms following the rise of “sustainable development” as a way to frame responses to global environmental problems. The designed ambiguity of that term meant it could hardly be considered a norm, according to my definition, in its own right. Yet, the attempts by states, international organizations, and nongovernmental actors to put sustainable development into action, programs, or treaty commitments started to coalesce around an identifiable set of norms by the early 1990s. That process culminated in the Earth Summit conference, the main focus of this chapter. Whereas many observers wonder if the Earth Summit succeeded in actually shifting international and local activities in a more sustainable or environmentally-friendly direction, it did succeed in defining how global environmental problems should be understood. Moreover, it delineated a range of appropriate behaviors and policy practices for dealing with global environmental problems that then set the pattern for action on

specific environmental problems, and rights and responsibilities of the actors involved.

In the pages that follow, I show what happened following publication of the Brundtland Commission report that led to the Earth Summit's institutionalization of liberal environmentalism. I also describe the political dynamics of the conference process itself. The story of liberal environmentalism of course did not end with the signing of agreements at Rio. Its importance in the long run depends on its actual effects on global environmental practice. The chapter thus concludes with a preliminary discussion of how the institutionalization of liberal environmentalism shaped various efforts to either address global environmental problems or influence behavior within states that might be perceived as having transnational or global consequences. The argument is not that all environmental agreements or national policies now reflect liberal environmentalism, but that it has become the legitimate way to address global environmental problems, and a mainstay of how international organizations and states understand their role in promoting action at both the international and domestic levels. It remains to be seen both whether it will be effective, and how durable it will be in the face of a variety of potential challenges.

FROM BRUNDTLAND TO RIO

By the late 1980s it became apparent that although Brundtland's norms might appeal to the enlightened best intentions of the commissioners and some governments, WCED had been outpaced by the realities of the international political economy. In the North, fears of a surge in trade protectionism coincided with the rise of monetarist and neoclassical economic thinking, while many Southern states faced the rigors of structural adjustment. This combination made the success of the more radical redistributive proposals of WCED unlikely.

Instead, the IMF and World Bank programs to combat developing country debt began to reflect an emergent economic policy convergence, dubbed by John Williamson the "Washington Consensus" (Williamson 1990, 1993). Williamson meant by this a consensus among the "economically influential bits of Washington, meaning the US government and the international financial institutions," on the best course for economic policy.¹ Paul Krugman suggests the members of the consensus might also include "think tanks, politically sophisticated investment bankers, and world

finance ministers, all those who meet each other in Washington and collectively define the conventional wisdom of the moment” (Krugman 1995:29). Krugman neatly summed up this ideological shift as “liberal trade and sound money.” As originally articulated by Williamson, the Washington consensus included a call for states to liberalize trade and investment, privatize state enterprises and more generally encourage the retreat of the state from the economy, balance the budget, and peg the exchange rate.²

The success of the export-oriented economies in East Asia gave ammunition to promoters of structural reform, as did investor returns in those economies, even if states in the region did not uniformly embrace all elements of the “consensus.” Moreover, when formerly communist states embraced the new liberal market orthodoxy, it seemed the end of the Cold War had ushered in near universal agreement on global economic norms.

Chapter 5 goes over the significance of this normative shift in the social structure of the international political economy. Whatever the causes of this shift, one effect was that global negotiations no longer inevitably stalemated over intractable differences in economic norms. As will be discussed further below, the consensus did not mean the South gave up calls for greater global equity or redistribution. Nor did government reforms in a neoliberal direction occur without significant societal opposition in some cases. Reforms also often occurred under significant financial duress and pressures from international financial institutions that reflected power differentials exacerbated by external debt and liberalization of financial markets globally. Regardless, whether in response to these external pressures, perceived shifts in the global political economy, and policy failures of earlier development strategies such as import-substitution, or a true conversion of financial and government elites or powerful commercial interests in many developing countries and economies in transition—or more likely a combination of the two—the public position and negotiating stance of developing countries no longer reflected a resistance to global liberalism (Biersteker 1992; Rodrik 1994; Busumtwi-Sam 1995).

One important indication of this shift became evident in the “Cartagena Commitment” agreed to at UNCTAD VIII, just four months prior to UNCED (United Nations 1993). The agreement among UNCTAD governments cautiously endorses market reforms along the lines of the Washington Consensus both in terms of domestic macroeconomic policies and in trade and foreign investment policies. It notes, for example, that although sometimes necessitating difficult policy choices, “it is becoming increasingly evident that a number of countries implementing those re-

forms are beginning to see the benefits" (United Nations 1993:9). In addition, UNCTAD, as the agreement and subsequent research and program development indicate, has shifted to a much more serious engagement with environmental issues under the rubric of incorporating "sustainable development" into the mainstream of its activities (Arda 1996). This shift in the international institution most associated with the New International Economic Order is perhaps the most remarkable outward indication that a profound shift had occurred in how developing countries viewed themselves and their place in, and understanding of, the international political economy.

The Earth Summit came in the midst of the apparent "triumph" of the Washington Consensus. By the mid-1990s, the successful completion of the Uruguay round of the General Agreement on Tariffs and Trade (GATT), financial deregulation, and increased efforts to liberalize regional trade all indicated that the North's response to protectionism fit with the emergent consensus, at least in foreign economic policy. Whether by will or by submission, these norms of global economic governance gained acceptance in North and South alike (Biersteker 1992).

The Brundtland Commission and Environment 2000 process paved the way for a coinciding transition in international environmental governance. The reports turned the corner on environmental thinking that had put it in direct opposition to classical economic views of growth and development. A UNEP official summed up the Environment 2000 report this way (and the same could be said for WCED):

The [Environment 2000] Perspective also wants to remove fragmentation in thinking and action on human affairs, and it wants deliberate reconciliation of social, economic, and environmental aspects of human well-being in all countries. It wants the economic mechanisms of prices, charges, taxes, subsidies, allowances, permits, and rights to supplement regulatory frameworks, to bring about compatibility between environmental and economic objectives of development and private decisions, and systematic implementation of social development policies that contribute to environmental protection and improvement (Dabholkar 1989:53).

Not only was the compatibility of growth and environmental protection cemented in international discourse, but economic instruments and market-based solutions were already perceived to be the mechanisms best able to achieve this synthesis.

By pronouncing this compatibility of growth and environmental conservation and protection, Brundtland acted as a catalyst for a series of initiatives and research projects by those who wanted to develop the means to link what they saw as sound economic thinking with environmental protection. *The Economist* picked up this thread immediately in an endorsement of Brundtland's potential to, in its view, realistically ameliorate environmental degradation, "... if the eco-lobby could digest one of the study's least-trumpeted implications—namely that in most of the world economic growth and environmental protection go happily hand in hand" (*The Economist* 1987). The prescription was obvious in *The Economist's* eyes—privatize the commons, create efficient markets for resources, and free capital markets for investment and lending:

That is where the rich countries and their lending agencies should come in. With the right incentives in place, they need not worry about the clash between growth and the environment. The World Bank and the IMF will be doing the environment a favor when they insist on freer markets in exchange for their money (*The Economist* 1987:16).

Sustainable development, in this view, found no contradiction with the neoclassical turn in international economic governance.

The World Bank quickly picked up on this theme with a series of reforms begun in 1987. The reforms provide a logical starting point for an analysis of the direction of international environmental governance following WCED. The Bank's privileged position as a funnel for wealthy states' development funds, and especially concessional lending, along with the IMF, meant regional and commercial banks often mirrored its development policies. Thus the Bank is generally recognized as the premiere international development institution. Furthermore, the so-called greening of Bank policies not only produced a change in its lending practices, but also presaged a major foray into global environmental management that successfully culminated in its senior partner role in the new Global Environmental Facility or GEF (World Bank, UNDP, and UNEP 1992). Established in 1991 in partnership with the UNDP and UNEP, the GEF is now the main multilateral source of funding for major global environmental agreements and for disbursing monies attached to initiatives agreed to at the 1992 Earth Summit.³

An examination of the Bank requires sensitivity to its two-way relationship with environmental governance. On the one hand, Bank officials have made concerted efforts to reform the institution to make it more sensitive to

the environmental consequences of its loans.⁴ On the other hand, the Bank has played an active role in framing the norms of environmental governance.

The Bank generated the most publicity with its internal reforms, probably because of the intensity, volume, and sophistication of the criticism in the 1980s that presaged change. Those criticisms came not only from prominent NGOs and grassroots organizations in developing countries, but also from public pressure in industrial shareholder nations on which the Bank depended for its capital. In particular, the U.S. Congress held more than twenty formal hearings on the Bank's environmental policy. The U.S. concern culminated in its refusal to support a Brazilian power-sector loan in 1986, the first time it had voted on environmental grounds (Goodland 1992:11; Rich 1994:136–138). Bank staff had also started to notice that serious environmental degradation had begun to constrain development and undermine Bank projects, and evidence mounted that loans in many cases had themselves caused major environmental disasters. Although it hired its first (and at the time only) environmental adviser in 1970, significant reform waited until 1987 when the then new president, Barber Conable, made a well-publicized speech on May 5 at the World Resource Institute in Washington. He announced a major reorganization of the Bank, including the augmentation of the one weak environmental division into four regional divisions and one central department. That meant a sixteenfold increase in environmental staff, to about 100 people. Then, in 1989, the Bank adopted an environmental assessment umbrella policy (Goodland 1992:10–12; Rich 1990, 1994:145–181). Reforms continued, including the August 1994 initiation of a new inspection panel, which allows affected parties to launch reviews of whether the Bank follows its own policies, procedures, and loan conditions (Hunter and Udall 1994). Although environmentalists and Bank officials may disagree on the effectiveness of such reforms, the monitoring and assessment of environmental consequences has clearly increased and some movement has been made to include environmental considerations into assessments of project viability and impact.

Nonetheless, the second aspect of World Bank activities—the promotion and implementation of environmental norms—is where the Bank has had a more general impact on global governance. The most accessible and widely distributed statement of that policy can be found in the influential 1992 World Development Report, on the theme of environment and development (World Bank 1992b). Like the Brundtland Commission, the World Development Report argued that economic growth is the necessary condition for achieving other ends, including environmental protection and poverty

reduction. The report projected a 3.5 times increase in world output between 1990 and 2030, and then argued that economic growth could be achieved without environmental deterioration, provided proper policies are in place. Proper policies, the report argued, are those consistent with goals prescribed in previous development reports, namely “market-friendly” policies for development (World Bank 1992b:9–10).

Hence the Bank’s four-pronged program for “sustained development” (its preferred term because it narrows Brundtland’s definition to “rising and sustainable levels of welfare”)⁵ began with two policies specifically aimed at market liberalization: first, “Removing subsidies that encourage excessive use of fossil fuels, irrigation water, and pesticides and excessive logging”; and, second, “Clarifying rights to manage and own land, forests, and fisheries.” These two policies essentially supported the Polluter Pays Principle in that they attempted to internalize environmental costs by eliminating subsidies and clarifying property rights.

The final two planks focused on establishing social conditions conducive to such reforms. The third plank promoted an acceleration of the provision of basic needs such as drinking water, sanitation, education (especially for girls), family planning, and agricultural extension, credit, and research. Finally, the Bank supported greater participation in development decision making at the community level. It should be noted that the Bank argued that even the provision of basic services could be best achieved by assigning property rights and other market reforms, which are presumed to limit pollution better than either common access or ownership regimes, or command-and-control regulations. “Market-based instruments are best in principle and often in practice,” the report argued, to change environmentally damaging behavior (World Bank 1992b:2–3, 10–14).

Bank insiders echoed this general interpretation. For example, former director of the Environment and an author of the report, Kenneth Piddington, called environmental economics and proper valuation “the decisive element in the Bank’s overall approach” (Piddington 1992: 222). Similarly, Mohamed T. El-Ashry, another former Environment Director and also Chairman of GEF, traced environmental degradation largely to inadequate property rights, subsidies for scarce resources such as water, polluting products such as pesticides, and other causes laid out above. On a macro level, he also called for the liberalization of trade and investment (El-Ashry 1993). Post-1992 World Bank environment reports continued to demonstrate an emphasis on the same liberal economic norms (e.g., World Bank 1994).

While WCED did not cause these changes in the Bank, it did play an important normative or enabling role. *Our Common Future* legitimated a

form of international governance consistent with the Bank's general development philosophy—an emphasis on export-led growth, open markets, and domestic liberalization—while it also provided an opportunity for a response to environmental criticisms of its lending policies. WCED legitimated what former Bank president Lewis Preston called the “win-win” strategy—a phrase that appeared repeatedly in the 1992 report—the Bank adopted. In essence, that strategy meant the “links between efficient income growth and the environment need to be aggressively exploited” (Preston in World Bank 1992:iii).

Other responses, particularly in the North, followed this general interpretation. One important example was a report for the Trilateral Commission, co-authored by the secretary-general of WCED and former OECD environment director Jim MacNeill, which placed the necessity of growth at its core.⁶ To make growth sustainable, the authors emphasized the WCED position that environment and economics “must be integrated in all of our major institutions of decision-making—government, industry and the home.” Sustainability was defined accordingly, as “the maintenance of a community's or a nation's basic stock of natural capital” (MacNeill, Winsemius, and Yakushiji 1991:20–22). The framing of environmental problems in economic language was typical of post-WCED proposals. According to this view, environmental problems stem from distortions in markets, so solutions require a better application of economic principles:

If nations are to stop depleting their basic stocks of ecological capital, governments will need to reform those public policies that now actively encourage the infamous *des*: *deforestation*, *desertification*, *destruction* of habitat and species, *decline* of air and water quality. Virtually all governments today pay lip service to the market, and then they intervene to distort it in ways they find politically convenient. Subsidies, tax abatements, fiscal incentives, price supports, tariffs, and trade quotas of all kinds can distort prices and trading patterns in ways that are economically perverse and encourage unsustainable forms of development. They often rig the market not only against the economy, but also against the environment and, ultimately, against development itself (MacNeill, Winsemius, and Yakushiji 1991:23).

Thus, adapting markets to reflect the cost of natural capital depletion—in other words, getting prices right—should be the basis of development policy to avoid the above distortions.

Domestically, reforms might include an elimination of subsidies in the agricultural, forestry, energy, and transport sectors. These market-distorting measures should be replaced by economic instruments such as environmental taxes to create new market incentives to preserve and enhance natural resources under threat. Other reforms might include an extension of property rights to common resources, that is, to privatize commons such as the atmosphere or oceans. The proposals included tradeable emission permits, water rights, and systems of deposits and refunds on hazardous or recyclable wastes. The Polluter Pays Principle was the guiding norm behind such proposals (MacNeill, Winsemius, and Yakushiji 1991:32–42).

A number of OECD initiatives during this period gave added analytical ammunition and generated political support for the promotion of economic instruments for environmental management. MacNeill's 1984 "Environment and Economics" conference, noted earlier, provided the foundations for later projects on this theme. After 1987, these projects gained greater legitimacy as they were then seen to fit with the thrust of the more widely accepted vision articulated in the Brundtland report. In 1991 the OECD Council endorsed a major project on economic instruments at the behest of its environment committee.⁷ The Council proposed, *inter alia*:

- a greater and more consistent use of economic instruments;
- to improve the allocation and efficient use of natural and environmental resources by means of economic instruments to better reflect the social costs of using these resources;
- to seek further agreement at [the] international level on using economic instruments with respect to solving regional or global problems and to ensuring sustainable development.⁸

The OECD report that stemmed from these proposals specifically referred to the Brundtland Commission report as a legitimating source for an interpretation of sustainable development consistent with the recommendations: "The way the notion [sustainable development] was interpreted in the [Brundtland] report implied an enhanced role for environmental economics in actual policy." The OECD report went on to highlight Brundtland's central theme of combining economic and environmental decision-making and the explicit advocacy of economic instruments for sustainable industrial development. In addition, the OECD report noted a number of other conferences and declarations that emphasized the usefulness of economic instruments. They included the Lankawi Declaration on Environment of the Commonwealth Heads of Government (Kuala Lumpur, Oct.

1989), the Bergen Ministerial Declaration on Sustainable Development in the ECE Region (May 1990), the Conference on Environment and Development in Asia and the Pacific (Bangkok, Oct. 1990), the Ministerial Declaration of the Second World Climate Conference (Geneva, Nov. 1990), and the Second World Industry Conference on Environmental Management (Rotterdam, April 1991) (OECD 1994a:13).

As will be shown below, UNCED further cemented this interpretation and the OECD continues to use the Rio Declaration (especially Principle 16) and Agenda 21 chapter 8 as the source of legitimacy for the pursuit of such policies. The OECD report itself went even further than simply endorsing economic instruments, which might include any instrument that affects estimates of the costs and benefits of alternative actions open to economic agents. It favored instruments more consistent with liberal market principles. So, for example, it did not include subsidies in the study since they contravene the Polluter Pays Principle.

Finally, the OECD report argued, dubiously, that the anarchical nature of the international system makes the case for market-based instruments at this level even stronger.⁹ In other words, the lack of a world government or strong set of regulatory institutions makes market incentives and instruments more likely to succeed than those that require strict standards and enforcement. Economic instruments may “succeed” not because they necessarily better produce compliance, the report argues, but because they are more likely to even out costs and benefits and provide economic incentives for reluctant parties. Thus the argument for economic instruments was made as much on the basis of efficiency as effectiveness. The report then endorsed international instruments such as emission or energy use charges or taxes, internationally tradeable emission permits, and “joint implementation” programs (OECD 1994a:147–151). The latter refer to a state or company co-financing a project in another state to reduce pollution, then receiving credit for such reductions as part of its own obligations to reduce pollution. As will be shown below, this idea has taken hold in international action on climate change.

The legitimation of these new norms soon became evident in attempts at policy coordination among the Group of Seven (G-7) industrial nations.¹⁰ Although the G-7 at first showed a willingness to accept the Keynesian-style compromise of Brundtland, later it too moved toward a position consistent with MacNeill, Winsemius, and Yakushiji (1991) and the OECD. Interestingly, prior to Brundtland, the G-7 took a position virtually identical to that outlined in the OECD Environment and Economics conference noted earlier. In the Economic Declaration at the 1985 Bonn Sum-

mit, G-7 countries agreed that, "We shall harness both the mechanisms of governmental vigilance and the disciplines of the market to solve environmental problems. We shall develop and apply the "polluter pays" principle more widely" ("Bonn Economic Declaration" in Hajnal 1989:293). Later, it went further in support of the more interventionist style of Brundtland, marking at least a formal shift in policy. That shift appeared in 1988 when the G-7 for the first time endorsed the concept of sustainable development at the Toronto summit ("Toronto Economic Summit Declaration: Environment," in Hajnal 1989:372).

It took until 1989 for an interpretation of sustainable development to appear as well as a coordinated response to it. The Paris Economic Declaration appeared to endorse many of Brundtland's proposals and included language that mirrored that in *Our Common Future*. For example, the G-7 declaration used the language of "common goals" to preserve "a healthy and balanced environment in order to meet shared economic and social objectives and to carry out obligations to future generations" ("Paris Economic Declaration," in Hajnal 1989:400). It also voiced a number of the norms mentioned above. For example, it contained statements on the compatibility of economic growth and the environment, the mix of market and regulatory actions, and, significantly for a comparison with later policy, a cautious endorsement of the use of "aid mechanisms and specific transfer of technology" to "help developing countries deal with past damage and to encourage them to take environmentally desirable action" ("Paris Economic Declaration," in Hajnal 1989:401). However, the trend toward integration of environment and economics along liberal market lines was also present. For example, the declaration called for the OECD and United Nations and affiliate organizations to develop techniques to further the use of economic instruments for environmental protection.

By 1990, summit statements had moved toward a stronger support of market mechanisms and away from international aid and domestic regulatory approaches. While environmental problems such as ozone depletion, deforestation, climate change, and marine pollution were recognized, the G-7 argued in Houston that the key to a healthier environment was the recognition that, "strong, growing, market-oriented economies provide the best means for successful environmental protection" ("Houston Economic Declaration," in Hajnal 1991:21). The Houston Declaration did not ignore aid and technology transfer completely, but it gave special emphasis to the OECD's work on environment and economics. It also singled out "market-oriented approaches" as an important area for research on how best to achieve environmental objectives.

Many individual countries have also either sponsored their own programs to formulate international strategies and/or domestic policies that fit with liberal environmentalism or have responded positively to policy proposals along those lines. Two prominent examples are the United States and the United Kingdom. As has been noted, the U.S. administration under Ronald Reagan appeared to see little or no contradiction between environmental protection and the free market. Although actual implementation of such policies was slow (it was not until the Bush administration that serious policy attention turned to market-based incentives for environmental protection), in principle Reagan furthered a trend begun in previous administrations to look for economic incentives and use cost-benefit analysis as guiding principles. The most prominent of such measures came in the Clean Air Act and subsequent refinements in the 1970s, which pioneered the application of air pollution permits to control emissions from U.S. industry. The new Clean Air Act of 1990 expanded this system to include, for example, a permit system for sulfur dioxide emissions that contribute to acid rain.

The impetus for the latter reforms came largely from the "Project 88: Harnessing Market Forces to Protect our Environment" initiative of Senators Timothy Wirth (Democrat) of Colorado and John Heinz (Republican) of Pennsylvania, a project headed by Harvard economist Robert Stavins. The project, which was influenced also by work from the Environmental Defense Fund, argued that market-based incentives provided a cheaper, less intrusive alternative to command-and-control regulation for environmental protection.¹¹ It was presented at the 1988 Republican Convention in New Orleans, and influenced policy during the Bush presidency.

The people behind Project 88 had strong ties to the Bill Clinton White House. For example, Stavins participated in work for the Progressive Policy Institute (PPI) think tank, a project of the Democratic Leadership Council. Clinton helped to create the Council and headed it from March 1990 to August 1991. The environmental section of PPI's major policy document, *Mandate for Change*, emphasized "free market" ideology, and Stavins detailed there, and elsewhere, specific proposals that all fall under the general rubric of the Polluter Pays Principle (Stavins and Grumbly 1993; Stavins and Whitehead 1992; Hahn and Stavins 1992). Specific proposals from PPI included pollution charges, deposit-refund systems, and tradeable pollution permits. Subsequent reforms within the Environmental Protection Agency, the general policy direction of the Clinton administration, and the public position of Clinton's Vice President Al Gore all suggest these trends became well-entrenched during the Clinton presidency.¹² In addition,

Clinton's appointment in his first term of Wirth to the newly created position of Under Secretary of State for Global Affairs, responsible for international environmental issues, signaled a continuation of strong U.S. support for market-mechanisms in international governance. Wirth, for example, in a second Project 88 report, argued for a tradeable pollution permit system to combat global warming and pushed U.S. policy in this direction (*Project 88—Round II* 1991; author's interview with Wirth).

Similarly, in the United Kingdom, the work of economist David Pearce and his colleagues on market-based mechanisms to promote sustainable development received wide attention (Thomas 1992:73–78). Then Prime Minister Margaret Thatcher's environment minister Chris Patten championed Pearce's ideas and in 1989 Pearce et al. published *Blueprint for a Green Economy*, commissioned by the UK Department of the Environment, which endorsed market-based instruments over traditional standard setting. The arguments used in the study to support his position include the following: such instruments keep down the cost of compliance because the market ensures that those most able to afford to act do so; they act as an irritant to polluters who thus avoid them by creating cleaner technology; and they encourage consumers to choose cleaner products by raising the cost of polluting products.

Pearce remained an influential figure and has published a number of studies that extend his argument from a single economy to the world economy and the developing world in particular. He has argued, for example, that his approach is even more important in the international context because of the potentially huge cost of protecting the global commons (Pearce 1991; Pearce and Warford 1993). Internationally, Pearce and his colleagues' influence can be seen in his reports for institutions such as the World Bank and for the Intergovernmental Panel on Climate Change, the scientific body on which the Framework Convention on Climate Change relies for scientific and policy research (OECD 1994b; IPCC 1995). As one of the lead authors of the report from working group three in the IPCC's 1995 report, on the economic and social implications of climate change, Pearce and his colleagues have had a major influence on the shape of the policy debate on climate change, a development discussed in more detail in later chapters.

A basic assumption that the conditions of property rights are at the root of many environmental problems underlies Pearce's writing. For example, he and his co-authors state in an OECD study on project and policy appraisal that environmental problems commonly arise because the following conditions do not prevail: (a) universality—all resources privately

owned and entitlements are completely specified; (b) exclusivity—all benefits and costs of resources accrue to the owner; (c) transferability—owners must be able to transfer property rights to other owners in voluntary exchange; and (d) enforceability—a structure of penalties to keep property from being encroached upon by others.¹³ Meeting such conditions, the authors argue, results in win-win solutions to environmental problems. To ensure that capital stocks do not run down (the core of sustainability for Pearce) economic development is an “enabling” condition, thus the core of sustainable development. Creating and enforcing private property rights and using market-based incentives to protect the environment therefore lie at the heart of any strategy for sustainable development for Pearce.

A wide variety of countries initiated, or lent government support to similar programs during the period between Brundtland and Rio, including Australia, Canada, Poland, (then) Czechoslovakia, the former Soviet Union, Belgium, Italy, and a number of other European countries (*Project 88 — Round II* 1991:2–4; Moffatt 1996). These domestic programs combined with the already mentioned EU trend toward liberal market norms give a strong indication of how sustainable development following Brundtland had been interpreted, at least in the North. In the case of the European Community (and then the EU) UNCED reinforced this commitment, as evidenced in the fifth environmental action programme, which places a heavy emphasis on moving from regulatory measures to, “in particular, the greater use of market forces” (Commission of the European Communities 1993:49). It is not surprising, then, that consensus on the direction of international environmental policy was pulled in a similar direction at UNCED. It not only cemented this interpretation of sustainable development, but also gave it international political legitimacy.

UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT (UNCED)¹⁴

The United Nations Conference on Environment and Development arguably evolved as a natural progression from the Brundtland report and domestic and international reforms that followed it. However, the agreements UNCED produced also reflected an inherently political process that Brundtland had more or less avoided. The nature of United Nations multilateral diplomacy ensured that long unresolved tensions left over from Stockholm would resurface at UNCED, which at times appeared to move

UN diplomacy backward to the North-South stalemate of the 1970s. Not surprisingly, the negotiations exhibited some parallels to the Stockholm conference. For example, delegates from North and South disagreed on the degree to which the North, as historically the site of greater pollution, ought to shoulder a greater financial burden for environmental preservation now. They also disagreed on various topics—for example, the relative weight that should be given to issues such as consumption patterns versus population growth, or the need to undertake a broader set of development reforms before the South could be expected to act on global environmental concerns.

Nonetheless, numerous changes since 1972 made a stalemate unlikely. Although tensions remained, delegates overcame many North-South differences to forge a consensus on a relatively well-specified approach to international environmental governance. I have already detailed some of the more important post-Stockholm changes, such as the increased profile of environmental concerns in the United Nations system and other international fora. Changes in the attitudes and understandings among Southern leaders and within Southern coalitions about global environmental problems also made a repeat of Stockholm unlikely. For example, by 1992 most states in the South saw the environment as an important national and international issue: many had national environmental agencies or ministries;¹⁵ saw a link between poverty and environmental degradation; and accepted studies by UNEP, the World Bank and other governmental and nongovernmental organizations (NGOs) that environmental problems such as deforestation, water pollution, or soil erosion harmed the development process (Williams 1993).

These understandings were not confined to elites. By the early 1990s, non-elite opinion in the South also reflected a high level of concern over local, national, and international environmental conditions. Although time series data for the South are not available, a 1992 survey of 24 countries representative of most regions of the world provides a snapshot of attitudes and opinions. Contrary to conventional wisdom at the time, the survey showed little difference between people in wealthy and poorer countries in their concerns over environmental problems.¹⁶ For example, the percentage of respondents who said the environment was a “very serious” problem in their country was 67 percent in Germany, 42 percent in Japan, and 21 percent in Finland (the highest, middle, and lowest ranked countries in the developed world). Respondents in the South gave the same responses in comparable proportions, with 67 percent ranking the environment a “very serious” problem in South Korea, 56 percent in Chile, and 37

percent in the Philippines (the highest, middle, and lowest ranked in the developing world). Answers to a wide variety of other questions indicate similarly comparable patterns in North and South. The responses suggest that environmental issues had penetrated public concern and were considered major issues relative to other core economic and social concerns such as employment or health care. Furthermore, majorities in most developed *and* developing countries were willing to forego some economic growth in order to decrease environmental degradation. On the latter point, pollsters found only small differences between developed and developing countries as a whole. The concern among non-elites in the South was further evidenced by the large-scale participation of Southern NGOs at the Earth Summit and parallel Global Forum.¹⁷

Although a number of factors likely produced the high levels of public awareness, a series of spectacular international environmental disasters in the 1980s certainly increased public anxiety in the lead-up to UNCED (as they had for Stockholm) and increased pressure for international cooperation and action. The escape of toxic gas at a Union Carbide plant in Bhopal, India (1984), the Chernobyl nuclear accident in the Ukraine (1986), and the Exxon Valdez oil spill (1989) off the coast of Alaska provided vivid examples of how even single environmental disasters could have international repercussions. Big international issues such as ozone depletion had received serious attention by governments, and other global concerns such as tropical deforestation (particularly of rainforests) and biodiversity had also started to gain greater prominence in the public eye. In addition, the hot summer of 1988 in North America galvanized concern over the prospect of climate change and created grassroots momentum that ensured Rio would not just be another UN conference.¹⁸

As for the other half of the UNCED agenda, 20 years after Stockholm the North did not need convincing that development deserved a prominent place at Rio. Since UNCED originated as a Brundtland Commission proposal, development received equal billing on the agenda from the initial UNGA resolution calling for an international conference on environment *and* development. In addition, the links between environment and development were well established within the United Nations system. Existing institutional arrangements to deal with global environmental problems mostly accepted the linkage and, to varying degrees, had incorporated the linkage into their programs. Although some distrust between North and South remained, the changes since Stockholm meant a Founex would not be required: unlike in 1972, the conference secretariat did not need to devote time and energy to convince developing countries to participate or

that the global environment was an issue worthy of an international response. Rather, substantive negotiations focused on the division of responsibilities, rights, and obligations in regard to global environmental action, the means of taking action and type of action required, and the source of financial and technical resources to make action possible.

The larger political context of the Cold War's end also created an opportunity for environment and development issues to get a serious hearing. A new optimism prevailed around the ability of states to cooperate to solve global problems previously unable to compete for attention on the international diplomatic agenda. The combination of environment and development (and perhaps democracy and human rights which Rio addressed only tangentially) epitomized the alternative international agenda so long buried under the preoccupation with superpower conflict. Rio represented not only an airing of those concerns, but a chance to show the new face of multilateral diplomacy and global cooperation. An open, market-friendly international economic system and a peaceful, multilateral political system were to be the cornerstones of the post-Cold War international order.

This context meant the organizers of UNCED saw in it an opportunity to make a fundamental statement on global governance, not just concerning the environment, but on how planetary affairs ought to be managed. Whereas social welfare and human rights summits of the 1990s, important as they were, seemed aimed at promoting fairer governance within states and setting universal standards and programs, the linkage of environment and development—and the concept of sustainable development that promoted that linkage—seemed the most direct challenge to human activity on a global scale and a fine focus for the new global order. It addressed the core challenge to the international political economy as rich or poor, North or South, strong or weak would have to face the same repercussions.

The Earth Summit even put forward a new notion of planetary security. From his opening speech at the first PrepCom, Maurice Strong stated the linkage clearly:

People and nations have always been willing to accord highest priority to meeting threats to their security. In this case the security of our planet and our species is at risk. Surely this must be seen as the ultimate security risk which calls for the ultimate security alliance (quoted in Speth 1990:41).

World leaders, policymakers and academics—including former Soviet leader Mikhail Gorbachev and former U.S. Vice President Al Gore—have

since promoted this broadened notion of security that became popular immediately following the end of the Cold War.¹⁹ These factors combined to elevate UNCED's importance in a way that may seem naively optimistic today, but ensured from the start that the Earth Summit would be much more than an environmental conference like Stockholm.

To say, then, that UNCED resulted merely from a North-South compromise misses this political and economic context. It also misses twenty years of "learning" within international institutions, governments, and societal groups. From these changes in practices and discourses around the environment and development, the final compromises drew their substance, legitimacy, and support. Thus the results of the Earth Summit were both evolutionary and revolutionary: they evolved from ideas most clearly voiced in the Brundtland Commission and were forged by a political process that reproduced that learning process at the level of governmental negotiations. The end point reached, however, appeared revolutionary to the degree that it finally entrenched the shift in norms from a juxtaposition of environmental protection and development to the compromise of liberal environmentalism.

Much has already been written about the Earth Summit from a variety of perspectives.²⁰ Hence I will not try to summarize the proceedings, which involved thousands of official delegates from governments and NGOs, thousands of additional NGOs from a variety of backgrounds at the parallel Global Forum, and a huge and wide-ranging agenda that took shape over two and half years and dozens if not hundreds of official and unofficial gatherings from the time the United Nations called for a conference in 1989. As in the earlier discussion of Stockholm in the previous chapter, below I concentrate closely on the official preparations and negotiations and look mainly at how ideas eventually meshed into the normative framework—the norm-complex—agreed to at Rio. The most attention will be paid to negotiations over the Rio Declaration and Agenda 21, although some reference will be made to other treaty negotiations where delegates hashed out some core issues. Subsequent chapters will examine in more detail the source of ideas that dominated UNCED and why those ideas became institutionalized as norms.

The Conference and Normative Context

The Earth Summit, held June 3–14, 1992, brought together 178 states (more than 100 of those represented by heads of state or government), 1,420 ac-

credited NGOs²¹ at the conference, and another 8,000 NGOs at the Global Forum, held nearby to coincide with the official conference.²² Major conference outcomes included the Rio Declaration on Environment and Development, the detailed 40-chapter action plan of Agenda 21, and the non-binding statement of Forest Principles.²³

Two major environmental treaties were also opened for signature at Rio, but negotiated in separate processes. The Framework Convention on Climate Change (FCCC) was negotiated by an Intergovernmental Negotiating Committee established by a resolution of the UNGA beginning in 1990. The Convention on Biological Diversity was negotiated starting in 1989 by an *ad hoc* working group of experts mandated by UNEP's governing council, although negotiations were open to states not on the governing council. In 1991 the negotiating group was renamed the Intergovernmental Negotiating Committee. UNCED also established a new institution, the UN Commission on Sustainable Development, to oversee the implementation of Agenda 21.

The proposal for a global conference on environment and development came directly from a recommendation by the Brundtland Commission. Thus, the December 22, 1989 General Assembly resolution 44/228 calling for a global conference explicitly linked environment and development under the concept of sustainable development. Not surprisingly, the resolution itself contained some vague wording that stemmed from uneasy compromises between North and South and those conflicts pervaded much of the conference process. For example, countries from the North primarily pushed for a global conference on the environment to coincide with the 20th anniversary of Stockholm, while many countries from the South feared that such a conference would have a strong environmental (Northern) bias and not focus enough on development concerns (Chasek 1994b:46). Nonetheless, a year after the General Assembly first considered the idea, states agreed on resolution 44/228, in effect recognizing that environment and development had become inexorably linked when it came to addressing environmental problems on a global scale. The final wording thus called for a global conference that "should elaborate strategies and measures to halt and reverse the effects of environmental degradation in the context of increased national and international efforts to promote sustainable and environmentally sound development in all countries" (United Nations 1989). In terms of the evolution of environmental governance, the question the conference would answer was what formulation of sustainable development would prevail.

One sign of that direction was the absence in conference outcomes of the qualifier "environmentally sound" that appeared in resolution 44/228.

According to Pallemmaerts (1994:15) the modifier was added in the first place because the remainder of the resolution largely supported the status quo of the international economic system, thus supported economic growth as the major concern. He argues that the drafters of the resolution were not convinced that ecological concerns would automatically be incorporated by the concept of sustainable development unless texts explicitly recognized their importance. Those concerns proved prescient, as UNCED outcomes were more definite on the promotion of a liberal and growth-oriented economic order and less so on ensuring ecological viability. The form of governance that emerged from UNCED emphasized one particular pathway from the concept of "sustainable development" to produce a set of norms that legitimated the compatibility of liberal economics and environmental protection. The formulation in the Brundtland Commission report did not determine this path of governance outright, but its emphasis on growth legitimated the linkage of environmental concern to liberal economics and helped de-legitimate forms of governance that might be seen in opposition to leading economic principles that did encourage growth.

Whereas the post-Cold War political context probably facilitated cooperation generally, the shift in international economic governance toward the liberal orthodoxy of the "Washington Consensus," and its widespread support, influenced the direction that cooperation was likely to take. In contrast to analysts who contend that the market, reinforced by this post-Cold War triumph of liberal market based economics, marks a challenge to environmental governance, I argue that UNCED embraced and even anticipated the new orthodoxy in its formulation of norms of international environmental governance (Haas 1996:43–44).

To take one important example of the normative shift, the decline in legitimacy of the "Common Heritage of Mankind" principle (CHP) can be contrasted to the successful entrenchment of the Polluter Pays Principle (PPP) by UNCED.²⁴ The former proposed that areas not under any state's jurisdiction be subject to common property ownership and shared economic use.²⁵ It originally gained prominence in the negotiations for the 1982 UN Convention on the Law of the Sea (UNCLOS III), but also appeared in slightly altered form in the Outer Space Treaty of 1967 and Moon Treaty of 1979.²⁶ However, by 1992 it had fallen out of favor in international fora that addressed problems of regulating the global commons and environmental issues in general.

As an illustration, a complete search of UNCED documents reveals that CHP did not appear in any of the agreements reached, not even in Agenda

21. The CHP was mentioned briefly in opening or closing statements of only 10 states (of 178 that attended) or international organizations and a handful of regional reports. Of those, only three states (Portugal, Kenya, and Jamaica) mentioned its specific application, referring to the Law of the Sea and Outer Space treaties, while other specific references to it were by developing states who *did not* want it applied to biodiversity.²⁷ In particular, the CHP met a hostile reception by developing countries in negotiations on forestry and biodiversity, especially because they argued it infringed sovereignty (Imber 1994:57–63). This marks a departure from consensus on CHP in the World Conservation Strategy, which states that gene pools “are the common heritage of mankind” (IUCN 1980: section 12.1), and in a major Food and Agricultural Organization (1983) statement on genetic resources (see also Mensah 1994:47). Northern countries distanced themselves from the concept because they associated it with a general program of global economic management and redistribution and in opposition to market-based principles. Significantly a new implementation agreement for UNCLOS, adopted by the UNGA in July 1994 and signed by formerly recalcitrant states including the United States, effectively altered the meaning of CHP so relevant portions of UNCLOS (that is, Part XI on deep sea-bed mining) would conform with market-based principles.²⁸

As a result of this shift, many states at UNCED used the language of areas or issues of “common concern” but refused to invoke CHP. This new language took over from the CHP in major agreements as well. For example, the Convention on Biological Diversity “*affirms*” in the preamble that, “the conservation of biological diversity is a common concern of humankind” while “*reaffirming* that states have sovereign rights over their own biological resources.” Operationally, access to genetic resources under the convention (Article 15) moves away from the common heritage norm found in the earlier FAO (1983) Undertaking on Plant Genetic Resources and entrenches the “sovereign rights of States over their natural resources” and national governments’ legislative “authority to determine access to genetic resources.”

The debate over climate change showed a similar pattern. When governments first raised the issue in the General Assembly in 1988, Malta, which originally proposed CHP in UNCLOS III negotiations more than twenty years earlier, requested the inclusion of an agenda item entitled “Declaration proclaiming climate as part of the common heritage of mankind.” However, support for the concept quickly eroded as it became clear that climate change might actually receive serious international attention. When the General Assembly endorsed the creation of the Intergovernmen-

tal Panel on Climate Change (IPCC) later that year, CHP was out. Instead, the UNGA resolution was amended to refer to climate as the “common concern of mankind,” and CHP never again received serious consideration in relation to climate change (Bodansky 1994:52).

In contrast, PPP, introduced into international discussions at about the same time as CHP, started to gain prominence in the late 1980s after its support in the Brundtland Commission. It can now be found in a wide range of international agreements and programs including Principle 16 of the Rio Declaration, article 130R of the Single European Act, EC/EU programs and legal instruments, and OECD Council Recommendations.²⁹ At least one scholar argues it has the status of a general principle of international law, and most acknowledge that at least among OECD countries and within the EU it is recognized as a customary rule of international law.³⁰ The vast majority of states at UNCED also endorsed PPP both nationally and internationally in their statements and reports, and most of those claimed to have implemented it at the national level to varying degrees (IDRC 1993).

As explained in the previous chapter, the OECD intended PPP not as a rule of liability, but as a means to avoid environmental regulations that might alter the operation of the market and particularly of free trade. It aims to internalize environmental costs to ensure continued economic growth by minimizing trade-offs between economic efficiency and environmental protection. Implementation of PPP demonstrates the trend in international environmental institutions to move toward market-based solutions to environmental problems consistent with the principle. Moreover, the growth-oriented ideology behind the PPP has clearly found its way into a wide range of international statements and agreements and constitutes a dominant meaning of sustainable development.

The Common Heritage principle may not be completely dead,³¹ nor is PPP universally implemented.³² The argument rather highlights CHP’s low level of institutionalization consistent with its original meaning, and the poor prospects for common ownership schemes to form the basis of attempts to manage global environmental problems, in contrast to the much greater legitimacy enjoyed by PPP.

The Negotiations

The negotiating process for Rio had a number of similarities to Stockholm. Most obviously, Maurice Strong was picked again as secretary-general (he

had also been a member of the Brundtland Commission). The literature on UNCED also singles out Tommy T.B. Koh of Singapore, elected chairman of the Preparatory Committee (PrepCom), as a key leader who played an equally important role in moving delegates forward on divisive issues (e.g., Spector et al. 1994). Koh had also worked with Strong in the preparations for Stockholm and had served as president of the UN Conference on the Law of the Sea in 1981 and 1982. The UNCED secretariat and bureau also generally played important leadership roles in the preparation process, as great power leadership (especially from the United States) was lacking, especially in the early going.³³

Also like Stockholm, four PrepComs preceded the conference—one in Kenya (March 1990), two in Geneva (March/April and August/September 1991), and one in New York (March/April 1992). Procedural and organizational wrangling pushed most of the substantive issues to the final PrepCom in New York.³⁴ The pattern of slow progress changed as the conference date approached and the prospect of failure grew. Changes in the selection of delegates reflected the increased political stakes, as technical experts that had dominated earlier meetings were supplemented or replaced by political strategists with experience in multilateral diplomacy.

The character of the New York session differed in process as well. The pace of negotiations picked up with more late-night (and all-night) meetings, closed-door gatherings of small informal contact groups of states, and less formal meetings of working groups and plenaries (which meant far less NGO access). Not all issues could be resolved in the short time period that remained before the conference and a number of the most acrimonious points were left bracketed (that is, with disagreements left in the text that required further negotiation) in the texts sent on to Rio. In addition, a number of specific proposals, such as those related to atmospheric issues and biodiversity, were discussed late or not at all since relevant issues remained unresolved in the parallel negotiations on climate change and biodiversity. Negotiations on financial resources also broke down on the last day of PrepCom IV despite being given the highest priority. Nonetheless, delegates reached agreement on 85 percent of Agenda 21, although the remaining 15 percent contained many of the toughest issues and had to be negotiated during the conference itself.

In negotiations, developing countries initially tried to forge a unified position and negotiate as the traditional G-77 plus China bloc. Some in this group hoped that the environment could be a new bargaining chip to reassert a Third World coalition weakened by the debt-ridden 1980s and the failure of the NIEO (Williams 1993). Apart from seeking specific inter-

ests in texts on sectoral issues (for example, forests, energy, and hazardous waste), the G-77 focused on four main principles:³⁵

1. New and additional development assistance and equal say for developing countries in decision making.
2. Reduction in consumption of natural resources and environmental services in the North to give the South “environmental space” for its development.
3. No restrictions on imports to industrialized countries on environmental grounds.
4. Technology transfer on preferential and concessional terms.

The one big success of this strategy was to entrench the idea of “common but differentiated responsibility” of states to protect the global environment. This principle can be found in the FCCC and the Rio Declaration and its acceptance ensured that some equity considerations would guide international policy. However, the larger hopes of developing countries to secure substantial new financing, or use the environment/development nexus to change international economic norms, were never realized, nor does it appear that many Southern states fought hard to fundamentally change economic norms, as they had in previous global negotiations (Porter and Brown 1991:117). Rather, the general thrust to support a right of development (Principle 3 of the Rio Declaration) and related development norms were generally phrased in such a way as to be compatible with current liberal economic norms, while states agreed on basic environmental concerns embodied in such new norms as the Precautionary Principle (Principle 15 of the Rio Declaration) with relatively little difficulty.³⁶

Furthermore, even the latter norm could be interpreted as fully compatible with liberal environmentalism. The principle essentially argues that in the face of uncertainty, action is still warranted under conditions of high risk of potentially severe environmental damage. It fits the use of market instruments that aim to prevent waste generation at the source by incorporating costs up front rather than by means of end-of-pipe regulation.³⁷

These latter outcomes did not necessarily go against the South’s interests, but reflected a slightly different reality of North-South relations than implied by the apparently unified position found in documents such as the South Centre’s (1991) report on environment and development. For example, the controversy over “additionality” reveals how traditional G-77 goals became conflated with specific objectives in the UNCED negotiations (Jordan 1994a). Developing countries argued that the North, as the historical

site of the majority of global pollution and the source of environmental damage, ought to help pay for the costs of environmental measures taken in developing countries (that the North desired). According to the principle of “additionality,” any such money ought to be new and in addition to monies already committed for North-South aid.

Ozone negotiations set some precedent for the norm since developing countries received a commitment for new and additional monies as part of the 1990 (London) amendments to the Montreal Protocol on Substances that Deplete the Ozone Layer. The parties set up a Multilateral Ozone Fund to assist developing countries, especially India and China, which were holdouts to the initial agreements (Parson and Greene 1995:20). The G-77 wanted similar mechanisms in other major treaties, such as climate change and biodiversity, but achieved only limited success. The language of those agreements (and even the ozone agreement) carefully avoided a commitment to the norm of additionality or the suggestion that additional funds for a particular environmental problem ought to set a precedent for responses to other problems. For example, developed countries did not quantify their commitment to provide additional resources at concessional levels (or grants) to meet the “incremental costs” of developing countries to enable them to comply with the treaties (Jordan 1994a:28). Furthermore, in each case, the GEF now manages the funds, which suggests the underlying conditions for the arrangements are unlikely to stray far from the liberal economic norms supported by the World Bank.

“Additionality” became so controversial not simply because of dwindling aid budgets, but also because many developing countries saw the debate as a way to revive the more radical goals of institutional or economic restructuring reminiscent of the NIEO. Other developing states sought special consideration but did not oppose the normative thrust of Northern proposals. The least developed and/or most debt-ridden countries also showed reluctance to advance a broader normative agenda since they felt more vulnerable than in the 1970s and were weary of antagonizing industrialized countries (Porter and Brown 1996:117). Despite the strongly stated position for additionality by developing countries in negotiations, unremitting opposition voiced most forcefully by the United States prevented the discussion progressing to consider specific commitments or discuss in detail how to gain additional financial resources. It also appeared that some developing countries that saw the larger potential benefits of the conference were not willing to allow negotiations as a whole to breakdown on this issue. Meanwhile, while some developed countries voiced some support for the idea of additionality in principle, others such as Canada and

the United Kingdom, already facing dwindling budgetary resources for ODA, quietly allowed the United States to take a hard-line position with their tacit approval, while staying in the background on this issue or putting a more positive spin on what came out essentially to the same position (Strong 2000:208; Ricupero 1993).

The ambiguity in the nature of the goal of additionality made it more likely that countries such as the United States, which had opposed the notion since Stockholm, would regard proposals as part of a broader agenda for institutional reform. Instead, the United States argued at UNCED's third preparatory meeting that sustainable development could adequately be paid for by utilizing existing resources more efficiently and by drawing on the private sector (Jordan 1994a:19). The efficiency that would be gained by reliance on the private sector, for example, or the Polluter Pays Principle would produce the needed additional resources. In the end, a G-77 proposal at the final PrepCom, put forward by Jamsheed Marker of Pakistan, finessed the issue by accepting an acknowledgement in principle that new and additional money would be forthcoming without insisting on specific commitments or mechanisms (Strong 2000:213). In this watered down form, Brazil's Rubens Ricupero,³⁸ the coordinator of UNCED's contact group on finances, was able, during conference negotiations themselves, to engineer a compromise for the financial chapter (chapter 33) of Agenda 21.³⁹ It acknowledged that Agenda 21 required "new and additional" financing for developing countries to be implemented, but contained no specific commitments to provide it. The norm did not appear at all in the Rio Declaration.

The norm of common but differentiated responsibility avoided the ambiguity or divisions, even if minor, among developing countries that made it easier for resistant developed countries to block consensus on additionality. Whereas the norm of common but differentiated responsibility supported the idea that different levels of environmental protection might be expected of rich and poor, or grace periods might be allowed for costly domestic reforms,⁴⁰ it implied less about changes to governing international institutions or the need to reshape the international political or economic order.

The outcomes of UNCED reflected this more modest goal. For example, money pledged at UNCED would be financed primarily through the GEF, which reflected World Bank policy and norms—although developing countries later gained more say in GEF governance; developing countries achieved no real concessions on technology transfer which remained mainly through commercial means; and OECD countries in their state-

ments and actions often predicated concessional financing (a primary condition for additionality sought by G-77) on market and policy reform (Haas, Levy and Parson 1992; Jordan 1994a:19–20). Even the GEF, which appears now to be a permanent institution, does not solely represent “additional” funds, but often money diverted from other development assistance programs at the discretion of donor countries. Whenever additional finances are mentioned in UNCED documents, such as Agenda 21, the language is vague, avoids specific monetary goals or mechanisms, and does not generally differentiate between resources to be committed for environmental or more traditional development purposes. The compromise wording on development aid states that countries would “reaffirm” their commitment to reach the UN target of 0.7 percent of GDP for official development assistance and augment aid programs to reach that target “as soon as possible.” In general, the downward trend in development financing from North to South that had already begun by 1992 continued rather than being altered by UNCED, with aid levels in the 1990s averaging just under half the 0.7 percent GDP target sought by developing countries (Jordan 1994a:26–27).

So whereas some authors suggest the environment, and UNCED specifically, provided a renewed opportunity for a Third World coalition, the different objectives and concerns of many developing countries, not least of which being the economic and ideological differences between them, prevented any kind of push for a radical normative agenda like the NIEO. Negotiations on a number of specific issues also did not break down along North-South lines. The G-77 provided draft texts for all the UNCED negotiations, but states within the coalition often divided into smaller coalitions on issues of direct interest to them. For example, coalitions formed around states with highly fragile mountain ecosystems and among a group of small low-lying island states likely to be most affected by rising sea levels caused by global warming. The negotiations over climate change in particular caused rifts in the G-77—with small island states and oil producing states taking opposite positions—that continued to grow after UNCED.⁴¹ These specific splits did not generally affect negotiations on basic norms, however (Sjöstedt et al. 1994:17; Williams 1993).

Industrialized countries also split on a number of issues. The United States was the least sympathetic to developing country concerns, particularly if they appeared to threaten U.S. freedom of economic action. As a result, the United States did not play a leadership role, and the Bush administration appeared disengaged until very late in the negotiation. At that point, it used its clout more to block initiatives it disagreed with (such as

targets and timetables on limiting Greenhouse Gas emissions), rather than to propose compromises or push for more far-reaching agreements (Porter and Brown 1996:118; Hajost 1994). The Nordic countries showed greater sympathy to developing country demands and the EU as a whole fell somewhere in between, as did Japan (Porter and Brown 1996:118). Different countries took the lead (or acted as spoilers) on particular policy initiatives, but a specific negotiating strategy in the North was not apparent, perhaps owing to the lack of U.S. leadership and splits within the EU.

In terms of the normative development, the underlying emphasis on market norms, even when combined with developing country demands on issues such as a “right to development,” meant North and South were really not as far apart on core issues as some accounts have argued. For example, Porter and Brown (1996:120) point out that despite some reluctance from both developing and some developed countries, states reached agreement in the negotiations on Agenda 21 to remove or reduce subsidies inconsistent with sustainable development (such as sales of timber from public lands at below costs of production) and to improve price signals through environmental charges or taxes. Similarly, Malaysia, one of the developing countries most opposed to the “eco-imperialism” of the North in forestry negotiations, used among the strongest market-led, right to growth rhetoric (Imber 1994:98). Market-friendly measures were supported in the Rio Declaration and a number of specific proposals in chapter 8 of Agenda 21, on Integrating Environment and Development in Decision-Making. Meanwhile, any move to alter the international liberal economic order (such as support for commodity price agreements) was opposed by the United States and other OECD countries.

The Rio Declaration and Norm-Complex

The Rio Declaration on Environment and Development articulated and legitimated the trend in environmental governance toward liberal environmentalism, and best reflects currently prevailing norms defined as collectively held views of appropriate behavior. Although it only constitutes “soft law” like its predecessor at Stockholm, the Rio Declaration “is the one ‘product’ of UNCED designed precisely to embody rules and principles of a general and universal nature to govern the future conduct and cooperation of States” (Pallemaerts 1994:1). It reflected “to the extent any international instrument can do so—the current consensus of values and priorities in environment and development” (Porras 1994:20).⁴² The other UNCED out-

comes, especially Agenda 21, but also the biodiversity and climate change treaties, reflected the norms in the Declaration.

The Rio Declaration is arguably a more ambiguous document than its Stockholm predecessor and contains obvious political compromises and some vague language. Nonetheless, its preamble and 27 principles demonstrate a much greater synthesis of the environment-development nexus than did the Stockholm Declaration. Those who see it as a step backward from Stockholm most often point to its more anthropocentric focus, its further entrenchment of state sovereignty, and less attention to concrete environmental or conservational concerns. That is all true. But the Declaration is not a failure from the perspective of the synthesis that the organizers of Rio sought or of how environmental governance had in fact evolved. To the contrary, the Declaration provides an accurate “snapshot of history” of what I argue was the emerging normative consensus of liberal environmentalism (K. Thompson 1993:85). As Marc Pallemmaerts put it, within the Rio Declaration, “[T]he liberal economic order . . . acquires for the first time a normative character in an international instrument relating to the environment, as States commit themselves to ‘promote’ this system in order to ‘better address the problems of environmental degradation’” (1996:633–634).⁴³

Negotiations for the Rio Declaration got off to a slow start owing to organizational and procedural wrangling during the first two PrepComs in 1990 and early 1991. The working group that would negotiate the Declaration (Working Group III on legal and institutional issues) was not established until PrepCom II when delegates agreed it would prepare what Maurice Strong initially hoped would be an “Earth Charter.” Reminiscent of his early goals for Stockholm, Strong envisaged an inspirational statement of care for how nations and people ought to treat the Earth and one another. In PrepCom III, however, developing countries made it clear they would not accept a document that seemed destined to focus too heavily on environmental concerns (Grubb et al. 1993:85; Chasek 1994b; Chatterjee and Finger 1994:49). Neither could much support be found for a legal document like the Universal Declaration of Human Rights, the original vision of a statement of principles proposed in the Brundtland report. A group of legal experts commissioned by Brundtland hoped such a declaration might later evolve into protocols with specific rights and obligations (WCED 1987:332). However, the project of codifying international environmental law, started by this renowned group of experts from North and South, never got a serious hearing.⁴⁴ Not surprisingly, then, an early Canadian draft proposal of a legal statement of rights and obligations (reminiscent of

a similar Canadian proposal at Stockholm) garnered little support (Pallemaerts 1996:627–629; Shibata 1994:33–34). As a result of these conflicts, the discussions in Working Group III revolved around what the statement of rights and principles should be called, with G-77 countries insisting the title better reflect development concerns. Eventually, a Malaysian proposal to call the document the Rio Declaration on Environment and Development won out over Strong's Earth Charter.

Negotiations over the substance of the statement of principles (as with nearly all substantive issues) took place almost entirely in PrepCom IV. The working group assigned to the task started the five-week session with a compilation text of more than 136 paragraphs. That got whittled down and massaged into the 27 principles of the Rio Declaration, which emerged from the session as the only unbracketed document sent on to Rio. The debate itself was based largely on a G-77 draft text. PrepCom chair Tommy Koh had to step in a number of times throughout the session to work out compromises between G-77 and other parties, and eventually set up a new drafting committee of eight G-77 and eight OECD delegates two days before the end of the session. Although a number of delegations were unhappy with Koh's methods and various aspects of the final text, he successfully used his negotiating skill and personal and political capital to forge an acceptable normative consensus that synthesized proposals from a variety of draft texts (Chasek 1994b:56).

The stalemate in negotiation came not over how to conceive of the environment/development nexus, but on how rights and obligations ought to be divided between North and South. The South wanted emphasis on state sovereignty and an increased obligation for environmental protection to fall on the North, while the North wanted a more equal burden-sharing closer to the common responsibility approach of the Brundtland Commission. The draft proposal submitted by G-77 articulated their general goals listed above. The most important of the specific norms proposed included state sovereignty, common but differentiated responsibility, a right to development, no use of environmental considerations to justify trade restrictions, and a right to adequate "environmental space" for developing countries to allow as much room to develop as the North had required (South Centre 1991; Porter and Brown 1994:126; Mensah 1994). Put bluntly, environmental space meant space to pollute in order to develop. This norm would have fit with the norm of common but differentiated responsibility in that the North would have been obligated to reduce emissions, change patterns of consumption or production, develop new technologies, and so on, first and to a greater degree than the South. That way,

the South would have an equitable opportunity to pollute as compared to the opportunity the North had historically enjoyed. However, the South eventually dropped this norm as it was the most unacceptable to OECD countries. The other norms listed above did appear in the final draft in one form or another.

The strong position of the South put some countries in the North, particularly the United States, which came into the negotiations with a resistance to any new commitments, on the defensive. The United States, for example, tried to block any wording that implied specific responsibilities. Northern countries also deleted a principle proposed in Koh's compromise draft that identified industrialized countries' consumption patterns as the "main cause" of environmental degradation, and another one that would have entrenched additionality and technology transfer on preferential and concessional terms (Porter and Brown 1994:127). These conflicts related much more to state responsibility than to either development norms themselves or the basic compromise of liberal environmentalism, which placed environmental protection as firmly fitted within a liberal economic system. Thus the contributions from the North that promoted liberal environmentalism easily found acceptance. For example, the parts of the U.S. draft that promoted open and free markets (but that markets should also reflect full economic accounting of environmental costs and benefits) and the Polluter Pays Principle made it into Koh's final synthesis and appeared to cause little disagreement (Grubb et al. 1993:86).

It is arguably significant that the Rio Declaration emerged from the PrepCom in its final form while other documents did not. It demonstrated that a normative consensus was largely present going into the Rio process, although a number of specific formulations had yet to be resolved. Negotiations did not require the same kind of trade-offs among various interested parties that characterized negotiations on a number of specific environment and development problems addressed in Agenda 21, for example. In this sense, UNCED was indeed successful in institutionalizing a legitimate norm-complex—or as others have called it, a regime of sustainable development or new international law of sustainable development (Spector et al. 1994; Sands 1993; Pallemmaerts 1996)—even if some environmentalists were unhappy with the result (see Chatterjee and Finger 1994; Sachs 1993; Pallemmaerts 1994, 1996). While UNCED might be criticized for not producing enough concrete action on particular issues, it did achieve the institutionalization of a particular vision or understanding of how the international community ought to manage or approach global environmental problems and the norms that would guide future action.

The principles themselves are not easily grouped as many combine elements of environment and development. Below I will highlight key principles as they demonstrate changes in norms or entrenchment of norms already present since Stockholm or the Brundtland Commission report. In general, the norm-complex of liberal environmentalism articulated in the Rio Declaration supports sustained economic growth, free trade, privatization of the commons, and the use of market-based instruments as the preferred means of environmental protection.

The Declaration starts with a human-centered vision of the environment, stating in Principle 1 that, "Human beings are at the center of concerns for sustainable development." Human beings should live "in harmony" with nature, but the anthropocentric focus is striking in comparison to earlier global declarations. Although the Stockholm Declaration and 1982 World Charter for Nature viewed human beings as primary, they clearly recognized ecological limits and the inherent value of the natural environment and other species. The Rio Declaration does not delineate the various aspects of the environment that require protection or management as did the first seven principles of the Stockholm Declaration. Rather, the core norms around sovereignty and the importance of human-centered development are dealt with immediately.

Principle 2 on sovereignty reproduces almost verbatim Principle 21 of the Stockholm Declaration, but adds that states have the sovereign right to exploit their own resources "pursuant to their own environmental *and developmental* policies" (emphasis added). Reading the Declaration as a whole makes clear that developmental policies mean liberal economic and growth-oriented policies, and that environmental concerns ought not to limit a state's ability to pursue such policies by, for example, imposing trade restrictions based on environmental concerns. The point is made explicit in Principle 12:

States 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. Trade policy measures for environmental purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. . . .

Clearly free trade and environmental protection are seen as compatible under this formulation. Arguably, free trade and liberal economic policy more generally are viewed as *necessary* for successful environmental pro-

tection. Indeed, Principle 12 reproduces, almost verbatim, sections of GATT article XX (on public health and safety exceptions to general obligations not to raise trade restrictions) that have been used in practice to limit environmental restrictions on trade.

The sovereignty provision mostly articulates what states already recognized as the basis of international environmental law since Stockholm. But Rio helped to further entrench state sovereignty by incorporating the norm in Principle 2 into the other Rio agreements. For example, the debate on forests during the PrepComs became polarized between states, such as the United States and Canada, that argued for a “global responsibility” approach, and Malaysia and India, who argued for “sovereign discretion.” Malaysia, India, and other developing countries feared the former approach would lead to forests being viewed as part of the “Common Heritage” norm, which, as I pointed out earlier, they strongly opposed on the grounds that it would potentially allow Northern states to unduly influence decisions on forests within the jurisdiction of Southern states (Porter and Brown 1996:126). Similarly the climate change treaty incorporates the newer Rio interpretation of state sovereignty, which by emphasizing development as much as environment, further reinforces that development policies ought not to be interfered with on environmental grounds. Thus the preamble to the FCCC recalls the “pertinent provisions” of the Stockholm Declaration rather than identifying Principle 21 directly, and then reproduces verbatim the language of the Rio Declaration’s Principle 2. Biodiversity actually uses the sovereignty language of Stockholm Principle 21, but its substantive provisions reinforce the newer interpretation by not imposing limits on environment or development policies that may affect the environment beyond the limits of national jurisdiction (Pallemmaerts 1994:7).

The other side of sovereignty—state responsibility for activities that cause environmental damage to other states or common areas—is also present. However, only minor progress had occurred prior to Rio on liability for environmental damage in international law, and Rio did little to advance this area of law. Principle 13 merely exhorts states to develop “national” law regarding liability, and limits the development of international law to liability and compensation for “adverse effects of environmental damage caused by activities within their jurisdiction or control,” a narrower formulation than Stockholm’s Principle 22 (Pallemmaerts 1996:639–640; Kiss 1994:60). Similarly, Principle 14 calls on states to “cooperate” to prevent the relocation of “activities or substances that cause severe environmental degradation or are found to be harmful to human health.” It also does not

set up any liability; rather it is a minor acknowledgement of developing country concerns that they not be the recipients of unwanted hazardous waste exports.⁴⁵

Only recently have states shown some willingness to develop specific liability rules in international environmental agreements. Most notably, parties to the 1989 Basel Convention on the Transboundary Movement of Hazardous Waste adopted a Protocol on Liability and Compensation on December 10, 1999, making it the first major multilateral environmental treaty to include a liability and compensation regime. The Protocol refers specifically to Principle 13 in preamble as its normative basis.⁴⁶ Interestingly, even this agreement, which seems to be the exception to the general thrust of liberal environmentalism, was adopted together with a Ministerial Declaration on Environmentally Sound Management that attempted to steer the management of hazardous wastes in ways more consistent with the norm-complex institutionalized at Rio. For example, the Ministerial Declaration reiterates a commitment to the implementation of the Rio Declaration and Agenda 21, and recognizes the need to focus efforts at prevention of waste at source rather than rely on compensation and liability. The emphasis on prevention is more consistent with PPP and cost internalization. Indeed, the declaration explicitly recognizes “the need to develop strategies that will harness market forces to promote waste minimization and environmentally sound management.” In order to achieve sound management, the parties decided to support a program that promoted “financial and other economic instruments or concepts, with a view to identifying sustainable and self-sufficient solutions for the minimization and environmentally sound and efficient management of hazardous and other wastes subject to the Basel Convention.” Management norms consistent with liberal environmentalism have thus informed the evolution of the Convention since Rio.⁴⁷

One advance on state responsibility from Stockholm was that Principle 18 obligates states to notify others of natural disasters or other emergencies “likely to produce sudden harmful effects on the environment of those states.” Likewise, Principle 19 obligates states to give advance notification about activities that are likely to cause environmental damage in other states, and to consult with those states. These principles have been entrenched in a number of other treaties and declarations since 1972 when states could not agree on the norm (Kiss 1994:59–60).

A number of the principles articulate norms that I have grouped under the heading of the political economy of environment and development. Principle 3 proposes the controversial “right of development,” which had

been strongly opposed by the United States during negotiations.⁴⁸ Like the term sustainable development itself, the Declaration never defines development. Yet, significantly, the “right to development” appears before any mention of “sustainable development.” In other words, traditional development goals should not be inhibited by “sustainable development,” if defined any differently than development in its classical sense (Pallemmaerts 1996:632). In line with the general thrust of the Rio agreements, the WCED, and other development norms, development in this context appears to mean mainly the promotion of economic growth.

Principle 4 articulates the most general statement of how environment and development are to be linked. It states: “In order to achieve sustainable development, environmental protection shall constitute an integral part of the development process and cannot be considered in isolation from it.” The two-way relationship implies both the need for policies such as environmental assessments (Principle 17)⁴⁹ and that environmental concerns ought to fit into overall strategies for development. The precise way in which environmental policies ought to be integrated into economic policy must be interpreted through other parts of the Declaration and other legal instruments and policies. The EC/EU was and remains the most advanced jurisdiction in integrating environment and economics, thus practice there is one indication of the implications of this norm. As argued above, EU policy has generally moved in the direction of supporting norms consistent with fitting environmental protection into a liberal economic system that promotes growth (Sands 1994:xlvi–xlvii).

The promotion of an open (liberal) international trading system in Principle 12 has already been mentioned. Notably, it removes the linkage, present in both Stockholm and in the WCED report, with goals of the NIEO to restructure the international economic system. It also equates sustainable development with economic growth when it states that an open international economic system “would lead to economic growth and sustainable development in all countries” and would therefore “better address the problems of environmental degradation” than, presumably, a less open international economic system. This goes much further than the Brundtland Commission, which, although it supported economic growth, especially in developing countries, saw environmental protection as a necessary condition of sustainable development. Nonetheless, the Rio Declaration is not as large a step from Brundtland as some analysts suggest. It merely legitimated one particular interpretation or pathway in the operationalization of sustainable development already discernable in the language WCED used. Pallemmaerts (1996:633) is correct

that the Rio Declaration “confers on economic growth a new ecological legitimacy” but overstates the case that such legitimacy was not already implied in the WCED report.

The one norm that implies that any obligations toward the environment might operate in anything but a liberal market context is Principle 7, which recognizes the “common but differentiated responsibility” of developed and developing states toward the pursuit of sustainable development. While it does not contradict liberal environmentalism, it does harken back to NIEO goals of differential obligations of the North and South and hence some possible interference in what might be the most economically efficient means of dealing with global environmental problems. This principle can also be found in articles 3(1) and 4(1) of the FCCC and is a fundamental element of the implementation of the treaty, which creates different obligations for developed and developing states.

The main operative provisions of the FCCC deserve mention in this regard since the operationalization of “common but differentiated responsibility” still appears to fit with using or creating markets and liberal economic norms more generally. Article 4(2)(a and b) spell out commitments. In line with common but differentiated responsibilities, Article 4(2)(a) obligates developed states to “tak[e] the lead” in modifying their greenhouse gas emissions, but to do so while recognizing, *inter alia*, “the need to maintain strong and sustainable economic growth.” It further states that, “Parties may implement such policies and measures jointly with other Parties.” This idea of “joint implementation” was shown earlier to fit with the marketization of environmental protection. Hence, even the commitment in article 4(2)(b) by developed countries to “aim” to return to 1990 emission levels of carbon dioxide and other greenhouse gases not controlled by the Montreal Protocol by 2000 can be achieved “individually or jointly.”

In terms of how states should manage national and international environmental problems, Principle 11, in combination with the Precautionary and Polluter Pays Principles (15 and 16), makes clear that any such management must fit into a general program that promotes economic growth and liberal markets. Principle 11, for example, says states “shall enact effective environmental legislation” but that “standards, management objectives and priorities should reflect the environmental and developmental context to which they apply.” Similarly, the PPP, in order to avoid any misunderstanding, must only be applied “without distorting international trade and investment.” That meaning fits precisely with the way the principle developed within the OECD.

The PPP is reinforced by chapter 8 of Agenda 21, on integrating environment and development in decisionmaking. It proposes that a legal framework for sustainable development should “not only [act] through ‘command-and-control’ methods, but also [act] as a normative framework for economic planning and market instruments” (Agenda 21:8.13 in IDRC 1993). Chapter 8 also explicitly promotes more widespread use of market mechanisms and measures aimed to internalize environmental costs, both of which follow from the PPP. Although such measures are to be “complementary” to regulatory approaches, a quarter of chapter 8 is devoted to market instruments and the overall normative thrust is to “include, wherever appropriate, the use of market principles in the framing of economic instruments and policies to pursue sustainable development” (Agenda 21:8.31 [c]). Since 1992, the UN Commission on Sustainable Development has reiterated PPP on several occasions and the discussion earlier has shown that it, and concepts associated with it, form the normative basis of a wide range of environmental policies and programs. Grubb et al. (1993:113) sum up the importance of chapter 8 to future environmental policy as follows:

In setting out the general measures and form of policies which need to be adopted in pursuit of sustainable development, this little-publicized chapter—finalized at PrepCom IV—forms potentially one of the most powerful of all individual chapters in Agenda 21. . . . It reflects a strong move towards consideration of economic instruments for environmental policy, and comes very close to a global endorsement of a “polluter pays principle.”

Similarly, Principle 15 for the first time endorses the Precautionary Principle in a global declaration, although the approach is qualified in two ways. First, it shall be applied “by states according to their capabilities.” Second, a “lack of full scientific certainty shall not be used as a reason for postponing *cost-effective* measures to prevent environmental degradation” (emphasis added). The endorsement of “cost-effective” measures implies that the PPP and precautionary approach should be applied together. The principle did not originate at Rio, but has roots in German environmental thought and had previously appeared in embryonic form in regional documents and declarations prior to Rio, dating back to at least the Ministerial Declaration at the second International North Sea Conference in 1987 (Birnie 1992:88; O’Riordan and Cameron 1994). Since its legitimation at

Rio, however, it has gained some prominence in international law and discourse, appearing in a wide range of conventions including those on climate change and biodiversity, a number of international agreements on fish stocks, the 1996 Protocol to the London Dumping Convention, the Biosafety Protocol of the Convention on Biological Diversity, and in the fifth environmental action programme of the European Union.⁵⁰

Not all norms listed in the Rio Declaration fit neatly into the norm-complex of liberal environmentalism. For example, a number of principles address the need to increase participation in environment and development decision making and access to information (Principle 10) and to encourage participation of various societal groups including women (Principle 20), youth (Principle 21), and indigenous people (Principle 22). These principles are consistent with a wide range of multilateral activities and promotion of these norms in other contexts at the international and domestic levels. These norms are not central to (and do not contradict) the main argument put forward here, but should be acknowledged as potentially important components of the future development of sustainable development thinking.

In addition, purely political principles found their way into the Declaration, such as the nod to the plight of the Palestinians in Principle 23, which called for the protection of the environment for “people under oppression, domination and occupation.” Similarly, the calls for international cooperation (Principle 27), protection of the environment during warfare (Principle 26), and the indivisibility of peace, development and environment (Principle 25) represent general aspirations rather than specific goals.

I describe the resulting norm-complex of liberal environmentalism below to facilitate comparison to the norm-complex from Stockholm. Principles in brackets refer to the Rio Declaration. The summary below is followed by Table 1 on the evolution of norms from 1972–1992.

State Sovereignty and Responsibility

1. The basic principles (2, 13, 14) remain unchanged from Stockholm with two important exceptions. First, the obligation to notify others of potential environmental harm not accepted at Stockholm is entrenched (Principles 18 and 19). Second, added to a state’s right to exploit its own resources pursuant to environmental policies is to do so pursuant to development policies, which arguably upsets the balance

struck at Stockholm between sovereign rights to exploit resources and environmental protection (Pallemmaerts 1994:5).

Political Economy of Environment and Development

2. The new equity principle of “common but differentiated responsibilities” for developing and developed countries replaces Stockholm’s emphasis on the latter and Brundtland’s on the former (Principle 7). Two imperatives follow:
 - a. The right to development is entrenched which is generally consistent with Brundtland’s imperative to revive global growth (Principles 3–5). Growth and development have precedence over environmental protection if the social and economic costs are too high for developing countries (Principle 11).
 - b. “Unsustainable” patterns of production and consumption should be reduced and eliminated (Principle 8).
3. Free trade and liberal markets are supported unequivocally with no reference to interventions such as commodity price stabilization. Free trade and environmental protection are presumed to be compatible (Principle 12).
4. Technology transfer is essentially left to market mechanisms, except for the least developed countries (Principle 9) (see Haas, Levy and Parson 1992:28–32).
5. The same environmental cooperation ethic remains (conserve and enhance resources for present and future generations), but human beings should be at the center of such concerns (Principles 1, 7, and 27).

Environmental Management

6. Although environmental impact assessments are endorsed (Principle 17) the primary management norms are the PPP (Principle 16) and Precautionary Principle (Principle 15). The former promotes a preference for market-based instruments over purely regulatory methods. As argued, the Precautionary Principle is fully compatible with this approach. The theme of cost-effectiveness also runs through the range of UNCED documents and the statement on integrating environment and development in decision making (Agenda 21, chapter 8) supports this trend, suggesting that environmental assessments are to be considered on cost/benefit criteria and with PPP in mind.

TABLE 1 The Evolution of International Environmental Norms: 1972–1992

	STOCKHOLM 1972	WCED 1987	UNCED 1992
STATE SOVEREIGNTY AND LIABILITY	1. Sovereignty over resources and environmental protection within state borders. Responsibility for pollution beyond state borders. (Principles 21–23).	1. Unchanged.	1. Unchanged (Principles 2,13, and 14) except: a) advanced notification of potential environmental harm (Principles 18 and 19); b) state right to exploit resources is to be pursuant to <i>development</i> in addition to environment policies.
POLITICAL ECONOMY OF ENVIRONMENT AND DEVELOPMENT	2. Developed and developing countries differ on sources of and solutions to environmental problems. (Principles 11–13).	2. States have the following <i>common</i> responsibilities: a) revive global growth b) participate in shared responses to global environmental problems.	2. Common but differentiated responsibility of developed and developing countries. (Principles 3, 7, and 11). Development takes precedence if costs of environmental protection too high (Principle 11).
	3. Balance free trade with commodity price stability. (Principle 10).	3. Free trade plus an emphasis on global growth balanced with managed interventions and commodity price stability.	3. Free trade and liberal markets. Environment and free markets compatible. (Principle 12).
	4. Environmental protection requires substantial transfers of technology and resources to developing countries. (Principles 9 and 20).	4. Unchanged plus specific proposals such as a tax on use of the global commons.	4. Transfers left primarily to market mechanisms, except for least developed countries.
	5. States should cooperate to conserve and enhance global resource base. (Principles 1–7 and 24).	5. Multilateral cooperation for global economic growth as necessary for other goals.	5. Same as WCED plus human centered development. (Principles 1, 7, and 27).
ENVIRONMENTAL MANAGEMENT	6. Command-and-control methods of regulation favored over market allocation in national and international planning. (Principles 13 and 14).	6. Mix of command-and-control and market mechanisms. Polluter Pays Principle (PPP) endorsed.	6. Market mechanisms favored. PPP and Precautionary Principle. (Principles 16 and 15).
NORM-COMPLEX	ENVIRONMENTAL PROTECTION	MANAGED SUSTAINABLE GROWTH	LIBERAL ENVIRONMENTALISM

LIBERAL ENVIRONMENTALISM AFTER RIO

The aftermath of Rio was a disappointment for most environmentalists. Whereas the first oil shock, recession, and debt took their toll following Stockholm, this time around a new set of global crises pushed the environment lower on foreign policy agendas. In the wake of the Cold War, the proliferation of civil and ethnic conflict, problems of post-communist transition, and financial crises in Mexico and later Asia diverted the resources and commitment needed to follow through on promises made in 1992. In this section I show that, despite the poor record of environmental achievements following Rio, liberal environmentalism remained the dominant governing norm-complex for global environmental concerns, and its institutionalization actually increased.

The main question I address is whether or not practices and actions actually taken reinforced liberal environmentalism. I find that most did, with a few qualifications. For example, actual practices sometimes fit with alternative norms as much as with liberal environmentalism, and lip service did not always translate into action on the ground. In addition, negotiations since Rio on a number of environmental issues revealed that some European states remained uncomfortable with policies that seemed to place too much faith in the compatibility of the market and environmental protection. Meanwhile, developing countries continued to pursue traditional goals of technology transfer, aid, and differential obligations alongside of support for elements of liberal environmentalism. Despite these areas of contestation, however, liberal environmentalism continues to prevail as the dominant norm-complex because few states show a willingness to reopen the normative consensus agreed to at Rio, and these norms continue to guide specific policies, research, and action.

Below, I focus on two major events chosen because they epitomize the normative direction of environmental governance since Rio and because of their importance to global environmental politics more generally. They also reflect policy directions in the most recent wave of international environmental action, and cover issues on which states and international organizations have devoted much high-level attention resources. First, I will discuss the UNGA's June 1997 Special Session to Review Implementation of Agenda 21 (UNGASS) in New York, the political review and assessment five years later of post-Rio achievements and failures. Although much lower-profile than the Earth Summit, it was the first high-level meeting following Rio to cover the entire range of global environment and development issues raised in Agenda 21. Participants included 53 heads of state and gov-

ernment, as well as ministerial and other high-level representation. Second, I will discuss international action to address climate change. Both demonstrate that liberal environmentalism remains a powerful normative underpinning of international environmental governance, even if its success in producing environmental action can be questioned.

The 1997 UN Special Session: The Earth Summit + 5

Two facets of the special session stand out. First, as summed up in one analysis: “The ‘Earth Summit + 5’ proved to be a sobering reminder that little progress has been made over the past five years in implementing key components of Agenda 21 and moving toward sustainable development” (IISD 1997a). Whereas a number of successes could be identified—the creation of more than 100 national sustainable development bodies, the initiation of 1,800 local Agenda 21s worldwide, and the entry into force of several treaties (Brown 1998)—political will and financial commitment since Rio appeared lacking. Second, despite this assessment, the special session reinforced the norms of liberal environmentalism as the appropriate guide to address global environmental concerns. I address each facet in turn.

From the perspective of developing countries, the most glaring lack of commitment since Rio concerned the areas of finance, technology transfer, technical assistance, and capacity-building. Many states singled out the sizeable expansion of private financial flows as the major change in the international political economy since UNCED that could explain these difficulties. Whereas delegates noted that this change produced greater investment in a limited number of developing countries, the debt situation remained a major constraint to achieving sustainable development in many others. Meanwhile, the technology gap between developed countries and, in particular, the least developed countries had widened (IISD 1997a).

The special session also identified lack of progress on a number of specific environmental issues. However, the protection and sustainable use of the world’s forests stands out as an example, especially given the high hopes for a breakthrough on the issue generated prior to the UNGASS. Perhaps apart from desertification, where a convention was successfully negotiated in 1994, the forest issue received the greatest attention of the substantial concerns left unresolved in 1992. Indeed, many expected a concrete agreement on forests to be the showcase achievement of the special

session. That this did not occur, and the reasons for the lack of progress, reveals both the disappointment of UNGASS and the continued effects of liberal environmentalism.

Although a number of initiatives on forests made some headway following 1992,⁵¹ the only one to focus serious attention on renewing attempts to build consensus on a global convention was the establishment of the Intergovernmental Panel on Forests (IPF) in 1995. After two years of intensive intergovernmental discussions sponsored by the UN Commission on Sustainable Development—which were to wrap up in time to forward recommendations to UNGASS—states at the special session decided only to continue the intergovernmental policy dialogue on forests through the *ad hoc* open-ended Intergovernmental Forum on Forests (IFF). Like the IPF, the IFF was directed to “identify the possible elements of work toward consensus on international arrangements and mechanisms, for example, a legally-binding instrument,” and report to the Commission on Sustainable Development at its eighth session in 2000.

No one originally envisaged the IPF as primarily a vehicle to build consensus for a convention. However, momentum grew as its deliberations got underway, perhaps because a convention would have been a tangible outcome from the long, complex process to which states had committed much time and resources. Although discussions advanced on a number of technical issues, divisions present in UNCED negotiations resurfaced immediately at IPF-1 in September 1995.⁵² These tensions revolved essentially around any issue that conflicted with the liberal environmentalism compromise. Most noticeably, the G-77/China bloc resisted any proposal they viewed as potentially leading to the loss of national control of forests or forest products. The issue of sovereignty arose most forcefully in discussions over trade and environment and the related issue of certification and labeling schemes—which promoted sustainability by certifying forest products as meeting agreed to standards. Developing countries strongly opposed any mandatory schemes, viewing them as primarily aimed at tropical forests. With some support from Northern producer countries, developing countries argued that any such scheme must only occur as part of a broader framework that promoted market access and freer trade in forest products, including those from the tropics. Strong opposition also arose over any proposals or discussions around unilateral bans and restrictive measures, with strong support for norms of free trade from most countries in North and South. Underlying all these discussions was the tension between North and South over the inclusion of all forests in discussions rather than targeting tropical forests only.

By IPF-4, when explicit discussions related to a convention finally occurred, the lack of progress led to the disintegration of the pro-convention coalition of states and NGOs. Opposition to a convention arose from an unusual coalition of the United States, Australia, Brazil, some other developing countries, and several environmental groups, including the World-wide Fund for Nature, Greenpeace, and Friends of the Earth.⁵³ Environmental NGOs feared that in the six to ten years it might take to negotiate and ratify a convention, governments would only relax their protection of forests. They argued that the depth of disagreement over the shape of a convention would produce a lowest common denominator agreement, amounting to little more than “a loggers’ charter” that would emphasize only the economic value of timber in commodity markets. Thus their goal of an agreement that linked forests to broader concerns such as biodiversity and climate change appeared out of reach. Environmental groups argued that a better approach would be to build on voluntary initiatives and current agreements, which they believed already provided a legal basis for sustainable forestry and protection.⁵⁴

Not much changed on progress toward increased international cooperation on forests after states failed to reach agreement on even the basis of a convention at UNGASS. After three years of IFF discussions that included a mandate to build consensus toward a legally binding instrument, and despite the IFF-sponsored Canada–Costa Rica initiative that aimed specifically to build consensus on elements of a global forest convention, the IFF was no closer to consensus on a convention than its predecessor when it reported to the Commission on Sustainable Development at its eighth session in April–May 2000. Although progress could be identified on the implementation of some recommended actions from the earlier IPF process, the core issues of disagreement that frustrated agreement at UNCED remained largely unresolved. Notably, decisions on how to proceed on trade- and sovereignty-related issues reinforced liberal environmental norms, which, in this case, militated *against* an agreement that would satisfy environmental concerns of sustainable forest management (SFM). The difficulty of reconciling these values in practice remained a major obstacle to a convention. The IFF simply concluded at its final meeting in February 2000 (IFF-4) that “trade measures intended to promote SFM should not constitute arbitrary or unjustifiable discrimination or a disguised restriction on trade” (IISD 2000b). Voluntary certification and labeling schemes would be considered (discussed further below), but only if they could be shown not to unjustifiably limit market access and that work be done to ensure adequate transparency and nondiscrimination in their design and

operation, thus supporting the overarching goal of trade liberalization and World Trade Organization (WTO) norms. The IFF also reached consensus to support full-cost internalization of forest products and services, reinforcing the polluter or user-pay principle (IISD 2000b).

The end result was a decision by states at the Commission on Sustainable Development to more-or-less institutionalize the IFF. They proposed the creation of a UN Forum on Forests (UNFF) within the UN system that would carry on work to implement existing agreements and initiatives from the IPF/IFF process. It would also address financial resources for implementation, and would again "consider," within five years, based on an agreed to assessment of the arrangement, "recommending parameters of a mandate for developing a legal framework on all types of forests." Such language suggests a less than sanguine prospect for the development of such an instrument any time soon. Finally, again reinforcing key deep norms of liberal environmentalism, states also agreed the UNFF would be intergovernmental, and referred to Agenda 21 and the Rio Declaration for its principled basis (IISD 2000c). The UNFF became a subsidiary body of ECOSOC in October 2000.

The poor prospects for a convention, I would argue, stem from the difficulty of managing a resource such as forests that requires action that conflicts with norms agreed to at Rio. For example, because forests are perceived as a global commons problem, but fall generally within particular states, actions required appear to threaten sovereignty over resources, free trade, and other norms of liberal environmentalism. Thus, building a legitimate basis for action within the current norm-complex has proven difficult. Still, no alternative has been put forward.

This observation points to the second facet of UNGASS: that despite the lack of progress on a number of issues, the special session reinforced the normative consensus institutionalized at Rio. The Programme for Further Implementation of Agenda 21 negotiated at UNGASS reaffirms states' commitment to Agenda 21 and all the principles in the Rio Declaration on Environment and Development (UNGA 1997; ENS 1997). Delegates attributed blame for lack of action not to flaws in Agenda 21 or guiding norms, but to external events that put new pressures on states and resources that otherwise might have been devoted to fulfilling Rio's promises. Although many delegates lamented this state of affairs, they did not fundamentally challenge the view that the Rio norms could marshal such forces if only enough political will could be generated.

For example, many states noted that the major increase in the globalization of economic activity decreased the significance of traditional

means of promoting development, such as Official Development Assistance, which had declined since 1992. At the same time, the UNGASS program of action noted the opportunities that private investment can provide if it could be channeled toward the goals laid out in Agenda 21 (UNGA 1997). While the program of action recognized that implementing policies in areas such as trade and the environment, corporate responsibility, and incentives for environmentally-friendly investment faced a variety of hurdles, it also affirmed that the norms institutionalized at Rio fit with this new reality.

Take the case of the Polluter Pays Principle. It continues to be seen by industrial countries as an important component in attempts to link free trade and environmental concerns and UNGASS negotiations reinforced its primary implication of eliminating subsidies and internalizing environmental costs. For example, the Programme of Further Implementation includes internalizing environmental costs and reducing or eliminating subsidies as primary means both of addressing unsustainable production and consumption patterns and of implementation of Agenda 21 as a whole.⁵⁵ In addition, it identifies the reduction or reformulation of subsidies as a primary means of implementing recommendations on a number of specific issues ranging from fisheries management to energy production and consumption.

Whereas most states fought against reopening discussions on guiding norms, practical issues of implementation both inside and outside of UNGASS have and continue to foster debates, which may make putting the norms into practice difficult. Contestation continues to occur particularly over the meanings of norms. Staying with the example of polluter pays, some developing countries continue to stress PPP's implications for equity and liability. They interpret PPP to require developed countries to shoulder greater responsibility, and costs, for environmental action given their greater historical contribution to environmental degradation. Some states have used this argument in climate change negotiations, for example. This formulation links PPP to the norm of "common but differentiated responsibility" of developed and developing countries to protect the global environment. A second challenge comes from PPP's interpretation as a liability norm that would require compensation for accidental or "residual" pollution (Pearson 1994). Nonetheless, while these interpretations may pose difficulties for its implementation in specific agreements, such as the GATT/WTO, they have not undermined the broad legitimacy of the principle—or a norm with similar propositional content—as a basis for linking trade, economic activity, and environmental concern.

Similarly, discussions on trade and environment, while far from resolving a variety of outstanding debates, rarely stray from liberal environmental norms. Perhaps unsurprisingly, research and discussions within both the OECD and WTO, which dominate international attempts to address the issue, reinforce liberal environmentalism even though their studies tend to admit that actual trade practices do not live up to the ideal. Reports by the OECD Joint Session of Trade and Environment Experts (May 1995) and the Committee on Trade and the Environment to the WTO (November 1996) reached similar conclusions that, “in general terms, trade liberalization will have a positive impact on the environment by improving the efficient allocation of resources, promoting economic growth, and increasing general welfare, provided effective environmental policies are implemented.”⁵⁶ Both reports also refer explicitly to Rio Declaration Principle 12—on the compatibility of free trade and environmental protection and against unilateral environmental measures—as legitimating this position. The WTO report does suggest some room for measures aimed specifically at products covered by multilateral environmental treaties. In contrast, the OECD report comes out strongly against any trade measures, arguing they “are very rarely the primary or first best instrument for achieving environmental objectives” (quoted in Reiterer 1997:74).

The most likely way around such rules is through measures that address Processing and Production Methods (PPMs), which can potentially operate within free trade systems, but which remain controversial and are mentioned but not explicitly covered under the Technical Barriers to Trade (TBT) Agreement of the WTO.⁵⁷ The recent cautious support of voluntary certification and labeling schemes in various fora as a means to promote sustainable management of forests offers a good example of how PPMs might work in practice. (Eco-labelling is allowed under certain circumstances and covered under the TBT Agreement, but the rules still require further clarification and are subject to ongoing discussions in the WTO Committee on Trade and Environment [CTE]).⁵⁸ The Forest Stewardship Council (FSC) sponsors one of the best-known voluntary certification and labeling programs in the forestry issue area. Spearheaded by the Worldwide Fund for Nature (WWF), FSC accredits organizations (certifiers) who must perform evaluations to see if a company’s forest operation matches ten established principles and criteria for “well-managed” forests. More specific regional standards are then developed based on these broader principles. By 1998, FSC had accredited certification companies based in the United Kingdom, the Netherlands and the United States. In addition, WWF has successfully organized the creation of buyer groups for

certified wood products in the UK, Holland, Belgium, Austria, and the United States (Hansen 1998).

Recent attention to certification and labeling schemes can be understood in the context of their fit with liberal environmentalism, as they aim essentially to internalize environmental costs by including them in the cost of products certified. Since consumers, if educated by the eco-labeling processes, would presumably favor such products, the market would provide economic incentives to live up to the labeling criteria. The market for forest products would then operate with the "right" prices. A number of problems have yet to be resolved with certification, and certified forests still reflect a very small percentage of the world's total. Yet, the attempt to do an end-run around sovereignty and to avoid restrictive trade measures by going directly to the marketplace provides a good example of the direction liberal environmentalism is likely to push, given the way this norm-complex appears to constrain state action on this issue.⁵⁹ It remains to be seen whether such schemes that operate with the market can sufficiently achieve sustainability or other environmental values, including linkages to broader ecosystem concerns such as biodiversity. Moreover, since achieving these broader goals may move further into the area of non-product-related production and processing methods, they may be more difficult to achieve under current WTO rules, even if they are fully consistent with cost internalization.

The rise in what Jennifer Clapp calls the "privatization of global environmental governance" reflects another recent trend in environmental practice that attempts to work within the norms of liberal environmentalism (Clapp 1998). By this she means the growing number of voluntary codes of conduct and private or hybrid (mixes of state and non-state member) standards setting bodies—such as the International Organization for Standardization's ISO 14,000 standards—that address environmental concerns. While NGOs have so far managed to take the lead in the case of forestry, most of the processes are industry-led in an attempt to avoid state-determined environmental regulation. Standards such as those set by the ISO are recognized by the WTO as legitimate public standards. Like certification schemes, such processes can effectively work within liberal international norms that call for a reduced role for the state (Clapp 1998:298).

The wide recognition of such standards by firms, states, and international organizations suggests institutionalization of liberal environmentalism continues to increase. Such private authorities also reveal an important contradiction in the liberal environmentalism compromise at Rio—that sovereign control over environmental policies might not be fully compati-

ble with liberal norms. Thus, the proliferation of such authorities has the potential to be a site of contestation. Nonetheless, since such authorities usually avoid any attempt to impose policy directly on states, they can effectively divert pressure from states to implement unpopular policies and pose little threat to sovereign authority in practice.

The Kyoto Protocol

Perhaps no better example of the effects of liberal environmentalism exists than the signing of the 1997 Kyoto Protocol to the Framework Convention on Climate Change (FCCC).⁶⁰ Although the Montreal Protocol on Substances that Deplete the Ozone Layer also permits international trading of CFC quotas,⁶¹ the Kyoto Protocol is the most ambitious attempt to date to implement market and other economic mechanisms at the global level that I have identified as a key component of liberal environmentalism. Given that climate change has generated more high-level political concern than any other global environmental problem, greater devotion of resources toward research, and now promises of action likely to touch on a wide range of economic and environmental activities, the framing of the problem and solutions in liberal environmental terms is particularly significant.

The compromise behind the Protocol links quantitative reductions or limits in greenhouse gases in developed countries⁶² to three main market mechanisms that involve transferring “credits” for emissions to help countries meet their targets: emission trading among developed countries; joint implementation (JI) among developed countries, where emission reductions financed by foreign investments would be credited to the source country; and a Clean Development Mechanism (CDM) to finance projects in developing countries, where the investor, from a developed country, would receive “certified emissions credits” for emission reductions produced by the project in the developing country.⁶³ The Kyoto mechanisms all work on the same basic principle: that assigning property rights to emissions and creating a market that allows them to be transferred will enable emission reductions to be achieved where it is most efficient, or cheapest, to do so. The impact on the atmosphere should be the same regardless of where cuts are made. They can be considered “market” or “incentive-based” mechanisms because they rely on the establishment of a market for emission credits to create price signals, and thus incentives, for buyers, sellers, and investors, as long as abatement costs vary across countries. Although the extent to which the mechanisms can be

used to reach a country's target and technical details of the mechanisms were two of the issues states failed to reach agreement on at the sixth Conference of the Parties (COP-6) in the Hague (November 13–25, 2000),⁶⁴ and countries such as United States will not even consider ratification until these issues are resolved, the basic shape of environmental governance Kyoto endorses is unlikely to change.⁶⁵

Indeed, the United States was largely behind the breakthrough idea to link binding targets to market mechanisms that led developed countries to commit to an average 5.2 percent reduction in GHG emissions from 1990 levels by 2008–2012. This position started to unfold in 1996, as indicated by U.S. Under Secretary of State Timothy Wirth's speech to the Second Conference of the Parties in July 1996, where he made the link explicit:

Based on these principles—encompassing environmental protection, realism and achievability, economic prosperity, flexibility, fairness and comprehensiveness—the United States recommends that future negotiations focus on an agreement that sets a realistic, verifiable and binding medium-term emissions target. We believe that the medium-term target must be met through maximum flexibility in the selection of implementation measures, including the use of measures such as reliable activities implemented jointly and trading mechanisms around the world (Wirth 1996 and author's interview).

As noted earlier, the Clinton White House strongly supported research and policies along these lines, and Wirth himself advocated this approach. Despite initial concerns expressed about this linkage from a number of states, the strong U.S. stance and leadership on this issue and the movement of many states to accept the linkage since 1997 makes it likely that the emphasis will continue to be on market-friendly mechanisms and liberal environmentalism as an underlying normative framework for the FCCC. Indeed, a variety of major global corporations and international organizations, including institutions such as UNCTAD where developing country concerns dominate, are vying to position themselves to take advantage of these mechanisms.⁶⁶

Notably, even proponents of carbon “sinks” or sequestration frame them as resting on the same normative logic as the Kyoto mechanisms, that is, on efficiency and cost-effectiveness as important criteria in achieving environmental goals. For many countries, this same logic translates into domestic implementations regimes that emphasize flexibility and incentives rather than regulations. Incentives may range from tax incentives, to

research funding, to government procurement to encourage technological innovation in the energy sector, to formal incentive mechanisms such as internal trading schemes or schemes to give companies credit for early action. In addition, this logic supports voluntary or self-regulatory initiatives among industry, and an overriding sensitivity to the international competitive implications of any domestic implementation policies.

CONCLUSIONS

This chapter and the last have traced through norms of international environmental governance and demonstrated their evolution toward the compromise of liberal environmentalism. The United Nations Conference on Environment and Development legitimated this norm-complex which now dominates practices of many states, international organizations, and cooperative arrangements that govern responses to global environmental problems.

Admittedly, not all analysts examining the content of international governance would have focused on the political economy of environment and development as I have. Others have focused on the push toward local participation in environmental decision making, environmental security, or simply the increased scope of international cooperation and activity around environmental problems that cross borders. Although these and other changes in the nature of environmental governance are important, I have argued that the major thrust of the institutionalization of “sustainable development” has been toward liberal environmentalism and that this set of norms encapsulates the main ideas that UNCED legitimated. To focus on other factors misses the core of the compromise at the heart of the norm-complex institutionalized at Rio.

Furthermore, I have argued that liberal environmentalism marks a significant shift from earlier attempts to address global environmental problems and to link environment and development. The norms and practices that followed from the Stockholm conference tended merely to juxtapose environment and development and often implied a suspicion, if not outright hostility, toward market forces. Solutions to environmental problems were most often framed in terms of the need for regulation and intervention, as were solutions to adapting development strategies to address environmental problems. The Brundtland Commission attempted a new synthesis of environment and development that put economic growth at the

center of strategies for sustainable development. It proposed a mix of market forces, redistributive policies, and environmental interventions to promote growth of a sustainable kind, in what I have called a norm-complex of managed sustainable growth.

The Earth Summit institutionalized one major pathway from Brundtland. It entrenched the idea that market forces can be compatible with environmental protection and that a liberal economic order is best suited to achieving environment and development goals. It showed suspicion toward the types of global management implied by the Brundtland Commission, or by norms such as Common Heritage. Instead, the Earth Summit agreements reflected a faith in the market, or in the increased adaptation of human activity to market norms, as the preferred means to solve environmental problems.

Indeed, one of the major omissions from Agenda 21 was the regulation of multinational corporations, which might have restricted freedom in the global marketplace. That omission occurred in the context of the active participation of multinational corporations in the conference and the close relationship of at least one powerful industry lobby—the Business Council for Sustainable Development (BCSD)—with the conference secretariat.⁶⁷ Industry played a dual role at UNCED, with some groups lobbying hard to prevent any regulation that might threaten their short-term interests, while other groups, including the BCSD, argued that industry could play a positive role via self-regulation.⁶⁸ In the end, industry was enlisted to voluntarily engage in good practices and their freedom of activity was apparently seen as important for the overall goals of the liberal economic order.

Thus the Earth Summit outcomes emphasized norms consistent with free trade, the Polluter Pays Principle, and Precautionary Principle, and promoted market mechanisms to address environmental problems. Furthermore, UNCED reinforced state sovereignty and control over global resources and placed human beings squarely at the center of global environmental governance. The next two chapters offer possible explanations of why the ideas associated with liberal environmentalism prevailed.