During the 1990s, increasing transparency emerged as a key objective of those attempting to design the structures of contemporary global governance, touted as “the solution to everything from international financial crises to arms races to street crime”. A wide array of social forces, non-governmental organisations, state and inter-state agencies have invoked the ideal of transparency in the making of the various structures of global governance. Transparency has featured in competing normative visions of global governance, taking on a range of contested meanings in differing contexts. Inquiry into the drive for increased transparency offers, then, a useful vantage point from which to consider the political processes associated with the making of the structures of contemporary global governance. This paper traces and accounts for the drive for increased transparency as it has been felt in global environmental governance (GEG).

Scholars in International Studies (IS) concerned with GEG cast transparency as a norm that has become significant in transforming state behaviour. Increased transparency with regard to states’ environmental performance assists in the implementation of inter-state environmental treaties. It is the contention of this paper that such a representation of the rise of transparency in GEG is at best narrow and partial and, at worst, misleading. The impact of transparency in GEG is not as clear as the existing research would suggest. Transparency has become significant not simply in terms of implementing inter-state environmental treaties, but is coming to permeate the structure of environmental governance in a broader and more pervasive manner. Transparency tends to prompt a belief in the desirability of a release of information concerning the environmental performance of institutionalised practices across both state and market institutions. Inquiry into this broader drive for transparency serves to illuminate important contested processes of change currently underway in the making of GEG.

The paper is divided into three principal parts. To begin, the vague and elusive meaning of transparency as it has been advanced across the contemporary
structures of global governance is highlighted. It is argued that rather than seeking a universal definition, the meaning that transparency takes on within and across different structures of global governance is itself something to be explained. Existing research in IS that has considered transparency in relation to international environmental regimes is critically evaluated. With particular reference to environmental auditing, the second part of the paper describes the way in which transparency, as an organisational principle of governance that frames the practices of both state and market institutions, is gaining ground. The third part elucidates and reflects upon the dynamics of change in GEG that are suggested by inquiry into the drive for transparency. The broad drive for transparency is associated with changing institutional and intra-institutional dynamics in GEG. Considerable social and political tensions concerning the meaning and purpose of transparency in GEG reflect and contribute to the more extensive contests over the making of the governance structure.

Increasing Transparency in Contemporary Global Governance

The contemporary structures of global governance can be seen as dating from the unravelling of the post-1945 world order that began in the late 1960s. Subsequent attempts to establish new structures of global governance are closely associated with efforts to reproduce the emerging social order and, therefore, intimately bound up with both a reconfiguration of social forces and with the associated ‘third industrial revolution’. The former has been characterised by the collapse of the Fordist compromise between the interests of capital and labour, while the latter is marked by the combination of the informational mode of development and contemporary economic globalisation. As such, the growing prevalence of the term *global governance* in academic circles is a reflection of the attempt to capture the multiple layers of authority and multiple loyalties that are involved in efforts to entrench the emerging global information economy. The making of contemporary global governance does not, however, take place in a simple and functional manner as economic globalisation proceeds. Rather, the making of global governance embodies contests over the array of informal ideas and formal institutions of governance that operate domestically, inter-
nationally and transnationally. Dialectical processes may be at work simultaneously that undermine attempts to establish new structures of governance. As Gill, Falk, Held and others all suggest, limits necessarily remain upon the expansion and intensification of contemporary economic globalisation in the absence of new consensual structures of global governance.

In seeking to explain the drive for increased transparency in contemporary global governance, it is tempting to frame inquiry at the outset with a general definition. Florini, for instance, begins from a definition of transparency as “the opposite of secrecy”. Through inquiry into contemporary global governance structures in security, trade, human rights and the environment, Florini suggests that states, international institutions and corporations are all in the process of becoming less secret and more transparent about their internal practices. Finel and Lord start their inquiry from a similarly broad definition of transparency as “institutional transparency”—that is, “mechanisms that facilitate the release of information about policies, capabilities, and preferences to outside parties”—as it affects state, market and international institutions.

The utility of this existing research lies primarily in its capacity to draw attention to the broad reach of transparency across the contemporary structures of global governance. While the advance of transparency is not inevitable and is far from complete, the drive for transparency is impacting upon states, international institutions and corporations alike. As Florini states:

> Increasingly, in issues ranging from security to commerce to economics, transparency is the preferred means of enforcement. In short, the world is embracing new standards of conduct, enforced not by surveillance and coercion but by wilful disclosure…

However, offering a general definition of transparency as a starting point for inquiry is highly problematic. The meaning of transparency across the structures of contemporary global governance is vague and elusive. For instance, in the course of her inquiry, Florini also defines transparency as “self-disclosure” and “regulation by revelation”. Beginning from a general and universal definition of transparency runs the risk of omitting perhaps the most significant feature of the current drive for transparency. The vague and elusive nature of transparency

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7. Contemporary global governance is understood here as “the sum of the many ways individuals and institutions, public and private, manage their common affairs. 1/4 It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions have either agreed to or perceive to be in their interest”; Commission on Global Governance, Our Global Neighbourhood (Oxford: Oxford University Press, 1995) p. 2. On the contested nature of global governance, see Robert O’Brien, Anne Marie Goetz, Jan Art Scholte and Marc Williams, Contesting Global Governance: Multilateral Economic Institutions and Global Social Movements (Cambridge: Cambridge University Press, 2000), pp. 2–6.


12. Ibid., p. 53.
is itself an important feature of its growing importance. While implying purity and clarity in general terms, the ideal of transparency is being invoked and utilised across a variety of structures of governance whereupon it takes on divergent meanings in different contexts. Defining the meaning and practice of transparency in universal terms at the outset of inquiry is, therefore, potentially limiting. The meaning and practice of transparency within and across different structures of global governance is itself something to be explained, requiring that meanings and practices are related to the prevailing structure of governance. By way of illustration, a brief comparison of recent appeals to the ideal of transparency as they have been felt in the structures of financial and environmental governance is particularly informative.

Transparency in global financial governance

In the wake of the Asian financial crisis, “enhanced transparency” was the first of five key issues for reform identified by G7 finance ministers. Transparency has been invoked in the course of subsequent attempts to design a so-called new global financial architecture. In this case, the meaning of transparency is rooted in a set of beliefs concerning the information needs of financial markets. As the International Monetary Fund (IMF) summarises:

Transparency refers to a process by which information about existing conditions, decisions and actions is made accessible, visible and understandable. Transparency contributes to the efficient allocation of resources by ensuring that market participants have sufficient information to identify risks and distinguish one firm’s, or one country’s circumstances from another’s. Moreover, transparency helps to inform market expectations, thereby helping to stabilise markets during periods of uncertainty and also contributing to the effectiveness of announced policies.

The call for greater transparency across global financial governance combines a desire for the increased disclosure of information and data according to recognised accounting standards and procedures; improved openness of state fiscal and monetary policy-making; and less secrecy concerning the operations of the IMF and World Bank. Underpinning the call for enhanced transparency is the belief, framed by neo-classical economics, that the development and spread of the Asian crisis was rooted in market volatility that itself was a consequence of uncertainties surrounding the availability, reliability, comparability and understanding of market information. In order to prevent a repeat of the Asian crisis, it is deemed necessary that financial practices have to become more transparent to increase the availability of information, thereby enabling rational decision-making in market institutions. In short, enhancing transparency is viewed as

13. G7, Report of the G7 Finance Ministers (G7 Web site, May 1998). The remaining four key areas identified for reform were: assisting state-societies to integrate into the global economy and to benefit from global capital flows; strengthening national financial systems; ensuring that financial institutions take responsibility for their lending decisions; and enhancing the governance role of and co-operation between international institutions.

significant to ironing-out market imperfections arising from inadequate and incomplete financial information.

**Transparency in Global Environmental Governance**

The meaning and practice of transparency as it is being invoked in global financial governance contrasts quite markedly with the way in which transparency has been interpreted by IS scholars as impacting upon GEG. Existing research in IS that has considered the impact of transparency in GEG has tended to cast transparency as a new implementation norm framing state behaviour across a range of international environmental regimes. As such, the significance of transparency for GEG is held to lie exclusively in its capacity to transform state behaviour. State institutions become less secretive and more transparent, thereby encouraging the inter-state co-ordination necessary to implement environmental agreements forged within regimes. For instance, transparency is clearly at the heart of what Victor, Raustiala and Skolnikoff term “systems for implementation review” in international environmental regimes. Similarly, transparency is central to Mitchell’s “compliance information system” that itself forms a key component in the “compliance systems” of international environmental regimes. Transparency becomes regarded, in line with regime theory, as “the availability of regime-relevant information” that “facilitates co-ordinated action by regime supporters, reassures those concerned about being ‘suckered’ for complying, and provides the information necessary for treaty revision”.

The contrast between transparency in financial and environmental governance serves to highlight the divergent meanings of transparency that emerge in different governance contexts. Such a comparison also draws attention to two principal and related shortcomings of the existing research into transparency in GEG. First, while transparency is indeed becoming significant in terms of opening-up the environmental performance of states to outside scrutiny and,

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Therefore, to furthering the implementation of environmental treaties, there is a failure to even question the broader impact of transparency in GEG. In global financial governance, the drive for transparency is effecting the organisation of practices in state, market and international institutions. Such developments have not been considered in relation to GEG.

This first shortcoming arises largely from the dominance of regime theory over approaches to the study of GEG. Regime theory narrows the lens of inquiry into GEG to include the creation and operation of rules as they govern inter-state relations within the explicitly delineated issue area of the environment.\(^{19}\) In contrast, an approach that sets out to understand the impact of transparency in the broader structure of contemporary GEG would also draw attention to other significant dynamics as part and parcel of a more comprehensive account. Alongside states, a wide range of non-state actors, working within and across state boundaries, tend to be significant to the creation and maintenance of the structure of GEG.\(^{20}\) As such, it is clearly appropriate to question the role of non-state actors in advancing transparency within GEG. Alongside its impact upon inter-state environmental relations, the structure of GEG also has a wider reach, impinging, for instance, upon the productive practices of market institutions.\(^{21}\) As such, it may also be appropriate to consider the consequences of the rise of transparency within GEG for the restructuring of practices that are undertaken in all institutions, not simply state institutions.

A second and related shortcoming also permeates the existing literature. The social and political roots of the drive for increased transparency in GEG are largely neglected. Little attempt has been made to place the calls for increased transparency in GEG in the context of a much wider political campaign for greater transparency that has impacted across the structures of global governance. This second shortcoming also results, at least in part, from problems inherent to regime theory and, in particular, to its apparent incapacity to explain adequately changes in norms over time.\(^{22}\) This shortcoming is also a consequence, however, of a significant assumption that has tended to underpin research into GEG. Lipschutz with Mayer summarise this assumption as follows:

\[\text{... what scholars of international environmental policy regard as the } \textit{sine qua non} \text{ of their research: the fact, as it is often put, that environmental degradation respects no borders. This feature automatically thrusts many environmental problems into the international realm where, we are reminded, there is no government and no way to regulate the activities of sovereign states. From this follows the need for international cooperation to internalize transboundary effects, a need that leads logically to the creation of international environmental regimes.}^{23}\]


\(^{21}\) Stokke, \textit{op. cit.}, p. 30.


\(^{23}\) Lipschutz with Mayer, \textit{op. cit.}, p. 250.
This key underlying assumption concerning the automatic logic of the development of GEG thus prompts a research agenda that tends to divorce the environment from the development of the wider structures of global governance that are regarded as subject to alternative logics. As Lipschutz with Mayer illustrate, adopting an approach that rejects this underlying assumption is important to an understanding of contemporary GEG that recognises connections to the wider structures of global governance. The current environmental crisis is necessarily also a social crisis, with considerable consequences for the political processes of GEG in the making. A structure of environmental governance needs to address not only ecological concerns, but also social issues that are inherent in environmental matters. An adequate account of the impact of transparency in GEG, then, cannot be constructed in isolation from an understanding of the wide-reaching drive for transparency felt across the contemporary structures of global governance.

Drawing upon the above, transparency can be seen as a recently emergent “organisational principle” in the making of the structures of contemporary global governance. Organisational principles such as transparency are important in terms of governance in the sense that they constitute shared understandings of behaviour that become inherent in the social practices that they inform. Organisational principles become embedded in social practices—and, therefore, become significant in terms of governance—when they are recognised as legitimate and become institutionalised. The significance of transparency in global governance can be seen, therefore, to hinge upon the extent to which it becomes inherent in practices institutionalised within state, market and international organisations. Institutionalised practices may come to be framed by the legitimate belief that they should be more transparent, but the practice of transparency takes on a range of different meanings within and across the structures of global governance. It thus becomes important to explain contests over the meaning of transparency as intrinsic to an account of the making of a structure of global governance. In terms of GEG, inquiry needs to examine the effect of transparency upon practices in state, market and international institutions. Such inquiry should be informed by an understanding of the broader drive for increased transparency currently underway across the structures of contemporary global governance.

Transparency and Environmental Auditing

In order to illuminate the manner in which transparency is being carried forward in GEG, the focus here is upon environmental auditing. Since the early 1990s and alongside a range of other voluntary instruments including eco-design,
eco-labelling and environmental reporting, environmental auditing has come to occupy a position of growing significance in the structure of GEG.\textsuperscript{27} While all of these new instruments have tended to be applied to productive practices within market institutions, environmental auditing stands out as more generic in application. The ideal of transparency both underpins and is advanced by environmental auditing. Applied to the practices of market institutions, auditing makes information regarding environmental performance publicly available in such a way as to enable market discipline. As Golub asserts for auditing and eco-label schemes,

these instruments generate incentives for pollution reduction by harnessing the market power of ‘green consumerism’. Armed with information which labels and audits provide about the content and manufacturing process of products, and about the internal environmental performance of firms, consumers will be able to express their preference for environmentally friendly behaviour, and firms will be forced to respond accordingly or else lose market share.\textsuperscript{28}

Not dissimilarly, when incorporated into national accounts, auditing provides information necessary for citizens to hold state managers to account for their state-society’s environmental performance.

Environmental auditing combines two main auditable techniques or tools—environmental accounting (EA) and environmental management systems (EMS). EA and EMS are closely related organisational tools that hold out the promise of improving the environmental performance of all institutionalised practices. Both advance transparency with regard to environmental performance. In simple terms, EA provides a tool for the collection and public reporting of information concerning the environmental performance of a set of institutionalised practices. An audited and certified EMS, meanwhile, informs consumers and citizens that an institution has put a monitored procedural technique in place aimed at ensuring improvement in environmental performance.

\textbf{Environmental Accounting}

The key assumption implicit in EA is that institutions should be transparent and publicly accountable for their environmental performance. EA thus forms part of the broader thrust within accountancy for social accountability, that is, the extension of the Generally Accepted Accounting Principles (GAAP) to include the public disclosure of non-financial information. EA has therefore been applied to both market institutions as an addition to standardised financial accounting, and to state institutions as an addition to national income accounting.\textsuperscript{29} As an addition to the financial accounts of a market institution, EA enables the production of public reports detailing environmental costs and liabilities.

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Meanwhile, as an addition to states’ accounting systems, EA can use physical or monetary units to integrate environmental concerns into national accounts. Since 1993, the United Nations Statistics Division’s “London Group on Environmental Accounting” has been working to develop a “System of integrated Environmental and Economic Accounting” (SEEC).  

EA initially emerged as a component of social accounting in the early 1970s. Throughout the 1970s EA and social accountancy tended to remain at the margins of the accountancy profession, their techniques and methods largely under-developed. Where social accountancy did take hold during this period, EA was only a minor concern. For instance, between 1972 and 1978 Ernst & Ernst applied a set of 27 categories of social accounting to some of the Fortune 500 companies for which they acted. Of the 27 categories, only 3 were environmental. The 1980s witnessed considerable academic development in the techniques and methods of EA, and yet the actual implementation of EA remained rare. Considerable contest was generated within the accountancy profession over the possible extension of disclosures to include social and environmental issues traditionally regarded by financial accounting as externalities. Since the early 1990s, however, the major accountancy firms, corporate managers, non-governmental organisations (NGOs) such as the World Wildlife Fund, and international organisations including the OECD have all begun to explore the possibilities of EA.

In terms of contributing towards GEG, certain dynamics are at work, which suggest the current significance of EA is likely to increase. The OECD views EA as one of the key tools for the necessary integration of economic and environmental policy-making. Indeed, the efforts of the United Nations Statistical Division to develop an SEEC are due to culminate in 2000/2001 with the joint publication of a framework document by the UN, OECD, World Bank and Eurostat. Particularly given the complex methodological and measurement problems involved, such co-operative initiatives constitute an attempt to overcome the limited progress to date in macro-level applications of EA. The greatest advance of EA has been as an addition to the financial accounts of market institutions. For manufacturers and banks alike, EA provides both “a reply to green consumerism” and also “a means to reduce costs”. Meanwhile, for the major accountancy institutions that are currently experiencing competitive pressures to branch out beyond their traditional areas of business, EA offers an important new avenue for profit-making.

32. Ibid., p. 488.
33. Ibid., p. 493.
36. Ibid., p. 8.
Perhaps the key issue determining whether the significance of EA in GEG will continue to grow lies, however, in the extent to which EA becomes integrated within attempts to entrench a universal audited GAAP global standard. As the American National Standards Institute (ANSI) notes more broadly,

In a global marketplace, the objective of the standards development process must be a single, internationally recognized, technically valid standard that allows products to be distributed for commerce worldwide without change or modification.\(^\text{38}\)

Attempts led by the International Accounting Standards Committee (IASC), the International Organisation of Securities Commissions (IOSCO) and the US Securities and Exchange Commission to advance global accounting standards have progressed independently of the rise of EA and other aspects of social accounting. For instance, the IOSCO list of 40 core accounting standards applicable to market institutions undertaking cross-border offerings and listings covers purely financial concerns. The International Organisation for Standardisation (ISO) 14000 series dating from mid-1996 does, however, include ISO 14010 which provides “general principles for environmental auditing”.\(^\text{39}\) ISO 14010 gives non-certifiable guidelines for EA that are recognised by all of the national members of the ISO. Some national standards bodies are beginning to put EA in place. For instance, according to the Bank for International Settlements, in the US and Canada “environmental issues have been integrated into generally accepted accounting principles”.\(^\text{40}\) The contribution of EA to the structure of GEG remains, then, emergent and partially developed at the current time.

**Environmental Management Systems**

EMS appeared in the early 1990s as an extension of total quality management (TQM) as applied to the organisation of institutionalised practices. Just as the TQM of the 1980s was concerned with building a customer focus into institutionalised practices, EMS seek to embed an environmental focus into institutionalised practices. As Chatterjee and Finger observe,

> the environmental challenge is not alien but actually reinforces the TQM philosophy, focused as TQM is on the results (outcomes) and the efficiency of the process. Indeed, the natural environment is interpreted within the TQM framework as analogous to the customer: what the low quality product is to the customer, pollution is to the environment, i.e. basically a sign of organisational inefficiencies.\(^\text{41}\)

Institutions establish their own environmental goals. Once implemented, an EMS provides an auditable set of procedural codes of conduct that aims to

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ensure institutionalised practices are guided in such a way that they work toward meeting these goals. Unlike TQM, however, an EMS can be problematic for market institutions as environmental goals may threaten profit margins or the interests of shareholders.

The potential significance of EMS within the structure of governance has been greatly advanced by its position at the heart of the ISO 14000 series. ISO 14001 details “environmental management systems—specification with guidance for use” and ISO 14004 provides “environmental management systems—general guidelines on principles, systems and supporting techniques”. In terms of GEG, ISO 14001 differs from the guidelines provided for EA by ISO 14010 in one crucial respect: ISO 14001 is a standard that is certifiable following an independent audit. ISO 14011 establishes the procedures for the “auditing of environmental management systems” and ISO 14012 the “qualification criteria for auditors”. ISO 14001, therefore, constitutes a globally recognised standard that can be subject to audit by the ISO’s global network of certification bodies.

Since its issuance in September 1996, the ISO 14001 EMS has become increasingly embedded in institutionalised practices. By the end of 1998, 7,900 ISO 14001 certificates had been issued across 72 countries, an increase of 3,450 from the end of 1997. For market institutions in particular, ISO 14001 certification has and continues to offer several benefits. These include probable cost savings through efficiency gains, and an enhanced environmental image in the minds of consumers, suppliers, investors and bankers. In addition, ISO 14001 has been widely adopted by national standards-setting bodies. For instance, in 1997 the US Environmental Protection Agency gave its newly chartered Office of Reinvention the responsibility for supporting and promoting the implementation of ISO 14001 certifiable EMS through a range of pilots and programmes. The OECD is currently exploring the problems and opportunities presented by employing EMS in state and local government institutions. Further, despite the undoubted problems it poses for exporters from societies in underdeveloped states, the WTO has recognised ISO 14000 as the legitimate EMS standard which will contribute towards breaking down environmental barriers to trade.

42. The development of EMS at the global scale through ISO 14001 has been paralleled in Europe by the European Union’s Eco-Management and Audit Scheme (EMAS) regulation (1983 /93). The immediate motivation behind EMAS lay in an awareness that the range of national EMS standards which emerged in the early 1990s in Germany, Denmark, France and the UK were problematic when viewed in terms of attempts to construct the Single Market; A.R. Zito and M. Egan, “Environmental Management Standards, Corporate Strategies and Policy Networks”, Environmental Politics, Vol. 7, No. 3 (1998), p. 108.

43. Clapp, op. cit., p. 299.

44. Certification is specific to the individual sites of institutionalised practice, most commonly an industrial plant. The criteria for the certification of a site include: an environmental policy indicating a commitment to both comply with relevant environmental laws and continually improve environmental performance; the adoption of a management system that ensures that practices conform to the environmental policy; a successful audit to confirm that the management system has been implemented. The certification awarded must be made available to the public upon request.

45. Clapp, op. cit., p. 300.


47. Clapp, op. cit., p. 295.
The Emerging Structure of Global Environmental Governance

Inquiry into the drive for transparency as it is carried forward by environmental auditing illuminates a set of tendencies at work in the making of the structure of GEG. The remainder of the paper will elucidate and reflect upon these tendencies. The tendencies described are not a latent structure of governance that will inevitably emerge in a functional manner. Rather, as they become revealed, the dynamics of the structure of GEG are shown to be subject to political processes that hold the potential to confound, reverse or transform them.

Institutional and Intra-institutional Change

Academic attempts to understand the making of the contemporary structures of global governance largely focus upon the formal institutions of governance. Research is framed by a fiercely debate about the changing position of state institutions within the contemporary structures of governance. It is not surprising, then, that existing work in IS by Clapp that reflects upon the implications of the advance of EA and EMS in GEG focuses upon the formal institutional change that is entailed. For Clapp, EA and EMS are cases that illustrate the “privatisation” of GEG in the sense of a waning of the authority of public institutions. Particular emphasis is placed upon the governance role of the ISO conceptualised as a private-industry-based organisation. Such privatisation would indeed appear representative of a broader set of tendencies. For instance, with reference to Europe, Golub identifies a contemporary shift away from “command and control” environmental governance. In an ideal-typical sense, state institutions occupy a central position in a command and control structure of governance, prescribing universal environmental standards, mandating the methods for meeting those standards, and assuring compliance through monitoring and sanctions. As Clapp stresses, such a shift towards a privatised structure of governance does not necessarily represent a failure in the states’ governance capacity.

Although this sort of argument implies that states have lost some of their ability to govern and that private market-based authorities pose a significant challenge to the state, the relationship between public and private appears to be more complex in many cases. Decreased financial and technical capacity of the state to regulate may be an important factor, but the state may delegate authority to non-state actors, and market-based authorities in particular, not because it is unable to provide the functions that it once held. Rather, it may do so because it actively chooses to, regardless of its capacity to regulate.

49. The ISO casts itself as a non-governmental organisation, but UNCTAD refers to the ISO as a private-industry-based organisation. The ISO has 132 national member institutes. These include, for example, the American National Standards Institute, British Standards Institute, and Association Francaise de Normalisation. Its standards are monitored and certified by 570 certification bodies in 93 countries; Clapp, op. cit., p. 301.
50. Golub, op. cit., p. 4.
51. Clapp, op. cit., p. 298.
States may come to accept, endorse and even promote the environmental governance role of market and civil institutions as part of a shift away from command and control. Simultaneously, expanded inter-state co-operation in environmental governance may actually increase the governance role of state institutions. As Cutler notes more broadly, civil and market institutions have occupied positions in past structures of global governance that are comparable with their current emerging roles and responsibilities. State, civil and market institutions tend to be mutually constitutive in terms of governance.

With particular reference to environmental auditing, a focus for inquiry upon the drive for increased transparency serves to reveal two further and related institutional tendencies in GEG. First, part of institutional change in GEG is a set of intra-institutional dynamics. Like other voluntary instruments, environmental auditing is an intra-institutional self-regulatory response. Supporters of voluntary instruments claim that they lead to efficiency gains and positive incentives that command and control governance lacks. In particular, gains are held to arise from the capacity of voluntary instruments to encourage technological innovation within institutions and address problems arising from differentiated abatement costs and compliance costs. As a consequence of the growing prevalence of voluntary instruments, governance “is increasingly pushed down into organisations and their internal systems of self-assessment and control”. While incorporating market institutions in the main, this intra-institutional shift is also increasingly prevalent in state institutions that are, for instance, adopting an EMS. Although rarely acknowledged, intra-institutional dynamics form an integral part of institutional change in GEG.

Second, as an organisational principle of governance that is growing in significance, transparency itself heralds further changes in the institutional distribution of authority in GEG. EA and EMS are essentially voluntary intra-organisational initiatives. Without some form of monitoring to check the transparent release of information about environmental performance, EA and EMS would only be of value to the institutions that chose to implement them and, therefore, would not form a significant part of the structure of global environmental governance. The drive for increased transparency and the associated efforts to establish auditable standards has effectively, then, granted a governance role to the auditing institutions themselves. Auditing institutions become the guarantors of transparency concerning the environmental performance of state and market institutions.

The environmental governance role of auditors rests not simply upon market

56. More broadly, changes in the internal organisation of state institutions have been identified as one of the key forces affecting the structures of global governance; Hewson and Sinclair, op. cit., p. 17. Such changes are usually captured under the rubric of new public management—i.e. the shift away from bureaucratic professionalism to a new managerialism that regards social and political issues as technical and procedural matters, that is, matters to be managed; cf. V. Desai and R. Imrie, “The New Managerialism in Local Governance: North–South Dimensions”, Third World Quarterly, Vol. 19, No. 4 (1998), pp. 635–650.
competition, but also upon the claims to expertise and competence in the environment that are articulated by auditors themselves.\textsuperscript{58} As such, the role of auditing institutions in GEG would appear representative of a broader set of tendencies across the structures of global governance. Hewson and Sinclair have identified the increasing salience of new forms of “epistemic authority” as a defining feature of contemporary global governance. Epistemic authority is held by “the knowledge brokers or high-level symbolic analysts who direct the emerging global information order … based upon expertise and professional eminence”.\textsuperscript{59} As Power’s notion of “the audit society” suggests, this epistemic authority is enjoyed, in particular, by auditors. Part and parcel of the drive for transparency in GEG is thus a privileged position in the structure for auditing institutions.\textsuperscript{60}

**Legitimate purposes of transparency**

With reference to environmental auditing, the drive for transparency in GEG can be seen, then, to entail significant institutional and intra-institutional change. As the account of EA and EMS above emphasised, a broad range of state, inter-state and societal forces would appear to support the advance of transparency and its attendant institutional changes in global environmental governance. Closer examination of the drive for transparency in global environmental governance reveals, however, that considerable normative differences are present in terms of interpretations of the legitimate purpose that increased transparency should serve in GEG. On the one hand, greater transparency is seen as a key dynamic in the broader move to a more self-regulatory and privatised structure of GEG. On the other hand, greater transparency is also interpreted as a means of ensuring compliance with existing or tightened command and control style environmental governance.

It is held here that such contrasting visions of the legitimate purpose of transparency at once reflect and reinforce two competing “discourse-coalitions” in GEG.\textsuperscript{61} As Lipshutz with Mayer argue, contests over “knowledge claims and problem definition” characterise contemporary GEG.\textsuperscript{62} Each discourse-coalition comprises a loosely defined grouping of state and societal forces that are united by a common normative vision or world-view of environmental governance. Differing interpretations of the legitimate purpose of transparency are articulated by each discourse-coalition. Further, this cleavage between opposing governance discourses in GEG appears representative of a broader set of tendencies present across the contemporary structures of global governance. As both Falk and Murphy assert, two governance discourses—neo-liberal fundamentalism and liberal internationalism—stand in tension in the present conjuncture.\textsuperscript{63} Tensions

\textsuperscript{58} Ibid., p. 123.
\textsuperscript{59} Hewson and Sinclair, \textit{op. cit.}, p. 10.
\textsuperscript{60} Michael Power, \textit{The Audit Society: Rituals of Verification} (Oxford: Oxford University, 1997).
\textsuperscript{62} Lipschutz with Mayer, \textit{op. cit.}, p. 60.
\textsuperscript{63} Falk, \textit{op cit.;} Murphy, \textit{op. cit.} It is not the intention here to imply that liberal internationalism or neo-liberal fundamentalism (as alternative discourses of governance) exist simply in a unified and coherent manner. Rather, both are conceptualised as ideal-types that contain historically specific key features and tendencies.
arise as each discourse seeks to legitimate alternative positions in a structure of governance for institutions and organising principles.

The neo-liberal fundamentalist vision

The neo-liberal fundamentalist discourse of governance is rooted in a belief in the sanctity of the private ownership of property and in the role of the market mechanism as the fairest arbiter in society. Governance is de-politicised, as in popular clarion calls to “take the politics out of . . .” various aspects of social life. As such, “apolitical” market institutions are deemed to be the appropriate institutional loci for governance, while institutionalised practices take on a legitimate form once they are framed by market signals and subject to market-reinforcing self-regulation. Within state institutions, the latter has tended to manifest itself in a shift away from bureaucratic professionalism to a new managerialism. The neo-liberal discourse of governance also legitimates the governance role of particular experts, most notably economists, financiers and accountants, and the various civil and market institutions through which they come together. The governance role of these experts is itself broadly underpinned by the imperial reach of the epistemological and ontological tenets of neo-classical economics into the understanding of many aspects of social life.

In terms of GEG, the neo-liberal fundamentalist vision presents a particular interpretation of the legitimate purpose of transparency. Under neo-classical liberal economics, the environment is represented as an “externality” that private market institutions are not responsible for. Drawing directly on the work of neo-classical scholars concerned with market imperfections, the neo-liberal discourse of environmental governance identifies this representation of the environment as lying at the heart of environmental degradation. However, rather than requiring command and control style regulation, the neo-liberal discourse holds that environmental costs should be “internalised” within market institutions. Once internalised, new technologies can be used to reduce environment impacts and resource use. No fundamental incompatibility exists, then, between the market and the interests of capital on the one side, and the environment and the public interest on the other. The OECD provides a particularly stark Coasian statement of the neo-liberal position:

A major cause of environmental degradation is the presence of external environmental costs and a lack of well-defined property rights. Open

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64. Desai and Imrie, op. cit., pp. 636–639.
66. “The problem of internalizing social and environmental costs has a long history of discussion in economics. There are two main alternative approaches to internalizing external costs, the Pigouvian and the Coasian, after their two champions, A.C. Pigou and R.H. Coase. Pigou advocated the imposition of taxes or subsidies to close the gap between social cost (or benefit) and private cost (or benefit). Coase advocated the definition or redefinition of property rights in such a way that bargaining among private citizens would lead to the incorporation of formerly external costs in decisions”; H. Daly, “Free-Market Environmentalism: Turning a Good Servant into a Bad Master”, Critical Review, Vol. 6, No. 2 (1993), p. 172.
access to many resources, which are regarded as common property by economic agents, means that agents lack incentives to take the full costs of environmental degradation into account. ... Unless prices for raw materials and products properly reflect social and environmental costs and benefits, and unless prices can be assigned to air, water and land resources that presently serve as cost-free receptacles for the waste products of society, resources will be used inefficiently and pollution will increase. Hence, ‘externalities’ need to be internalised either through the price system or by establishing property rights.  

Transparency thus becomes legitimised, a prerequisite that enables institutions to be seen to be internalising environmental costs. EA and EMS act as organisational mechanisms that frame institutionalised practices in a self-regulatory manner, furthering transparency with regard to measuring the extent to which environmental costs are becoming internalised.

The liberal internationalist vision

In the contemporary era, liberal internationalists have drawn upon their more radical Keynesian tradition. The liberal internationalist vision has sought, therefore, to advance “social democracy globalised through the agency of an enlightened, empathetic sector of the leadership cadre”, and appealing to expertise and knowledge represented by “the Enlightenment faith in reason, persuasion, humanistic values, and social learning”. As such, contemporary liberal internationalism legitimates international political institutions, state-based regulatory parameters and institutionalised practices that are consistent with what is often termed “global Keynesianism”. Global Keynesianism seeks to maximise economic development while, at the same time, intervening through state institutions to minimise inequalities within and between state-societies. Largely in the wake of the World Commission on the Environment and Development of 1987 and through the incorporation of the concept of “sustainable development”, the contemporary variant of liberal internationalism has increasingly become fused with ecologism, taking the form of “global ecological Keynesianism”.

In terms of GEG, the liberal internationalist vision presents a particular interpretation of the legitimate purpose of transparency. Liberal internationalism regards environmental protection, like societal protection, as necessarily requir-

68. The roots of the liberal internationalist tradition lie in the work of Smith and Kant, later to be taken up by Bentham and Comte, and more recently by Wilson and Keynes. The main tenants of liberal internationalism have changed with each of its historical manifestations in successive generations of global governance, shaped by the socio-economic and political forces of the associated world order; Murphy, op. cit., pp. 13–26.
ing state-based command and control governance. However, this is accompanied by a practical awareness of the previous failures of command and control, and of the need to marry environmental and social protection with economic growth under the rubric of sustainable development. As such, increased transparency is desirable in terms of monitoring and ensuring compliance with environmental legislation. In terms of inter-state environmental treaties, transparency clearly contributes to treaty enforcement. Meanwhile, within state-societies, the introduction of voluntary tools and instruments that prompt increased transparency becomes as much about addressing state failure as market failure. As the US Environmental Protection Agency summarise,

Governments must retain the primary role in establishing environmental standards and verifying and enforcing compliance with laws and regulations. Strong and effective governmental programs to enforce environmental laws and regulations are essential to ensure the protection of public health and the environment. Voluntary compliance programs and initiatives developed by governments can supplement strong and effective enforcement of environmental laws and regulations, can encourage mutual trust between regulated entities and government, and can facilitate the achievement of common environmental protection goals; ....

Liberal internationalism, then, views the legitimate purpose of transparency as facilitating further the governance role of state institutions. Maximising the potential contribution of transparency under this vision is likely to entail a transformation in the governance responsibility of environmental auditors, such that the principal focus of audit procedures becomes legislative compliance.

Contests and contradictions

In broad terms and rooted in a reconfiguration of state and social forces, the neo-liberal fundamentalist discourse of global governance has gained considerable ground in the contemporary conjuncture. In GEG, similar tendencies appear to be at work producing the institutional changes outlined above. A coalition of global capital and sympathetic state and inter-state agencies are predominant in driving forward changes in GEG which are legitimated by a discourse of neo-liberalism. In particular, the World Business Council for Sustainable Development (WBCSD)—a coalition of around 120 multi-national market institutions which include Mitsubishi Corp, Shell, 3M, du Pont, and the

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74. Murphy, op. cit., p. 37.
Dow Chemical Group—has been at the forefront in representing the interests of globally orientated capital. The WBCSD clearly support the advance of transparency through environmental auditing.\textsuperscript{76} In the run-up to the Rio Earth Summit of 1992, the WBCSD played a key role in articulating EA and EMS as components of the neo-liberal fundamentalist vision of global environmental governance. The WBCSD secured the support of the governments of the advanced industrial state-societies and a range of international organisations including the OECD and the World Bank, thereby pushing the ecological interests of the “green movement” to the margins in the Rio process.\textsuperscript{77} This marked “a crucial moment in environmental and development history”, a reconfiguration of social forces that served to advance neo-liberal GEG.\textsuperscript{78}

With significant support from states and social forces, EA, EMS and the neo-liberal vision of which they are part would appear the most likely basis for continued efforts to create the contemporary structure of GEG. The success of such a neo-liberal strategy appears, however, to be highly doubtful. Previous liberal internationalist structures of global governance have enabled the incorporation of new technologies into an expanding scale of the world economy by addressing the limits imposed on such expansion by social conflicts.\textsuperscript{79} In the contemporary world order, the structure of GEG similarly must confront “ecological limits” if the global informational economy is to become entrenched.\textsuperscript{80} It is the apparent inability of the emerging neo-liberal structure of GEG to recognise ecological limits that casts serious doubts upon its utility.

The ecological limits of the present world order and world economy combine related material and political dynamics. In material terms, the world economy contains an “ecological contradiction” in the sense that, as a consequence of its operations, it consumes and degrades the very resources upon which it draws.\textsuperscript{81} The neo-liberal discourse of global governance places its faith in the capacity of new technologies and the extension of environmental property rights to overcome this material contradiction. EA and EMS are important tools in this regard, furthering the transparency in terms of environmental performance and encouraging the adoption of new technologies that improve environmental performance. Even those who are sympathetic to the neo-liberal discourse doubt its capacity to deliver. As the use of bio-technology illustrates, there is little to suggest that new technologies are being employed to deliver a “green wave” of economic growth. It appears unlikely that private property rights can be extended to include air, the oceans and the ozone layer.\textsuperscript{82} Meanwhile, whether or not enhanced transparency through EA and EMS promotes improvements in envir-


\textsuperscript{77} Chatterjee and Finger, \textit{op. cit.}, pp. 112–113; Kirby, O’Keefe and Timberlake, \textit{op. cit.}, pp. 10–12.

\textsuperscript{78} Chatterjee and Finger, \textit{op. cit.}, p. 2.

\textsuperscript{79} Cf. Murphy, \textit{op. cit.}


onmental performance without recourse to a legislative initiative to tighten environmental regulations remains a highly contentious issue.\textsuperscript{83}

It is somewhat ironic that the neo-liberal discourse of governance seeks to advance further the very commodification of the environment that, as Polanyi highlighted, has done so much to contribute to its destruction.\textsuperscript{84} Attempts to further commodification feed into the political dynamics of the ecological limits in the sense that political resistance is engendered. Clapp's account of the political tensions between the developed and the underdeveloped world arising from the ISO 14001 standard provides an interesting case in point.\textsuperscript{85} Contrary to the neo-liberal discourse of governance, then, the environment is not and cannot be a scientific and technical issue to be managed. Changes in the structures governing the relationship between society and the environment involve not only new techniques to manage the environment, but also shifts in social relations. Embedded social relations work against neo-liberal efforts to commodify the environment further, generating political tensions that serve to question the organisational principles (e.g. transparency) and institutions of governance that are legitimated by neo-liberalism. Such contradictions and tensions in neo-liberal GEG seem likely to ensure that ecological limits will remain upon the expansion and intensification of contemporary economic globalisation into the foreseeable future.

**Conclusions**

It has been the contention of this paper that consideration of the drive for transparency in GEG provides a particularly illuminating vantage point from which to critically reflect upon the political processes associated with the making of GEG. The attention drawn by the existing IS literature to the increasing significance of transparency in GEG has focused somewhat narrowly upon its impact within international environmental regimes. Framed in these terms, inquiry into transparency in GEG serves only to reveal its impact upon the manner in which inter-state environmental treaties are being implemented. In contrast, conceptualised as a recently emergent organisational principle in GEG that is enabled, in particular, by environmental auditing, transparency has been shown here to permeate the structure of GEG in a broader and more pervasive manner.

The significance of transparency in GEG, then, extends beyond the implementation of environmental treaties. The environmental performance of institutionalised practices across both state and market institutions is becoming open to outside scrutiny as part and parcel of the drive for transparency. As carried forward by environmental auditing, the drive for greater transparency is associated with a set of tendencies that are at work in the making of the structure of

\textsuperscript{83} Clapp, op. cit., p. 295.

\textsuperscript{84} On the first page of his critical account of the 19th-century imposition of the self-regulating market, Karl Polanyi claims "a self-adjusting market 1/4 could not exist for any length of time without annihilating the human and natural substance of society; it would have physically destroyed man and destroyed his surroundings into a wilderness"; Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston: Beacon Press, 1944). See also, following Polanyi's insights, Bernard, op. cit., pp. 84–85.

\textsuperscript{85} Clapp, op. cit., pp. 305–311.
GEG. A partial privatisation of GEG is underway, as the institutional loci of governance shifts away from state institutions. Private associations and the auditing institutions that act as guarantors of transparency enjoy greater governance responsibilities, while intra-institutional systems of self-regulation occupy positions of expanded importance in the structure of governance.

Increased transparency in GEG and its attendant institutional dynamics is not, however, unproblematic. While there is widespread support for the advance of transparency, two contending discourse-coalitions of neo-liberal fundamentalism and liberal internationalism are discernible. Each has an alternative vision as to the legitimate purpose of transparency and its relationship to an appropriate structure of GEG. Considerable social and political tensions concerning the purpose of transparency in GEG arise, therefore, reflecting and contributing to more extensive contests over the making of the governance structure. Furthermore, despite the current predominance of the social forces and state agencies of neo-liberal fundamentalism, contradictions appear likely to undercut efforts to entrench a neo-liberal structure of GEG. Neo-liberal fundamentalism misconstrues the environment as a technical issue to be managed. In the absence of a structure of GEG that engenders more sustainable forms of development, limits will necessarily remain on the expansion and intensification of the global information economy.