

Codes of Conduct and Standard Setting in the Forest Sector Constructing Markets for Democracy?

Codes de conduite et normalisation dans le secteur forestier : l'établissement de marchés dans une perspective de démocratie ?

Códigos de conducta y marco estándar en el sector forestal : Construyendo mercados para la democracia ?

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Résumé de l'article

À notre époque de mondialisation, il existe une tendance à croire que les instruments de régulation étatique apparaissent comme des moyens inadéquats pour régler la conduite des entreprises transnationales. De plus en plus, les intellectuels se penchent sur la façon dont les codes de conduite des entreprises peuvent servir de mécanisme de régulation. Cet article analyse des codes de conduite concurrents dans le secteur forestier. Nous décrivons dans le détail un cas d'adoption, de création et de diffusion de codes de conduite concurrents, en retenant des mécanismes de diffusion horizontale, verticale et concurrente de marchandises codifiées. La réflexion se poursuit en se demandant quelles sont les stratégies des systèmes de codes les plus susceptibles de propager des standards élevés à travers les marchés actuels.

Dans cette étude, nous abordons un cas dans lequel la compétition entre deux systèmes d'établissement de normes, un premier tiré de l'industrie et un deuxième d'une organisation non gouvernementale (ONG) représentant des groupes à intérêts diversifiés, est sensée avoir engendré « une course au sommet » dans l'établissement de standards. Le code de conduite et le schéma de monitoring de l'ONG ont connu un succès remarquable en élevant la barre des standards éthiques de production dans l'industrie, c'est-à-dire qu'ils ont mis de l'avant des valeurs démocratiques dans les codes, dans leur participation à la société civile et dans leur degré de transparence. De plus, le succès de ce modèle représentant des intérêts multiples aurait apparemment incité les compétiteurs de l'industrie à accroître la qualité sociale de leurs propres standards et à maintenir une position concurrente sur ces mêmes standards. Au même moment, les codes de l'ONG ont toutefois été gênés par leur inaptitude à fournir aux détaillants une offre suffisante de marchandises à haut standard.

Les données de l'étude de cas laissent croire que, pour étendre l'application de ces codes de façon plus fructueuse, des éléments ou des lieux verticaux et horizontaux de coordination économique sont particulièrement importants. La coordination horizontale, c'est-à-dire la coordination au sein des associations de l'industrie, entre autres efforts, a créé des espaces pour l'ensemble des industries permettant la réalisation de décisions conjointes en vue d'atteindre un nouveau niveau de production et de fournir des mécanismes pour s'occuper des problèmes de tension chez les retardataires. La coordination horizontale, par des associations d'industries, quand elle se produit, permet à des secteurs de cheminer vers des buts de qualité sociale coûteuse en tant que groupe, évitant ainsi la menace des coûts sur le « premier initiateur » et dégageant un espace chez les leaders de l'industrie servant à discipliner les retardataires. Dans le cas d'un régime basé sur l'industrie, les résultats de la coordination horizontale ont apparemment connu une propagation plus rapide, quoiqu'à un niveau de standard plus bas que celui connu par l'ONG à intérêts multiples.

De la même manière, la coordination verticale, telle que celle illustrée par l'étude de cas, prend de l'importance au moment de traiter de la nature de la production confiée de plus en plus en sous-traitance. Au fur et à mesure que la mondialisation s'étend et que l'organisation de l'économie tend à être perçue comme une série de liens de collaboration et de compétition entre des opérations autrement isolées, des liens qui enjambent les frontières nationales et qui évitent les modes plus conventionnels de régulation, l'étude de cas permet de croire que la chaîne de l'offre devient plus importante comme une orientation vers des standards de qualité sociale. Cependant, encore là, le modèle de l'ONG à intérêts multiples dans le secteur de la foresterie a lutté en vue de présenter une offre approuvée contenant assez de liens dans la chaîne de manière à engendrer des marchés fluides pour leurs marchandises à haut standard. L'étude de cas illustre un nombre de tentatives innovatrices de la part de la communauté des ONG en réagissant de façon à mettre en place des stratégies visant à établir des marchés fluides pour des marchandises approuvées. La régulation de ces expériences horizontales, verticales et concurrentielles de diffusion de standards prend de l'importance parce que c'est seulement par l'identification de « moyens efficaces » de propagation des pratiques à haut standard que les codes de conduite pourront fondamentalement transformer la nature de l'organisation contemporaine de l'économie.

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Codes of Conduct and Standard Setting in the Forest Sector

Constructing Markets for Democracy?

CHRISTINE OVERDEVEST

In an age of globalization, there is a growing perception that state regulatory instruments may be an inadequate means of regulating firm conduct. Increasingly, scholars are evaluating how corporate codes of conduct may operate as regulatory mechanisms. This article examines competing codes of conduct in the forest sector. Through a detailed case study of code adoption, innovation, and diffusion in the forest sector, focusing on mechanisms of vertical, horizontal and competitive diffusion, it is found that non-governmental organization (NGO) codes have placed competitive pressure to adopt higher standards on competing schemes. However, NGO schemes have been limited in constructing fluid markets for their own goods. The article examines which strategies for codes regimes are most likely to diffuse high standards throughout contemporary markets.

In an age of economic globalization, there is a growing perception that a truly comprehensive regulatory framework will benefit from regulation of and by non-state actors. In particular, corporate codes of conduct, though controversial, are increasingly viewed as mechanisms for enforcing standards, even as there remains significant contention surrounding issues, such as who should be responsible for drafting, implementing, and monitoring compliance.

Most academic analysis of codes has focused on apparel and footwear. This article examines the forest sector where brand names are only loosely

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associated with final products. For example, most consumers who purchase lumber, veneer, paper boxes, paperboard, news or magazine paper, laser printer paper, cabinets, or furniture, are unaware of the producer's brand name. Nevertheless, codes of conduct and standard setting/certification have become central to production in the forest sector in the last 10 years. This article develops a case study of differing codes and of retailers' experience with codes in the forest sector. I use the case as an opportunity to assess competing codes, focusing on their capacity to engender deliberative standard setting, democratic governance, and capacity for market diffusion.

PERSPECTIVES ON STANDARD SETTING

As the governments of advanced economies across the world take stock of past environmental policies, an image of mixed success emerges. The past 30 years has shown the value of state regulatory bureaucracies in setting environmental standards and enforcement regimes (Hahn, Olmstead and Stavins 2003; Kettl 2002). However, much as in the labour arena, increasingly questions are raised about the equity, efficiency, and democratic character and effectiveness of state standard setting and other forms of standard setting such as unions and collective bargaining (Coglianese and Nash 2001; Fung, O'Rourke and Sabel 2001).

Many critiques of state policy instruments have pointed out that while state-led regulation has been effective at reducing some degradation levels, it has not been considered equitable—providing too much protection in some cases and not regulating enough in others (see Hahn, Olmstead, and Stavins 2003 for a recent review). Others are dissatisfied with the degree of government enforcement and monitoring of policy administration (Beierle and Cayford 2002). As the costs of environmental improvement rise, it is likely that issues regarding these efficiency, distributional, and democratic legitimacy issues will become more acute (Hahn, Olmstead and Stavins 2003). Increasingly, “second-generation” policies have governments looking toward regulatory models which depend on rewarding voluntary, self-regulation. Yet, as in the case of labour or human rights areas, in the environmental arena, these efforts have been controversial at best, with many activists and academics questioning whether voluntary efforts will ever amount to more than public relations campaigns or window dressing (Coglianese and Nash 2001; Kettl 2002).

Codes of conduct are recognized as a new “second generation” or “third way” institutional trend, yet there is substantial concern over whether these forms are merely devolving power away from legitimate actors such as the state and trade unions to decentralized markets actors such as industry, or

unaccountable civil society groups such as non-governmental organizations (NGOs) and their political tactics, including public shaming, protest and standard setting (Compa 2001). Some ask whether these decentralizing strategies for setting standards can be more effective, legitimate or democratic than state regulation or collective bargaining (Compa 2001; Sabel, O'Rourke and Fung 2000).

This article presents a case study of differing codes and of retailers' experience with such schemes in the forest sector. I use the case as an opportunity to assess competing codes, focusing on their capacity to engender deliberative standard setting and democratic governance. However, in order for deliberative standard setting and democratic governance to effect fundamental change in the social organization of production, it is also important for social innovations to diffuse widely in markets. The case illustrates a number of innovative institutional attempts by the NGO community in response to create strategies for constructing more fluid markets in certified goods. I find that NGO strategies for certifying high-standard coded products are valuable in that they promote deliberative and democratic governance, significantly changing the procedural justice by which decisions are made, as well as promoting highly principled substantive norms, but limited in constructing markets for certified goods. Such a market construction refers to the capacity of NGO schemes to create a critical mass of certified supply. I find that in order to diffuse codes more successfully, vertical, horizontal and competitive elements or sites of economic coordination are particularly important. Monitoring these horizontal, vertical and competitive experiments across labour, human rights, and environmental arenas is important because it is only by identifying the *effective means* of diffusing high-standard practices that codes of conduct might fundamentally transform the nature of contemporary economic organization.

CONSTRUCTING SOCIALLY RESPONSIBLE MARKETS

While devising deliberative, effective, and legitimate fora for setting and monitoring labour and environmental standards is important, it is also important for social innovations to diffuse widely in markets in order for them to effect fundamental change in the social organization of production. As such, I argue it is important to view the operation of codes of conduct and standard setting from the perspective of their capacity to make or construct markets in socially responsible goods for at least two reasons.

First, often codes research to date has framed the problem of the social regulation of the firm by taking as its unit of analysis adoption of individual company codes or standards (see for example, Cowton and Thompson 2000). Yet, such selective application of particular codes is likely only

to transform production in a piecemeal fashion, as firms which choose to avoid risks by seeking socially responsible product marketing or have brand names to protect, take up higher standards. This, in turn, suggests that the democratizing potential of standard setting schemes might be quite limited. Second, there are theoretical and empirical *alternatives* to seeing codes as isolated, piecemeal focal points of analysis. These alternatives point to three important mechanisms by which markets may be transformed and codes diffused: horizontal, vertical and competitive diffusion.

Horizontal Diffusion

Some scholars look at the effect of standard setting and diffusion at the level of analysis of industry sector, i.e., they look at the adoption of standards or codes and monitoring regimes horizontally by whole industries, just as and for similar reasons as some union strategists prefer that labour standards be set at the sector level. Rees (1994, 1997) and Gunningham and Rees (1997) note that, theoretically speaking, industry-based schemes might offer significant organizational advantages for increasing the diffusion of coded practice broadly across members of an industry. In such cases, it has been argued that the effects of joint dialogue and peer pressure from *within* the membership of an industry sector can facilitate horizontal pressure on firms in an industry to adopt a standard. By virtue of reputation being shared as a “collective good” among industry members, such schemes are argued to provide communicative environments in which collective actions problems can be overcome (King, Lenox and Barnett 2001; King and Lenox 2001). These fora also afford means for industry leaders to exert leverage on industry laggards, potentially overcoming the ever-present risks of free riders (Gunningham and Rees 1997). Finally, by potentially increasing the information available to outside actors—i.e., increasing the transparency of the industry to outsiders—the industry-wide standard schemes have been argued to increase the public’s leverage in seeking to hold industry accountable (Gunningham and Rees 1997; Keck and Sikkink 1998; Ayers and Braithwaite 1992). Thus, taking an industry-wide unit of analysis addresses some aspects arguably important to constructing markets that might extensively transform production. If whole sectors or industries adopt particular codes schemes, the leveraging, internal and external actor peer pressure, and spreading the risk of first movers may increase the adoption and diffusion of coded goods.

Vertical Diffusion

There are also important forms of coordination that can be applied to encourage *vertical* diffusion between retailers, producers, and suppliers that

can serve as a basis for reorganizing the supply chains, or vertical component of a market (Fung, O'Rourke and Sabel 2001; Gereffi, Lorzeniewicz and Korzeniewicz 1994; Porter 1990). As Porter (1990: 41) writes, a supply chain "is an interdependent system or network of activities, connected by linkages. Linkages occur when the way in which one activity is performed affects... other activities." As Gereffi (1994) suggests, both large retailers (in buyer-driven chains) as well as large transnational corporations (in producer-driven chains) can play central roles in coordinating the forward and backward "linkages" along their supply chains, which are said to be increasingly extensive and decentralized. The industrial relations literature has developed the implications of vertical form of coordination for improving labour standards. Here both high performance work organizations (Appelbaum and Berg 2000) and the increasing decentralization and globalization of production along global supply chains (Fung, O'Rourke and Sabel 2001; Gereffi, Korzeniewicz and Korzeniewicz 1994) are seen as coordinating mechanisms by which firms may be able to coordinate the social progressiveness—i.e., the labour and environmental standards—of their suppliers, generally by having them adopt higher quality standards as a pre-condition of their supplier status.

The mechanism that warrants these expectations is to be found in the changing notion of sustainable competitive advantage. As competitive advantage is organizationally redefined as stemming from competition on price to competition on quality, flexibility, and delivery, new workplace governance and organizations are thought to lead to higher skilled and more autonomous workers as well as more interfirm interdependencies—such as greater supply chain cooperation—on delivery, design flexibility and quality constraints. Some have suggested that in order to realize these competitive advantages, industries or economies also may need intermediary institutions to promote learning and cooperation for quality development, such as Zeitlin (1992) has found in the case of industrial districts. For these reasons, the character of constraints for quality development and the possibility of intermediary institutions in the diffusion of high-road standard setting between suppliers and buyers along the supply chain will be a focal point of the analysis of the adoption and diffusion of codes in this article.

Competitive Diffusion

Finally, a third way in which the diffusion of codes may occur is through competitive dynamics for "ratcheting" labour or environmental standards. This perspective is also based on the observation that competition on product and process quality is becoming a competitive strategy across economies—and under certain conditions—that social quality standards

can become a salient factor on which economic actors can be induced politically to compete.

Fung, O'Rourke and Sabel (2001) argue that the political and social institutional conditions which make it possible for firms to credibly claim outstanding social quality performance—whether environmental, human or labour rights—can encourage emulation in laggard firms. The mechanism that forces such racing to higher social quality standards include publicized sanctions for poor performance, such as NGO and media shaming, as well as the positive incentives such as consumer or NGO approval, supplier access or premiums, and favourable ratings among other social responsibility trackers and raters such as investment companies (e.g., the Dow Jones Sustainability Index), insurers and banks. These external actors are seen to be able to comparatively evaluate the relative success of firms and through this process are thought to be able to bring problem pressure on laggards who might be underperforming.

Thus this perspective relies on the globalization of protest and the globalization of information. The increasing capacity and power of decentralized NGOs and labour unions to bring broad negative public attention to practices of firms through transnational advocacy campaigns and the global media (e.g., CNN) provide the political-institutional context in which ratcheting of standards can come from competitions between codes schemes.

It is empirically the case that in the forest sector much of the innovation taking place in socially responsible production operates at the levels of reorganizing supply chains, and of industry-wide adoption, rather than individual firm adoption. These empirical developments seem to warrant greater attention to the dynamics of socially responsible markets by looking not at the capacity of individual firms and selective adoption and diffusion of codes, but at the *comparative* capacity of different experiments to fundamentally transform markets. The forest sector is an extremely fertile case for studying such dynamics because there are multiple *forms* of “new regulation” occurring in the forest sector. Because of the diversity of forms and the competitive dynamics among codes in the sector, the current situation in the forest sector represents an excellent laboratory in which different forms can be comparatively evaluated.

RESEARCH METHODS

This article is part of a larger project evaluating the evolution of standard setting in the forest sector in the U.S. and Sweden. Results presented here follow the completion of 40 interviews in the U.S., archival research on key documents, analysis of transcripts of industry and NGO conferences

on certification, and field tours with managers of certified industry forest lands. Interviews were conducted with certified forest land owners, timber investment management operations, third-party certifiers and auditors, large end-of-chain retailers, and NGOs, including those NGOs that sit on the governance boards of industry and NGO certification schemes. The primary research question informing the broader project concerns how to understand the factors that have led to the observed empirical outcome of increasing rigor of standards and scale of lands enrolled in third-party certification schemes in a relatively short time between 1995-2002.

In the empirical part of this article, I present a case narrative of the emergence and evolution of environmental standard setting in the forest sector, highlighting institutional innovations occurring in the 1990s. In addition to describing the emergence of decentralized NGO and industry standard setting schemes and their adoption by end-of-chain retailers, I focus on the challenge of making “socially responsible markets.”

The Case Narrative

New Governance in the Forest Sector

Sustainable forest certification schemes are relatively new forms of “environmental governance” in the forestry sector in both North America and Europe (e.g., Cashore, Auld and Newsom 2004; Meidinger 1999, Meidinger, Elliot and Oesten 2003). These recently established code-producing schemes generally involve a variety of social actors (e.g., environmental and social NGOs, forest industry firms and trade associations, certifying organizations, and landowners) in setting criteria and indicators for defining “sustainable” forest practice.

The major players among sustainable forest certification schemes in the U.S. and Europe, each which has emerged in the 1990s, include the Forest Stewardship Council (FSC), the Sustainable Forestry Initiative (SFI), and the Pan-European Forest Certification (PEFC). The key programs, their sponsors, and their relative success in enrolling forest landowners worldwide are outlined briefly in Table 1.

The Forest Stewardship Council

The Forest Stewardship Council (FSC) a multi-stakeholder standard setting and certification scheme was founded in 1993 and was launched with the help of major international NGOs, including the World Wildlife Fund (WWF), Greenpeace, and Friends of the Earth International. The FSC certifies individual forest landowners in the global north and global south to

TABLE 1
Descriptive Profiles of Competing Forest Certification Schemes

<i>Scheme</i>	<i>Sponsor</i>	<i>Total Acres Enrolled</i>	<i>Scale of Operations (Since)</i>
Forest Stewardship Council (FSC)	NGO	95,000,000	Global (1993)
Sustainable Forestry Initiative (SFI)	Industry	136,000,000	US, CAN (1995)
Pan-European Forest Certification (PEFC)	Industry	113,666,000	European (1999)

Source: adapted from Ozinga (2001), updated from scheme websites, April 2003.

what are accepted by many environmental organizations to be the highest privately set forest management, labour, and community rights standards (personal interviews; see also Cashore, Auld and Newsom 2004). In total, the FSC certification scheme includes 10 principles and 56 mandatory performance criteria covering social, economic, and environmental standards of forest management, including standards for protecting biodiversity, restrictions on the use of pesticides and GMOs, recognition of workers' rights through adherence to ILO core labour standards, recognition of local peoples' rights, and indigenous groups' rights to traditional uses of the forest among other standards.

In addition to having substantive standards for environment and labour, the FSC scheme is characterized by a deliberative and democratic governance structure. Representatives of traditionally oppositional, formal interest groups make up the FSC "balanced," participatory and deliberative membership-based governance structure. The membership currently is composed of 561 members worldwide,¹ with 79 from the U.S.,² but voting weight is *equally* distributed among three chambers—economic, social, and environmental.

The economic chamber is constituted by forestry firms, secondary processors and retailers, auditing organizations, and consultants. The social chamber includes civil society groups and individuals who represent

1. Personal communication with FSC International; January 31, 2003.

2. Personal communication with FSC-US; February 3, 2003.

community development, poverty, and human and worker rights organizations, and the environmental chamber includes a variety of environmental interests groups ranging from activist-oriented organizations like Greenpeace and Friends of the Earth to mainstream organizations such as the World Wildlife Fund and the Nature Conservancy. Each chamber has one-third of the vote.

Because of the variability in the meaning of conservation, within each FSC chamber one-half of the voting power has been further assigned to “northern hemisphere members” and one-half to the “southern hemisphere members,” to “balance” the interests of developed and developing countries. Changes to the FSC principles and criteria, scheme governance, or other matters require a two-thirds majority vote of the membership, weighted accordingly. Changes to the standards and organizational governance are made by written motions which are deliberated among members during General Assembly meetings before being put to vote by ballot. All firms, social change organizations, and NGOs that wish to become FSC voting members may join a chamber of the FSC as long as two current members at large endorse their application.

In addition to creating these structures for standard setting, the FSC affords opportunities for local community members and workers to comment on the practices of individual field operations. As part of the certification audit, audit teams consult with employees and community stakeholders, including local conservation and environmental organizations, community leaders, other resource managers, and neighbours before certification of an ownership is awarded.³

On-the-ground adherence to FSC standards—important for FSC standard setting to be seen as legitimate by many interests—is verified via third-party monitoring methods, by assessors accredited by the FSC. To remain certified to the standard, landowners must agree to an initial third-party conformance audit, a re-certification audit every five years, as well as annual “surveillance audits.” Audits are completed by a multi-disciplinary team with professionals experienced in ecology, forestry, social issues and auditing. Further, to facilitate high public transparency—for the public at large to have access to FSC certification—the FSC publishes the results of audits on the worldwide web.

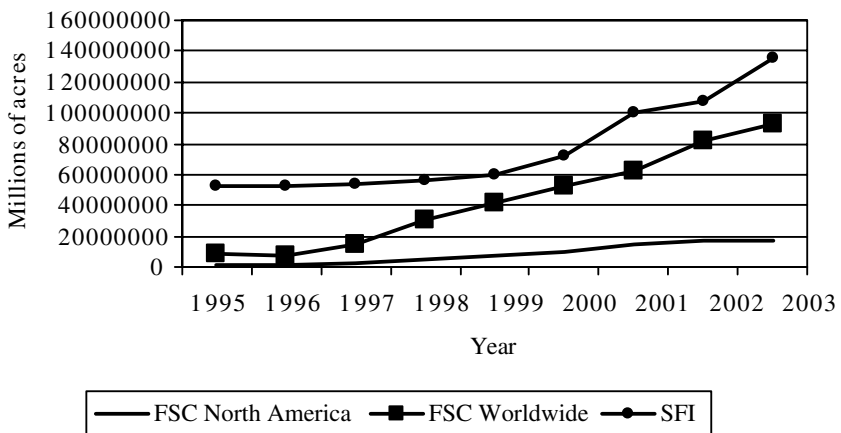
Between 1993 and 2003, the FSC has third-party certified 92.4 million acres of forest land worldwide as “well-managed” according to its certifica-

3. A recent empirical study (Hayward 1998: 35-36) reports that FSC certifiers used an average of 10 interviews with such stakeholders for “small” ownerships (< 5,000 hectares) and between 20 and 30 consultation interviews with ownerships over 5,000 hectares.

tion audit criteria, via 489 forest management certificates and 55 countries.⁴ Currently, 9.5 million acres are certified in the U.S., with there also being 95 certificate holders and 7.5 million acres in Canada with 15 certificate holders. Figure 1 shows the rate of growth of the FSC over time. While these numbers look impressive, this amount represents less than 5 percent of marketed wood total (Vilhunen, Hansen and Forsyth 2001: 16). Further, it has been estimated that only a small percentage of the FSC-certified timber makes it to consumers with an FSC label on it. This low availability of high-road product has led to sourcing problems for retailers. Where sourcing volume issues are a problem, as often they are, it appears the high standards which help define the FSC as the environmental quality leader make the project of establishing a fluid market in “good wood” a challenge.

Since the late 1990s, the FSC has come under strong competition in the US from the SFI, the industry standard launched to compete with the FSC. The SFI has enrolled well over twice as much acreage in its certification scheme in the US in 8 years as the FSC has worldwide in 10 years (Figure 1).

FIGURE 1
Acres Enrolled Forest Stewardship Council and Sustainable Forestry Initiative Certification Schemes (1995-2003)



Sustainable Forestry Initiative

Within two years of the launch of the FSC, the trade association for U.S. forest industry, the American Forest and Paper Association (AF&PA),

4. Source: www.fscoax.org/principal.htm. Numbers reflect data collected through April 7, 2003 (website last visited April 19, 2003).

launched its own sector-based code of conduct. By establishing a set of general principles accompanied by a suggested list of voluntary performance metrics, the so-called Sustainable Forestry Principles and Implementation Guidelines at first appeared to be a fairly unremarkable industry code of conduct. The text for the principles was less than one page in length and this brief code was accompanied by three pages of voluntary, suggested performance measures that individual AF&PA member firms might use to achieve the code. Public reporting, third-party monitoring, and mandatory performance measurement were all absent from the “standard” and left solely to a firm’s own strategic orientation. As such, in comparison with other codes, the code was socially unelaborated and unaccountable to third parties or external interests such as environmental groups. No outside interests such as environmental groups or labour representatives were participants in code development, oversight, implementation, or revision.

Yet, between 1998 and 2002, the Sustainable Forestry Principles and Implementation Guidelines code was revised five times, and in the process the conventions for adoption, third-party monitoring, mandatory performance measurement, and participation of broader interests were all substantially rewritten and tightened. The AF&PA code was reorganized such that the now re-named Sustainable Forestry Initiative (SFI) became relatively more democratically and deliberatively organized as a standard-setting regime. It became characterized by a set of mechanisms that enabled the substantive standards to be lowered or raised over time, and that created an enforceable architecture of third-party certification and monitoring. Authority for code governance was transferred from the AF&PA industry association to an independent non-profit organization with a charter requiring a balanced membership of 15 members—one-third from forest industry, one-third from environmental/conservation organizations, and one-third from the professional, academic and the broader forestry community (i.e., academics, loggers, small landowners). Currently, the conservation/environmental groups associated with the Sustainable Forestry Board, the 501(c)(3) now governing the SFI standard, include the Conservation International and the Nature Conservancy. As the interviewee quoted below points out, even the “harshes” environmental critics have seen SFI’s transition as a strategic victory for the FSC and forestry practice more generally. As one member of Conservation International, a group that now helps to govern the SFI standard, reports:

Even among some of the harshes critics of the (SFI) program, there’s been a bit of a change of tone and also some acknowledgement that, yes, some real improvements have been set in place in the standards and procedures of the whole sort of governance structure for the (SFI) system. I think there’s also a recognition, certainly, I believe, and I think a lot of people in the conservation community would agree, that the major factor that made those improvements

in the SFI program possible was the success of the FSC program in getting the certification idea established and engaging the mainstream with the industry and retailers and you know other kind of forestry and forest products community at large and so in that way I think that the major improvements in the SFI program, and its sort of sizable geographic impact—because of the scale of the land area affected (and) the proportion of the industry that’s involved in it—can be chalked up as a real victory for the FSC movement. ... I think a lot of people in the industry and the conservation community would, would share that idea. Now one salient point I mean among the (environmental) groups that we’ve talked to, you know who acknowledge the SFI improvements would not at all acknowledge that the SFI is anywhere close to FSC in terms of adequate sort of a gold standard for certification...

Table 2 summarizes changes in SFI between 1995 and 2002 on a number of key governance and operational dimensions. As is apparent in the table, the SFI has made significant changes in its code over the last seven years in ways which render the SFI surprisingly (more) isomorphic with the “high road” FSC standard. Institutionally speaking, for the SFI these changes include greater procedural centrality of deliberative process in standard setting, higher rates of adoption of third party monitoring, and more prescriptive and proscriptive content to the audit criteria. In terms of institutional architecture, these results suggest an institutional race to the top rather than a race to the bottom among competing codes schemes in forestry.

TABLE 2
Selected Changes in Sustainable Forestry Initiative Governance and Operational Structure (1995-2003)

<i>SFI Dimensions</i>	<i>1995</i>	<i>2003</i>
Governance	AF&PA Committee	15-member 501(c)(3) with balanced interests represented; supermajority voting
Environmental NGOs Represented on Board	0	Nature Conservancy, Resources for the Future, Conservation International, The Conservation Fund
Acres Enrolled (millions)	54	136
Acres Third Party Certified (millions)	0	95
Audit Criteria		
Voluntary	29	276
Mandatory	0	117

The Challenge of Constructing Socially Responsible Markets

Innovations in forest sector standard setting under the FSC and SFI schemes are not the only institutional innovation in the forest sector. There have also been a number of institutional innovations for sustainable production along the supply chain. In particular, following protests by “radical” activist NGOs, a number of global retailers—B&Q, IKEA, and Home Depot—developed certified wood purchase policies that preferred suppliers who could supply FSC-certified products. In addition to these purchase policy innovations, I also observe developments among NGO-sector innovators who are working closely to link retailers now demanding coded products with suppliers of FSC-coded products. NGOs, such as the WWF Global Forest and Trade Network and the US-based Certified Forest Products Council, thus represent new “market-making” NGOs whose explicit goals are to help make or construct fluid markets for high-road goods by connecting existing suppliers of coded product to interested buyers. However, in general this has not been enough to meet the big retailers’ demands.

A consequent innovation has been the advent of supplier development consortia that attempt to increase production of “good” wood along the supply chain. For instance, WWF’s “step-wise” model, Tropical Forest Trust’s “transition timber” model, and IKEA’s “staircase” model, are all working to help facilitate the making of a fluid market in coded or labeled goods by helping existing low-road suppliers develop into high social quality suppliers. Even with these intermediary NGO efforts to construct fluid markets for coded goods, the FSC and allied NGO community has struggled to construct fluid markets.

End-of-Chain Retailer Purchase Policies

B&Q, British-based home improvement chain, was the first major global retailer to adopt a major preference policy for FSC certified wood. B&Q’s move to adopt a coded basis for material began in the early 1990s, after B&Q was made the target of a market campaign over its sourcing of tropical hardwoods by environmental groups. Alan Knight, lead purchaser for B&Q at the time recalls that uncertainty and a lack of credibility about practices along the supply chain was a major political problem and that B&Q came to realize that they could address it by adding constraints to the supply chain (Knight 2002: 1-2):

We were getting asked awkward questions from journalists, which we couldn’t answer. When we dug into our supply chain for the answers, we also found the supply chain couldn’t give us the answers, or the answer didn’t give us much confidence. Vague and weak certificates, poor standards, and occasionally,

even lies. We went around our stores... walked up and down the aisles. And we found 25 different claims on our products, all making some sort of claim on sustainability.... And what's frightening, a lot of those companies making those claims, when pushed, couldn't even tell us which country their timber was coming from, even though they could reassure us they were all from well-managed forests. So there was no confidence, there was no trust. And we needed to sort that out, because we knew one thing, which was that, in ten years time, this was going to be a critical issue, and we would be selling a lot more wood.

Today, in a remarkable transition away from uncoded sources of supply, B&Q can boast that 80 percent (Alan Knight, FSC General Assembly, November 2002) of wood products in its stores come from FSC-certified sources.

Over the last 10 years, B&Q's commitment to "green" its supply chain has required it, in the words of Alan Knight, to "completely supplant" its supplier base. At the 2002 General Assembly—the major decision making meeting of the FSC, of which B&Q is a governing member—Knight stated that if B&Q had realized that adopting the FSC standard would require the wholesale supplanting of its supplier base, the firm probably would have *never* have embarked on the journey, but the transition to coded product lines was accomplished incrementally over a period of about 10 years.

IKEA, 70 percent of whose products are wood fiber-based, also has a purchase policy, preferencing FSC wood. The IKEA purchase policy is currently to source at least as much wood from FSC sources, as FSC represents in the markets in which IKEA operates. As such, in Sweden, to achieve its own sourcing goals, IKEA must source at least 50 percent of its wood from FSC forests since over half of Swedish forests are FSC certified, while in the U.S., IKEA must source at least 3 percent. In fact, IKEA currently sources more than 3 percent in the U.S. (IKEA, personal communication, 2002). However, like B&Q, IKEA faces supply issues; there is more demand than supply.

While the Home Depot has a purchase policy in place, compared to IKEA and B&Q, the Home Depot has been less "proactive" in promoting certified wood. After first announcing a preference policy FSC or equivalent timber, Home Depot reported purchasing certified products based on availability; Home Depot however has moved to a more strategic orientation of sourcing for high-demand products from high-volume sources that are willing to achieve certification. As Ron Jarvis (2002: 4), Home Depot Merchandising Vice President, recently summarized at a conference on certification to which he was invited to speak:

When we first announced, we had a lot of vendors showing up at our door with certified wood, and after about six months of buying certified wood, we had

the best selection of dust covered, slow moving items that you've ever seen. ... So we immediately pulled all of our merchants together, and said, let's stop buying *certified wood* ... let's go out and get the products that we're selling every day, and get that certified.

Currently, Home Depot has identified 37 preferred providers of certified products that represent products ranging from plywood, dimensional lumber, doors, to molding lattice (see Jarvis 2002). Still, the Home Depot currently sources 87 percent of the wood that it sells from the U.S. (Jarvis 2002), where FSC-certified products have been estimated to represent only about 3 percent of available wood for purchase (IKEA, personal communication, 2002).

Institutional Innovation: The Intermediary Market Makers

The Forest Trade Networks

In order to help end-of-chain retailers meet their demand for FSC certified products, the NGO sector has established a number of intermediary institutions—called forest trade networks or buyer's groups—to play facilitating roles. Buyer's groups, such as the WWF Global Forest and Trade Network (GTNF), the WWF-UK 1995 Plus Group, and the U.S.-based Certified Forest Products Council, are not-for-profit NGO-based groups which pool FSC retailers and producers in an attempt to coordinate supply and demand—i.e., to construct markets.

For instance, the GFTN, a buyer's group started by the WWF, currently involves 20 organizations in 30 countries, and 900 members in a network of buyers and sellers of FSC wood.⁵ The idea is to create trading networks in wood from “well-managed” forests by creating regional organizations that maintain information about where growers and millers of well-managed forest products are located, about the species they grow and mill, and contact information and so on. As for buyers, they identify product lines and source needs of the retailers seeking certified wood. Yet, the FSC buyers groups have been more successful at increasing the demand for certified timber than delivering supply—which often requires taking low-road producers in countries without strong environmental or labour laws and moving them to a much higher standard of production—such that the NGO community supporting the FSC code has shifted resources considerably in the last two years to develop supply.

5. http://www.panda.org/forestandtrade/about_the_network/atn_goals.html. See also, <http://www.parliament.the-stationery-office.co.uk/pa/cm200102/cmselect/cmenvaud/792/792ap07.htm>.

The “Stepwise,” “Staircase,” and “Transition Timber” Models

Aiming to increase supply of FSC certified sources, NGOs and retailers are currently, often cooperatively, implementing “transition timber” programs. These transition timber programs are incremental supplier development, also called “stepwise” or “staircase”, schemes. These programs provide incentives—usually in the form of preferred supplier status—to firms that agree to incrementally adopt standards that will make them FSC-certified sources.

B&Q, and to a lesser extent Home Depot, is currently using the Tropical Forest Trust (TFT). The Tropical Forest Trust (TFT) is an NGO not-for-profit that collects fees from retailers for connecting retailers that want certified wood to buyers. The fees the TFT collects from retailers and sellers are put in a trust fund to help subsidize the producer firms who want to move toward certification. Producer firms adopt incremental improvements that will lead them over time toward the FSC certification. Thus, this organization facilitates the social investment in supplier development for high-environmental-quality suppliers. As the Trust literature states:

Essentially any company wishing to invest in a more ethical supply chain can do so through the TFT. Members do so because they have neither time nor human resources within their own organisations to manage the very complex process of moving forests towards FSC certification. The TFT manages this process for them. TFT members invest a fixed percentage of their product’s gross margin to fund TFT activities tailored to suit their investment needs. TFT members get a return on their investment by securing a more ethical wood supply. TFT members gain access to timber and wood products generated by specific projects they are supporting. Before the project achieves FSC certification, members have the security of knowing that their supply chain originates in a project that is demonstrably moving towards FSC certification with TFT assistance and monitoring. Having established such a close relationship with these projects, TFT members have the opportunity to secure a long-term supply of FSC-certified timber and wood products once the project is certified.⁶

IKEA has established its own “staircase” supplier development program which also combines a “step-wise” or “transition timber” model with verification. Like the TFT model, this model creates an incremental mechanism or process by which low-road suppliers might be facilitated toward higher-road production. There are four steps in the IKEA program.⁷

6. Source: <http://www.tropicalforesttrust.com/abouttft/abouttft.asp> (last visited January 27, 2003).

7. At step 1, in order to be an IKEA supplier, sources must verifiably *not* source wood from intact or natural forests or high conservation forests, unless those forests are FSC certified. New suppliers have three months to achieve level 2 which requires a written plan for specifying wood sources that are legal, not from protected areas, and not originating from

As of September 2002, IKEA has audited all its suppliers to “level 2,” which requires a written plan for specifying that wood sources are legal, not from protected areas, and not originating from a plantation established after November 1994. IKEA is currently focusing on moving suppliers to levels 3 and 4. Level 4 is for forests that are managed in accordance with an official standard for well-managed forests—currently, only the FSC certification is accepted as achieving this level of forestry.

Similarly, in the WWF step-wise model, there is an eight-step modular implementation program, in which uncertified forest operations apply to the program and undergo a “baselining audit” done by a third party. If the firm agrees to an action plan acceptable to the WWF, monitoring visits are planned. Once the agreements of the action plan are achieved, FSC certification occurs.

COMPARING ORGANIZATIONAL COMPARATIVE ADVANTAGE AMONG REGULATORY FORMS

This brief review highlights that there are multiple competing and complementary new governance innovations in the forest sector. These innovations have been driven by NGO pressures designed to raise the bar on ethical production. NGOs strategies have been valuable in that they have promoted values of democratic content in codes, civil society participation and a degree of transparency, and they have apparently forced competitors to compete on the environmental quality of their own standards; at the same time, NGO-based schemes have been limited in that they operate largely outside markets while seeking to transform them, i.e., they struggle to construct markets. In the final section, I consider what could be thought of as comparative organizational advantage in reorganizing production.

When schemes are developed and managed by NGOs, standards schemes operate largely from the outside of productive organizations in their attempts to change production practices. As such, recruitment of firms to the standard tends to be selective, as firms with a particular commitment to sustainability or with a particular strategic incentive may chose to enroll in the high-road scheme, while others may not. With only a small, diffuse

a plantation established after November 1994. As of September 2002, IKEA has audited all its suppliers to level 2. IKEA is currently focusing on moving suppliers to levels 3 and 4. Level 3, IKEA’s own “4wood” standard requires an Environmental Management System (EMS) with documentation and provisions for continuous improvement. Level 4 is for forests that are managed in accordance with an official standard for well-managed forests. Currently, only the FSC certification is accepted as achieving this level of forestry.

and selective population of adherents, it can be difficult to reach critical mass to construct working markets in coded products. This is important because NGO efforts—if they fail to engage more effective mechanisms of diffusion—may tend to produce somewhat piecemeal approaches to the democratization of global capital.

There are, however, alternatives to piecemeal recruitment/selection. Namely, the sustainable forestry case suggests that both horizontal (industry-wide) and vertical (supply chain) coordination mechanisms offer comparative advantages in reorganizing markets for sustainable production. This case illustrates several examples of such coordination. First, industry-based certification—such as the AF&PA SFI standard—would seem to have a comparative advantage for getting the horizontal units—competitors in an industry—to get on board with a standard. The SFI went from 0 to 95.0 million acres of third-party-certified and now jointly/deliberatively governed lands between 1995-2003, out competing the FSC certified acres in North America (albeit arguably to a lower standard). The case also suggests the pressure from NGO schemes in setting the bar high and in pressuring firms into adopting standards has been *critical as an external force in engendering this form of coordination*.

Second, organization along the supply chain appears to fundamentally change chances to broadly diffuse socially responsible production. The example of IKEA's capacity to move all of its suppliers to having written plans to source wood from legal, non-environmentally protected lands in three months, is an example of how firms can use supplier access in ways that are advantageous in actually transforming markets. Similarly, B&Q's radical transformation of its supply chain illustrates similar capacity.

The recent NGO experiments in constructing market institutions—the trade networks and supplier development programs—have clearly been devised with a strategic eye to address the FSC certification movement's challenge of having to change production “from the outside in.” Perhaps this hybrid institutional architecture provides the best platform for NGOs being able to establish fluid high-road markets with socially oriented goals. This may be particularly the case because, without “outsiders” such as NGOs, it is not clear that firms themselves have the ecological expertise, political legitimacy, or will to construct more socially responsible markets.

CONCLUSION

In this article, I have developed case studies distinguishing the competing codes in the forest sector and analyzed the social experience of constructing markets in coded goods. The hope of advocates of the

multi-stakeholder standard setting and monitoring schemes is that these institutions will open opportunities for greater democratization of decision making, greater monitoring of corporate social behaviour, and more effective enforcement of high social quality standards.

While the question of where and how standards are set is important, it is also important for participatory, deliberative standard setting to diffuse broadly across markets in order to fundamentally transform the nature of economic production. That is why this article presented a detailed case of adoption, innovation, and diffusion among competing codes of conduct, focusing on the role of horizontal, vertical and competitive mechanisms of diffusion. It then considered which strategies for codes regimes are most likely to diffuse high standards throughout contemporary markets.

In the case of forest certification, the high-road NGO scheme appears to have driven “up” the participatory standards of the competing scheme more successfully than it has diffused its own model in markets. Today, the high-road NGO scheme is beginning to align with market actors, particularly the vertical components of markets, i.e., along the supply chain, to diffuse its model more deeply in markets. The results seem to suggest that for environmental standard setting, and possibly for other types of standard setting, e.g., labour and health and safety, both horizontal (industry-wide) and vertical (supply chain) coordination are important focal points of analysis, i.e., sites of political and organizational change, in the diffusion of standards. I have suggested that the concept of comparative organizational advantage helps make sense of the trends in the differential growth of schemes. Comparative organizational advantage suggests, perhaps ironically, that successful schemes will work closely with economic actors to sow the seeds of change toward the construction of socially responsible markets. Simply providing a certification scheme which endorses and labels self-selected firms’ products (the selective uptake model) is not likely to broadly diffuse. It is a challenging a task to reorganize markets primarily from the “outside in.”

Despite this conclusion, it is important to note, neither industry-wide, nor supply-chain coordination, in this case happened without the prior influence of outside actors (environmental groups) increasing the “problem pressure” for market change. Environmental groups’ protest and pressure tactics—and these episodes’ broad resonance with the public—have been instrumental in creating the political openings that helped to put deliberative standard setting and market reorganization in place. Only after these episodes were market actors likely to see discursive standard setting as a strategic advantage that might help them to resolve pressing problems. From the broadest perspective then, the lessons that may be drawn from innovations in the forest sector can be summarized to include: creating

political openings through protests, creation of important institutions for debate (multi-stakeholder standard setting), identification/discovery of the key social mechanisms of enacting change (horizontal and vertical elements of coordination in productive organizations). But why do these innovations matter?

There are four reasons why these innovations matter for political and economic study of standard setting. First, forest certification/standard setting appears to have created new structures for discussing the “ethical” content among the usually oppositional interests at odds over environmental management. This is important because interest groups that operate outside of such collaborative fora commonly participate in conflict-based politics, pursuing narrow agendas, which divide groups along traditional issue lines and may construct combative publics. In contrast, these new standards organizations may create enfranchisement, set up boundary conditions for collective negotiation and joint decision making. Actors’ preferences may change in the process, thus constructing new identities as well as new publics/policies. These emerging types of organizations have been called meta-organizations because they create associations of organizations whose objective may become solving meta-questions or problems such as how to harmonize the clearly independent interests of environmentalists and industry (Ahrne and Brunsson 2001). While additional research is needed to evaluate the extent to which the power and legitimacy differences affects the character of the outcomes of these fora as compared to traditional forms of governance (i.e., markets and hierarchies), it is important to recognize the move toward multi-stakeholder decision making and the role it may play in environmental governance.

Second, new forms of collaborative governance are important because they are *not* unique to the forest sector. Currently, similar efforts at building multi-stakeholder standard-setting bodies are occurring in coffee production, fisheries, mining, as well as labour standard setting. In mining, a socially responsible mining stakeholder group and certification system to monitor the resulting code of conduct is being drafted (for a pilot study in Australia) jointly by the WWF for Nature and global mining industry actors: Newmont, BHP Billiton, Placer Dome, and Rio Tinto. The working group includes other social and environmental interests.⁸ In labour standard setting, the Fair Labor Association (FLA) works with 12 industry leaders in textile and sport shoe manufacturing, 175 colleges and universities, and various human rights NGOs (Asesoría Jurídica Laboral, Asia-Pacific Center for Justice and Peace, Cambodian Human Rights Development Association, Indonesian Institute for Labor Advocacy among others) to monitor codes

8. See <http://www.minerals.csiro.au/sd/Certification/>.

of conduct along supply chains of leading companies. In coffee production, Conservation International, the Consumer's Choice Council and Starbucks have agreed to a set of new sustainable coffee production standards and developed an innovative incentive system to induce suppliers to adopt it.⁹ In fisheries, the Marine Stewardship Council, modeled closely after the Forest Stewardship Council, was developed by Unilever and the WWF.¹⁰ Each of these examples share characteristics with the forest sector (e.g., third-party monitoring, multi-stakeholder standards development) and additional comparative analysis is warranted regarding how these cross-sectoral experiments may offer lessons in the comparative adoption, innovation and diffusion of social quality standards.

Third, given this extensiveness of experiments in participatory governance, forest sector innovations are important because forest certification seems to be a theoretically interesting reaction to a larger political economic trend. Namely, the increasing risk profile of modern (complex) society means that strategic actors cannot insure against environmental and other sources of risk and uncertainty alone or, per Beck (1999), through traditional insurance instruments—the state, financialized risk pooling, or externalization. The nature of risk (and the lack of adequate governance institutions to address it) increases both the benefits of and *need to* collaborate among strategic actors, as an alternative to traditional forms of social insurance. Thus, we see increasing tendency toward collaboration in many sectors where complex political and economic tradeoffs exist.

Finally, this research is important because it suggests how researchers studying new forms of collaboration should *view* the trend toward “new governance” arrangements like standard setting and certification, codes of conduct, and other forms of new multi-stakeholder collaborations between industry and environmental groups. Vertical and horizontal elements of economic coordination are particularly important sites of socially responsible economic reorganization. Horizontal coordination creates spaces for whole industries to discuss, learn, rationalize, reject, etc., joint decisions to pursue a new level of production. Horizontal associations provide mechanisms to create, receive, and filter “problem pressure” on laggards. Not all firms within an industry are likely to want to compete on social quality or to pursue the social insurance policies collaboration affords. Rather it is (much) more likely that (initially) leading firms will see the benefits of and

9. See <http://www.consumerscouncil.org>.

10. The Marine Stewardship Council governance structure includes sub-chambers for developing nation interests, supply chain and processing interests, catch sector interests, scientific and academic interests, NGOs interests, and marine conservation interests among others. See <http://www.msc.org>.

be able to afford the cost of the speculative insurance policies provided by collaborative problem solving. Horizontal coordination by industry associations—when it happens—allows *sectors* to move together, thus avoiding the first mover costs (and benefits) and allowing an arena for industry leaders to discipline laggards. Horizontal coordination—when it happens—is important for diffusing the production based on quality of production (rather than price) in markets. In the best outcome, overtime, this mode of production may become a form of competition that is based on quality rather than cost. Competition on quality would be a qualitatively different form of competition and greater research is needed to understand what makes competitions for quality become a normative moment and proliferate.

Vertical coordination, as illustrated in the case study, is important for addressing the increasingly “outsourced” nature of production. As globalization proceeds and economic organization continues to be characterized as a series of links between otherwise independent operations, links which cross national borders and obviate more traditional forms of regulation, coordination along the supply chain should become more important as a conduit for extending social quality standards. Finally, the forest sector case underscored the importance of intermediary institutions, particularly when social NGOs attempt to transform markets from the “outside” of productive organizations. It appears that indeed it is not only competition and peer pressure but the ability to attain collaborative relations—through these mechanisms—that fundamental transformation of markets ultimately may be achieved.

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RÉSUMÉ

Codes de conduite et normalisation dans le secteur forestier : l'établissement de marchés dans une perspective de démocratie ?

À notre époque de mondialisation, il existe une tendance à croire que les instruments de régulation étatique apparaissent comme des moyens inadéquats pour régler la conduite des entreprises transnationales. De plus en plus, les intellectuels se penchent sur la façon dont les codes de conduite des entreprises peuvent servir de mécanisme de régulation. Cet article analyse des codes de conduite concurrents dans le secteur forestier. Nous décrivons dans le détail un cas d'adoption, de création et de diffusion de codes de conduite concurrents, en retenant des mécanismes de diffusion horizontale, verticale et concurrente de marchandises codifiées. La réflexion se poursuit en se demandant quelles sont les stratégies des systèmes de codes les plus susceptibles de propager des standards élevés à travers les marchés actuels.

Dans cette étude, nous abordons un cas dans lequel la compétition entre deux systèmes d'établissement de normes, un premier tiré de l'industrie et un deuxième d'une organisation non gouvernementale (ONG) représentant des groupes à intérêts diversifiés, est sensée avoir engendré « une course au sommet » dans l'établissement de standards. Le code de conduite et le schéma de monitoring de l'ONG ont connu un succès remarquable en élevant la barre des standards éthiques de production dans l'industrie, c'est-à-dire qu'ils ont mis de l'avant des valeurs démocratiques dans les codes, dans leur participation à la société civile et dans leur degré de transparence. De plus, le succès de ce modèle représentant des intérêts multiples aurait apparemment incité les compétiteurs de l'industrie à accroître la qualité sociale de leurs propres standards et à maintenir une position concurrente sur ces mêmes standards. Au même moment, les codes de l'ONG ont toutefois été gênés par leur inaptitude à fournir aux détaillants une offre suffisante de marchandises à haut standard.

Les données de l'étude de cas laissent croire que, pour étendre l'application de ces codes de façon plus fructueuse, des éléments ou des lieux verticaux et horizontaux de coordination économique sont particulièrement importants. La coordination horizontale, c'est-à-dire la coordination au sein des associations de l'industrie, entre autres efforts, a créé des espaces pour l'ensemble des industries permettant la réalisation de décisions conjointes en vue d'atteindre un nouveau niveau de production et de fournir des mécanismes pour s'occuper des problèmes de tension chez les retardataires. La coordination horizontale, par des associations d'industries, quand elle se produit, permet à des secteurs de cheminer vers des buts de qualité

sociale coûteuse en tant que groupe, évitant ainsi la menace des coûts sur le « premier initiateur » et dégageant un espace chez les leaders de l'industrie servant à discipliner les retardataires. Dans le cas d'un régime basé sur l'industrie, les résultats de la coordination horizontale ont apparemment connu une propagation plus rapide, quoiqu'à un niveau de standard plus bas que celui connu par l'ONG à intérêts multiples.

De la même manière, la coordination verticale, telle quelle est illustrée par l'étude de cas, prend de l'importance au moment de traiter de la nature de la production confiée de plus en plus en sous-traitance. Au fur et à mesure que la mondialisation s'étend et que l'organisation de l'économie tend à être perçue comme une série de liens de collaboration et de compétition entre des opérations autrement isolées, des liens qui enjambent les frontières nationales et qui évitent les modes plus conventionnels de régulation, l'étude de cas permet de croire que la chaîne de l'offre devient plus importante comme une orientation vers des standards de qualité sociale. Cependant, encore là, le modèle de l'ONG à intérêts multiples dans le secteur de la foresterie a lutté en vue de présenter une offre approuvée contenant assez de liens dans la chaîne de manière à engendrer des marchés fluides pour leurs marchandises à haut standard. L'étude de cas illustre un nombre de tentatives innovatrices de la part de la communauté des ONG en réagissant de façon à mettre en place des stratégies visant à établir des marchés fluides pour des marchandises approuvées. La régulation de ces expériences horizontales, verticales et concurrentielles de diffusion de standards prend de l'importance parce que c'est seulement par l'identification de « moyens efficaces » de propagation des pratiques à haut standard que les codes de conduite pourront fondamentalement transformer la nature de l'organisation contemporaine de l'économie.