

## Research Statement

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### Introduction

Private standards have long been ubiquitous to commerce and trade. To ensure consistency and interoperability of products, medieval guilds (Mattli, 2001; Vogel, 2010), and more recently firms, industry associations, and non-governmental organizations (NGOs), have established standards that prescribe technical requirements. As firms' supply chains and consumer markets expanded beyond national borders during the nineteenth and twentieth centuries, to reduce the transaction costs of conducting business internationally, these stakeholders cooperated to amalgamate national standards into private *transnational* standards. However, beginning in the mid-1980s, new types of transnational private standards (TPS) began to emerge. Whereas TPS had previously established technical requirements designed to address coordination problems (i.e., ensure conformity of products within and across industries) and information problems (i.e., signal quality of products to consumers) (Büthe & Mattli, 2011), this new generation of TPS established criteria designed to solve collaboration problems (i.e., credibly commit to self-regulation) and mitigate negative social externalities (e.g., emissions from production, poor labor practices, environmental degradation) (Haufler, 2001; Potoski & Prakash, 2009).

My research seeks to understand what motivates actors to pursue these arrangements, their effects on policymaking, and whether they hinder or contribute to effective governance.

### Current Research

#### Manuscript 1: Standards as Strategies: Using Transnational Private Standards to Lobby Governments

(1) *Under what conditions will lobbying by firms that have adopted transnational private standards lead to **strengthening** of government regulation?* (2) *Under what conditions will this lobbying lead to **weakening** of government regulation?*

If firms use TPS adoption as a means of gaining competitive advantages over rivals, governments should enact stronger regulation when these provide benefits to firms that exceed the costs of certification. I hypothesize that as penetration of TPS increases in industries that are struggling due to high competition and slow growth, and where adopting TPS does not confer market advantages (i.e., sell to consumers products at a premium), government policies are more likely to strengthen. Firms that have adopted TPS (e.g., due to pressure from NGOs) have already incurred the costs of certification, yet under *status quo* market and regulatory conditions, gain no financial benefit. If these firms are struggling to compete in the global market, they should lobby governments to incorporate their adopted TPS into regulation as a means of increasing the regulatory costs of their competitors, and as a result, improving their relative competitiveness.

Conversely, I hypothesize that as the penetration of TPS (i.e., the proportion of firms within an industry that have adopted TPS) increases in industries characterized by low competition and steady growth, and where adopting TPS provides market advantages, government policies are more likely to weaken. In these instances, under *status quo* market and regulatory conditions, firms' adoption of TPS has generated profits. The premium paid for by consumers for certified

products more-than-offsets the costs of TPS certification. While these firms could gain advantages over competitors if governments strengthened regulation to match that of their adopted TPS, the result would be that all products within the domestic market would be certified. This would increase competition among producers of certified products and subsequently place pressures on their ability to differentiate their product and charge consumers a premium. Consequently, when these industries face little competition, they should lobby to preserve the *status quo*.

Using maximum likelihood estimation models to examine the effect the adoption of forestry TPS had on national government timber procurement policies in 38 countries from 1999 to 2011, I find several statistically significant results that support my hypotheses. Increased penetration of TPS in industries that produce products for which consumers are *willing to pay a premium* for certification, and are characterized as *low in competition*, is associated with both *weaker* government policies and a *delay* in the enactment of stronger policies. Conversely, I find that increased penetration of TPS by industries that produce products for which consumers *unwilling to pay a premium* for certification, and are characterized as *high in competition*, is associated with both *stronger* government policies and *earlier* enactment of stronger policies. In addition, I find that an increase in the market share of imports is also associated with both *stronger* government policies and *earlier* enactment of stronger policies. These results support the contention that stronger regulations that include TPS may be selectively used as non-tariff barriers to protect domestic industries struggling to compete on global markets.

### Manuscript 2: Transnational Private Standards in Regulation: Pursuing Protectionism or Promoting Sustainability?

*Why do governments enact policies that incorporate TPS and what determines their design, especially when doing so has international trade implications?*

I hypothesize that governments include TPS as proof of conformance in regulation when doing so will bestow trade advantages on their domestic industries. In other words, I examine whether the inclusion of TPS in regulation is used as a non-tariff barrier to provide import-competing producers competitive advantages over foreign producers. I expect that governments will not include TPS in policies regulating exporting industries. As exporting industries primarily rely on foreign markets, their industry representatives should lobby in opposition to domestic increases in regulation that could be construed as protectionism by trade partners who could in turn retaliate with reciprocal trade barriers and jeopardize their access to markets. As the incorporation of TPS in government regulation may serve as a non-tariff barrier, exporting industries should advocate against such changes, and governments should opt to continue the *status quo*.

On the other hand, I expect that policies regulating import-competing industries will incorporate TPS, and that the strength of these policies is determined by the extent of the regulated industry's TPS penetration. As import-competing industries primarily rely on domestic markets, their industry representatives should lobby in support of regulations that provide preferential treatment of domestic products and improve their competitiveness relative to foreign import-producing firms. Because of this lobbying, government policies on industries with shallow TPS penetration should include TPS, but provide preferential mechanisms that allow domestic firms to demonstrate conformance without adopting TPS, but oblige foreign firms to adopt TPS. By increasing the conformance costs of foreign and not domestic firms, these policies improve the

competitiveness of the latter. However, trade agreements limit the extent governments can design policies to provide preferential treatment, and thus to maintain some semblance of fairness, these policies may only confer limited protectionist benefits. However, when a regulated industry has deep TPS adoption, these industries should benefit from stronger policies that are at parity with their voluntarily and widely adopted TPS. In such instances, industries should not only lobby for preferential treatment, but for strong regulations that impose no costs on domestic firms, but the greatest costs possible on foreign firms. In response, governments should enact regulations that are strong and include TPS as a mechanism to prove conformance.

For this analysis, I compare changes in both sector-deep (timber procurement and illegal logging bans) and industry-specific (sustainable construction and paper procurement) forest policies across Australia, Canada and the UK from 1997 to 2016. Supporting my hypotheses, I find that across these countries and over time, the strength and the extent TPS are incorporated in sector-deep policies is related to the trade orientation and TPS penetration of regulated industries. However, for industry-specific policies, I find that while these industry conditions are associated with the strength of government regulation, the extent policies incorporate TPS is also related to additional factors such as the structure of domestic markets and the policies of important trade partners.

Manuscript 3: Opposing or Supporting Stronger Environmental Regulation? Industry Preferences and Lobbying on Transnational Private Standards in Regulation

*Under what conditions do industries lobby for the inclusion of TPS in regulation?*

In this study, I expect that for exporting industries, their “ideal” government policy (i.e., the policy that would provide the greatest benefit) is one that is comparatively weak and does not incorporate TPS. Conversely, for import-competing industries, I expect that their ideal policy is one that incorporates TPS, provides preferential treatment for domestic firms, and whose strength is at parity with the existing practices of domestic firms. However, when selecting a lobbying strategy, firms and their industry representatives not only consider their regulatory preferences, but also the extent their advocacy is likely to influence outcomes. As a result, rather than lobby for their ideal policy, they may instead pursue lobbying strategies that are more likely to succeed. I hypothesize that when industries perceive that they are highly influential, they pursue lobbying strategies advocating for their ideal policy. However, when they perceive their influence as low, they pursue lobbying strategies advocating for satisficing outcomes that are preferable to what would be enacted without their advocacy.

Comparing the lobbying strategies of representatives from forest sector industries in Australia, Canada and the UK from 1997 to 2016, I find that industry trade orientation, TPS penetration, and expected political influence explains 19 of 24 lobbying strategies. This result supports the contention that trade concerns are an important determinant of industry lobbying over the design of policies that incorporate TPS. The implication is that import-competing industries support stronger, TPS-inclusive policies as a means of creating non-tariff barriers.

Manuscript 4: Averting Costly Regulation Under Conditions of Uncertainty: Industry Lobbying for Private Transnational Standards in US and EU Laundry Pod Regulation

*When new information that firms within an industry are creating a societal problem (i.e., a negative externality) is widely publicized, but the solutions to this problem are uncertain, under what conditions are these firms able to use transnational private standards to avert new government regulation?*

Knowledge of a societal problem's existence often precedes knowledge on how best to solve it. When policymakers are pressured to address a new problem resulting from the activity of firms, but there is uncertainty on how to effectively solve it, averting government intervention is difficult. Although both firms and governments may favor industry self-regulation, to satisfy their constituencies governments must act rapidly. Conversely, firms are likely to resist attempts to enact costly, unproven solutions.

I hypothesize that under these conditions, industry self-regulation is more likely (a) as the political insulation of policymakers decreases, and (b) when firms create a transnational private standard to address the issue.

By comparing industry lobbying over liquid laundry detergent pod regulation in the EU and US from 2010 to 2016, I find support for my hypotheses. Under conditions of uncertainty, industry lobbying for self-regulation is more likely to succeed when industries create private transnational standards that go beyond what governments request. In addition, I find evidence that a decrease in the political insulation of policymakers is more likely to lead to self-regulatory solution as corporate political donations 'buy' firms more time to negotiate with policymakers.

**Future Research**

My plans for future research consist of three separate projects related to the international political economy of private governance.

Project 1: Lobbying and Transnational Private Standards in Other Issue-Areas

*The Enforcement of Labor Standards in Preferential Trade Agreements as Protectionism: How Textile Industries in the US and EU Have Used Private Labor Standards to Protect Their Markets*

To determine whether my findings on the use of transnational private standards in the forestry sector are generalizable to other issue-areas, I will investigate the effect the adoption of transnational labor standards by the textile industry has had on labor enforcement clauses in preferential trade agreements signed by the United States and the EU. Trade agreements present both opportunities and threats to firms in the textile sector. On the one hand, it enables them to develop supply chains in countries with lower production costs. On the other, reduced tariffs open their domestic markets to competitors. As firms in high-income countries were 'named and shamed' into adopting private labor standards in the 1990s (Hemphill, 1999), they hold a competitive disadvantage compared to firms not subject to such regulations in low- and mid-income countries. Using data on labor clauses in over 200 preferential trade agreements from the World Bank's Global Preferential Trade Agreements Database, I will test the hypothesis that

textile enforcement clauses have been used as a form of protectionism. If I find a relationship between strength of labor enforcement clauses in agreements and the competitive pressures faced by the textile industry, I will subsequently pursue a qualitative analysis of selected cases. By tracing the lobbying activities of textile firms, I expect to find that firms' adoption of transnational private labor standards has facilitated their ability to coordinate their lobbying for stronger regulation with NGOs (Mosley & Tello, 2015).

*Creating Demand and Supply: How Private Greenhouse Gas Accounting Standards Averted Carbon Taxes*

Another issue I will examine are the creation and adoption of carbon-accounting and offset standards by firms in high-carbon industries. In the early 1990s, the predominant policy proposal to avert climate change was a carbon-tax. As cooperation among governments at the UNFCCC appeared increasingly likely to yield a climate change agreement, firms in high-carbon-intensity industries changed their strategies from complete opposition to attempting to change the predominant policy discourse towards less costly solutions such as carbon offset markets (Meckling, 2011). Simultaneously, many firms in high-carbon industries (e.g. BP and Monsanto) were instrumental in the creation of greenhouse gas accounting and offset standards necessary for the implementation of carbon-markets (Bulkeley & Newell, 2015; J. F. Green, 2013). I plan to investigate the hypothesis that the creation and design of these private standards were instrumental to the political strategy of firms in high carbon-intensity industries to reduce the regulatory costs of government carbon mitigation policies.

Project 2: The Effectiveness of Transnational Private Regulation

*The Effectiveness of Private Governance in the Forestry Sector: Impact of Transnational Private Standards on Deforestation*

There is an ongoing debate on whether transnational private standards induce change in the behavior of firms, and if so under what conditions, or whether they are solely marketing and lobbying tools (e.g. Castka & Corbett, 2014; Darnall & Sides, 2008; Gamper-Rabindran & Finger, 2013). Using Light Detection and Ranging (LIDAR) data from NASA on the coverage and density of forests across countries, and my dissertation data on the adoption of sustainability standards in the forestry sector, I will investigate whether the adoption of these standards has had an effect on deforestation.

*Are Governments Needed? Comparing the Effectiveness of Public-Private and Private Regulation in Environmental Management System Standards*

There is significant variation in the extent governments are involved in establishing and administering private regulatory schemes (Abbott & Snidal, 2009; J. Green, 2014). Some are undertaken seemingly without any government involvement, while others are initiated as partnerships with firms and governments sharing administrative tasks such as setting standards and monitoring compliance. In this study I will examine Environmental Management System standards – rules, procedures and processes firms adopt to measure, protect and improve their environmental performance. To determine whether government involvement improves outcomes, I will compare the performance of firms (within industries) that have adopted the Eco-Management and Audit Scheme (EMAS), a transnational private standard with shared public-

private governance, with those that have adopted ISO 14001, a standard predominantly administered by firms (Clapp, 2001).

### Project 3: Explaining the Diffusion of Transnational Private Regulation

#### *Using Time-Series Network Analysis to Identify Diffusion Patterns: Literature Review and Proposed Methodology*

To identify the causal mechanisms responsible for the diffusion of a given policy (e.g. coercion, economic competition, shared norms, and learning) scholars often use ‘process-tracing,’ or ‘spatial lags’ in regression models (Gilardi, 2012; Simmons & Elkins, 2004). Each of these methods involves different sets of trade-offs. Process-tracing is data intensive, and generated inferences are usually not generalizable beyond the cases observed. Conversely, using spatial lags in regression models can be limiting as not all causal mechanisms are easily operationalized into a quantitative model (e.g. norm diffusion), and simultaneously controlling for alternative mechanisms is often unfeasible due to limited degrees of freedom. I posit that causal mechanisms generate distinct and observable spatiotemporal patterns, and present a new method of identifying these mechanisms using time-series network analysis.

#### *Contagious Procurement Policies: Explaining the Diffusion of Sustainable Timber Requirements in Mid- and High-Income Countries*

This study delves further into the global dynamics of transnational forestry standards and government timber procurement policies by focusing on how changes in one country’s policies has influenced the policymaking process of others. I will test the hypotheses that (a) the diffusion of these policies is driven by firms seeking to level the regulatory playing field across multiple national jurisdictions (i.e. the so-called ‘California Effect’) (Vogel, 1995), and (b) whether these policies are being used as non-tariff barriers to protect domestic markets.

### Other Works in Progress

#### *Bypassing Students’ Hostility to Discussing Justice: Creating Distance by Using Simulations and Upscaling the Unit of Analysis*

Discussing issues of environmental justice can be difficult for some students as they may be uncomfortable reflecting on the privileges and/or injustices they have experienced. I propose an approach that first uses a classroom simulation to teach theories of environmental justice across countries then ‘downscales’ the concepts to the individual level. I argue that by initially creating distance between the object of study and their experiences, students are more open to considering sensitive material that challenges their preconceived beliefs.

The approach consists of four steps. First, students participate in a classroom simulation, a variation of a ‘public goods game,’ that is designed to foster discussion on how costs and benefits should be distributed. To begin the activity, the instructor sets up an inequity in wealth (e.g., using candy) among the students. Some begin the activity with a lot of ‘wealth,’ others with very little. Then the students make a contribution to a collective ‘pool’. Failure to reach a specified amount leads to penalties, success to rewards. After several rounds, this intentionally creates conflict as some become upset at their ‘freeloading’ colleagues, while others feel

exploited. In post-simulation discussion instructor acts as a mediator as the class deliberates on their experience and what they think is just.

The second step is to tie students' ideas to different countries' perspectives on who should pay for climate change mitigation. Students examine data on historical, current, and projected carbon emissions and discuss the applicability of their ideas of justice.

The third step is to examine environmental justice issues at the local level. Students examine data from several US cities (Baltimore, Houston, Flint, Eugene), then privately reflect on their own experiences in a journal entry.

The fourth step involves students reflecting on their own personal experiences through the use of journals.

*The Ostrom-Young Debate: To What Extent Can Elinor Ostrom's Design Principles be Upscaled to International Environmental Problems?*

Throughout their careers, Oran Young and Elinor Ostrom had an ongoing and unresolved discussion on whether any of her design principles of local institutions associated with the successful and long-enduring management of common resources could be upscaled to the international level. Using qualitative comparative analysis and fixed-effects regression models with data from the International Regimes Database (Breitmeier, Young, & Zürn, 2006) I test whether four of her principles are associated with improved performance in 38 multilateral environmental treaties.

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