Letter to the Editor

In her paper, "Talking with the Donkey: Cooperative Approaches to Environmental Protection," Kathryn Harrison (1999) has provided some much needed information on this 'new' policy domain. Cooperative or voluntary programs have caught the eye of governments, businesses, and other stakeholders in most regions of the world. Harrison as well as others examining this domain (Lyon and Maxwell, 1999) point to the difficulty of critical evaluation of the effectiveness and desirability of such policy instruments because so little data is available. She cites the similar conclusions of the EEA (1997). In such cases, the importance of theory is elevated since policy planners and others have little else as bases of choice and design.

In this regard, I would offer some criticism of the choice of taxonomy in this paper and point to several other possibilities. Harrison has selected a taxonomy developed by Dorn and Phidd (1992) to describe public policy types. Their categories are regulation, government enterprise, expenditure, exhortation, and inaction. Harrison expands on the categories in the paper. She notes that cooperative policies do not line up cleanly with these classes and that the second and third in the list are not used.

Another possibility has been suggested by Jacobs (1991), who uses the following classes:
- Mandatory regulation
- Voluntary initiatives
- Government expenditure
- Financial incentives
He collects all forms of voluntary policy instruments into one class which is clearly more direct, but also ignores the fuzzy bounds between the classes in terms of cooperation. He defines voluntary initiatives as, "all those actions unforced by law and unpersuaded by financial incentives, which individuals, groups, and firms take to protect the environment." (Jacobs, 1991:134)

In this short letter, I argue that her choice of taxonomy is not very useful in designing or evaluating cooperative or voluntary forms of public policy and point to several other possibilities. The key points that policy planners need to consider are 1) what are the public benefits to be obtained and 2) what will the likely response of the targets be or stated otherwise, why would the targets cooperate and act in a voluntary manner? Further, the analysts will likely be looking for comparisons between voluntary forms of policy and others. The framework of Dorm and Phidd, because it places voluntary instruments in more than one category complicates this kind of analysis.

These schemes plus those used by Harrison in the paper indicate the difficulties analysts have in clearly demarking the distinctions between voluntary and cooperative. Harrison

starts with the broader notion of cooperation as any form of arrangement in which parties are "working together towards the same end." I find the use of the term 'cooperation' is fundamentally problematic as an analytic dimension of a policy taxonomy. In the broadest sense all members of a society cooperate. In fact, societies can be said to be constituted by some form of sharing of norms and beliefs (Giddens, 1984) which then underlie actions arising from these shared structures. Normative rules and meaning-giving structures are part of the totality of cultural underpinnings that constitute collectives like societies or businesses or business sectors. This structure also include the form of domination (authoritative structure in Giddens' terms). Giddens cautions against attempting to make these categories analytically distinct which is exactly what Harrison and many other have done by separating cooperation from domination.

Voluntary actions (or often called self-regulation in the policy world) refers to the actions which provide public benefits, but taken, as Jacobs says, without the force of law or direct interventions in the market through incentives. Economic models of firms would say that in these cases it is in the firm's best interest to act without any coercive context lurking in the background. It seems more important in this sense to use a taxonomy that can differentiate among forms of voluntary arrangements. As possible options, I cite two possibilities. One found in and used in a paper by Lyon and Maxwell (1999) was developed by the European Union Research Network on Market-based Instruments for Sustainable Development. This taxonomy divides voluntary programs among:
1) Unilateral commitments (e.g. Responsible Care),
2) Public voluntary schemes (e.g. The US EPA's 33/50 Program, which Harrison discusses), and
3) Negotiated agreements (e.g. The Dutch covenant system which Harrison also discusses)
I would put the Canadian ARET program in the latterst of these classes, avoiding the somewhat confusing category of voluntary challenges. In the sense developed in the Harrison paper, these are programs where the government sets the goals and the industry voluntarily acts to meet them. This formulation begs the question of, as Harrison does discuss, what is voluntary action when there is some form of coersion in the background. Command and control regulation could even be considered a voluntary challenge. Government sets the goals and challenges industry to comply. Most players do indeed comply voluntarily. that is without the direct imposition of penalties or coerscive sanctions, but they are very much in the shadow. In any case, ARET differs from the 33/50 program in that it was created out of a (failed) negotiation between government, industry and NGOs.

Another possible organization that avoids this problem has been developed by Bregman and Jacobson (1994). They propose a two-dimensional grid on which voluntary programs can be located with the two axes representing the degree of coordination between government and target in the setting of norms (standards) and the selection of instrument or enforcement mechanisms, respectively. They suggest this grid can be used by legislators or regulators to select among policy instruments to identify those which best fit their process and normative ends. They use four cases to elaborate their model: building codes, markets for intervention rights (tradeable permits systems), private enforcement rights, and environmental review processes.

My point is not to argue with the author, but to point to additional sources of theory and cases that can complement the work here. It is also useful to add that this issue can be

examined from the other side of the mirror to all of the above authors' background. Those cited so far come from the public policy world. One can look at the issue of voluntariness and self-regulation from the firm's perspective and ask when it is in the firm's interest to provide some form of public good voluntarily. In a paper forthcoming in this Journal, Reinhardt (1999) argues that instances where this action is advantageous are rare and are found only in certain forms of market failure where it is rational for the firms to act voluntarily. Esty and Porter (1999), also writing in this journal point out that investments in industrial ecology and co-ordinated activites with other firms makes sense again only if the firms involved can gain some competitive advantage.

Finally, I point to some recent work aimed at mitigating the problem of lack of data useful in evaluating these types of programs. My colleagues at MIT have been building a very large, carefully edited database of publicly available US environmental performance data, together with extensive data on firm and facility characteristics. We have used it to tweak out differences among similar firms inside and outside of the US Responsible Care program (King and Lenox, forthcoming), and are currently examining the differential behavior of firms becoming certified under ISO 14001 to controls without certification. We agree with all who have commented on the paucity of data and difficulty of using what there is to provide probative results, but we also note that there are studies emerging now that can add quantitative empirical grounding to the theoretical context as explored very briefly in this letter. Lyon and Maxwell (1999) present's work (1999), mentioned above, presents an excellent review of empirical work in this area.

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