

*Business, Economy, and the Environment:  
Toward a New Development Paradigm*

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According to regulation theory, social actors are redefining economic institutional forms from which a new postfordist development model could emerge. The fordist model, based on an industrialist development model and specific institutional forms regarding organization of production, the distribution of surplus value, and international integration, has been broken by the 1973 crisis and the globalization process. The new institutional forms are shaped by actors engaged in social conflicts who eventually compromise permitting a certain degree of order that allows social and economic action. The social representation of the representatives of the economic order will have a strong impact on the structure and content of that new compromise. Understanding the conceptual framework underlying business action is essential for anticipating the economic institutional forms presently emerging, especially those regarding environmental matters. Presented here are the results of research conducted among the top managers of Quebec businesses regarding their social representations on key topics of the economic order and the environment.

**Keywords:** *institutional theory; regulation theory; new economic order; new social movements; managerial attitudes; Quebec business community*

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According to regulation theory, social actors are presently in the process of redefining economic institutional forms from which a new development model could emerge that may be able to encourage some level of prosperity as was the case during the *trente glorieuses* (30 glorious years). Two phenomena present a great challenge in this redefinition process: (a) the new technologies that account for the transformation of time and space as well as for new means of transactions, which result in the blurring of old frontiers, and (b) the environmental degradation both on the local and global levels. Indeed, natural resources and environmental degradation are becoming stakes of more and more negotiations between social actors at every level from the individual to the institutional.

Although regulationists have long studied the economic crisis and its determinants in trying to understand the promising configuration of a postfordist model, they did not take into account the profound changes the ecological crisis could bring to the shaping of that new development model. However, their theoretical framework can give very useful insight into the understanding of ecological modernization of postindustrial societies. Some attempts have been made by an important contributor of the regulationist approach, Alain Lipietz. Theoretical reasons, however, have made us follow the path opened by Quebec regulationists, particularly regarding the link they propose between regulation theory and the new social movement (NSM) school.

This link allows us to fully acknowledge the transformation occurring in postindustrial societies and actualize the aim of regulation theory that, despite its economics basis, attempts to put social relations at the center of economic analysis. From this starting point, and recognizing that the ecological movement can be seen as one of the most important social movements in the present transformation of society and its institutions, we propose an analytical framework that aims to comprehend the environmental discourse of the economic elite.

### *THE REGULATION THEORY AND THE ENVIRONMENTAL CRISIS*

Despite the interesting framework regulation theory can provide for understanding the transformation presently occurring in the social and

economic organization of society regarding the environmental crisis, researchers within this framework have been surprisingly silent about environmental issues. Moreover, their quest for a postfordist model has remained confined to an industrialist view of development—not very different from the fordist model itself, particularly from an environmental perspective. As Lipietz (1995) stated, this is even more surprising given the fact that several regulationist economists are known for their environmental commitment.

Indeed, regulation theory can be criticized in many ways for not taking into account the embedment of economic activities in the natural environment as do mostly all comprehensive economic theories today. The formalization regulation theory proposes that the production and accumulation processes disconnect economic activities from their materialistic environmental basis. Thus, it ignores the conditions of reproduction of natural resources as well as the pollution effect of industrial production—two fundamental elements of the carrying capacity of ecosystems. And despite its sophistication, the concept of an accumulation regime does not reflect the particular structure that characterizes the relationship that each economy has with the natural environment (Berger, 1994).

Nevertheless, regulation theory can provide an interesting insight into the ecological modernization occurring in our societies today precisely because it can help to overcome the limitations of what is presently the core of ecological economics, which Jacobs (1994) referred to as the neo-classical school of environmental economics.

Ecological economists often stress the fact that economy and ecology are two systems that have to be relinked to achieve sustainable development (Passet, 1995). The problem is that each of these systems follows a different logic that is hard to harmonize and eventually totally contradictory. The challenge is, then, to develop some new tools to integrate ecological considerations to the economic logic. The first step is to establish precisely those ecological considerations; on this issue, economists do not necessarily agree. Although some of them prefer to rely on ecological data, others develop economic methods to establish an optimal level of pollution control (Jacobs, 1994). The level of pollution control has no relationship to the materialist carrying capacity but results from economic calculations based on several methods using, for example, individual preferences and the willingness to pay as a starting point (Hansson, 1996).

The second step consists of finding means to fix the environmental problem. In the neoclassical school as well as in the property rights school, the perspective of an ecological breakdown does not invalidate the so-called efficient regulation capacities of the market (Jacobs, 1994). Neutral and decentralized, the market remains the best way to efficiently

allocate resources; its legitimacy relies ultimately on its efficiency. The seeming failure of the market in the field of the environment is because of the particularities of environmental goods, not in the inadequacy of its own dynamic (Godard, 1998). Because they are public goods and are, often, hardly exchangeable, environmental goods cannot be regulated by the market mechanisms.

In response to that problem, the property rights school simply proposes to privatize the environment so that the market regulation process can fully operate. The less radical neoclassical school prefers to develop a series of economic instruments aimed at correcting the insidious logic of an environmentally blind market. Those instruments can take the form of taxes to reorient individual behavior toward more sustainable patterns of consumption, or they can take the form of artificial markets such as the tradable permit system.

Despite the interest of these last propositions, the dominant schools of the environmental economy present the same weaknesses that regulationists stress about the dominant economic paradigm. For regulationists, the basic problem with dominant economic theories is that they conceptualize economic processes independently of social structure and conflicts, and, secondly, they understand economic crisis basically as a structure problem due to institutional rigidity. On the contrary, the regulation theory has put forward the fact that economic interactions take place in a larger social system that shapes their form and their significance (Boyer & Saillard, 1995, pp. 11, 21). For the dominant schools of ecological economics, environmental problems seem to be related to an inadequacy of present economic tools; it is essentially a technical problem that can be objectively fixed. There is no place in these paradigms for the role played by social actors in the rise of ecological concern or in the strategies chosen to respond to the environmental crisis.

From a regulationist point of view, the social system in which economic activities are embedded is characterized by institutions that are the result of a compromise between social actors originally in conflict (Delorme & André, 1983). When they are in alignment, those institutional forms result in a new regulation mode offering a certain degree of order that enables social and economic action (Lipietz, 1999). During the *trente glorieuses* period, the industrial society was based on the central compromise of fordism between workers and managers. Since the mid-70s, however, with the loss of profitability faced by capitalists, the international political and economic reorganization that affected the scope and the autonomy of the nation state and the related transformation of the relationship between the nation state and the private sector have profoundly challenged the fordist model to result in restrained growth and unemployment

(Lipietz, 1992). At the same time, NSMs emerge with unexpected demands but also original patterns of action (Bélanger & Lévesque, 1991; Eder, 1993). Although the central compromise of fordism seems to vanish, it is not clear, however, on which basis the new compromise will be built. In their search for a promising postfordist model, regulationists have not taken the environmental question much into account until now. But according to Lipietz, it appears more and more clearly that the environmental challenge will be a prevalent variable in the choice of a postfordism development model (Lipietz, 1995).

### *THE LINK THROUGH NSMs*

As stated earlier, regulationists explain that new institutional forms are shaped by actors engaged in social conflicts who eventually agree on compromises (Bélanger & Lévesque, 1991; Delorme & André, 1983). By this understanding of the construction of economic institutions, which differs fundamentally from the market effectiveness view of the classical school, regulation theory attempts to put social relation at the center of the analysis (Boyer & Saillard, 1995). But as the Quebec school of regulation argues, regulationists have not used all the potential of their approach from a social point of view. Being exclusively centered around the manager-worker issue, they have emphasized only the productive system in their work in detriment to a more fruitful perspective showing the transformations that modern societies are experiencing, especially with the rise of NSMs and the structural changes they reflect on the social order.

One important exception is Lipietz who has put forward the ecological problem in his early work about the economic crisis and recently developed a comprehensive understanding of the ecological crisis inspired, notably, by regulationist concepts. In his first essay, *Vert espérance—L'avenir de l'écologie politique* [Green Hope—The Future of Political Ecology] (1993), Lipietz built a link between worker and environmentalist struggles by proposing that the ecologist paradigm becomes the next battle around which all social forces could unify to confront the global production system. In a second essay, *Qu'est-ce que l'écologie politique? La grande transformation du XXIe siècle* [What Is Political Ecology? The Great Transformation of the 21st Century] (1999), Lipietz began to build a comprehensive theory of the environmental crisis using the concept of ecological regulation and stressed the fact that repetitive ecological crises have occurred throughout history.

Lipietz's perspective is certainly interesting, especially in the understanding that he proposes about the modern political dilemma brought on

by global environmental problems. Nevertheless, the parallel he makes with hygienic matters at the turn of the 19th century, the continuity he postulates between workers and ecologist movements, and the encompassing ecological crisis concept he proposes through his historic lecture on ecological regulation are, in my view, not very convincing (Lipietz, 1999, pp. 43-59). I argue that it is possible to build a link between regulation theory and political ecology on other more promising bases.

As Quebec regulationists explain, social relations in postindustrial societies are not limited to the first contradiction of capitalism regarding the separation of production force and means of production (Bélanger & Lévesque, 1991; Touraine, 1971). This is why, despite its prime importance, the wage relationship (*rapport salarial*) is not the single object of social compromise and why, furthermore, the working conditions are certainly not the sole subject of claim. To understand more about the social structure of postindustrial society, which is the ground for an eventual postfordist grand compromise, we must turn to the social movement literature, especially the NSM school.

In his actionalist theory, Touraine (1971) argued that modern societies have gained the ability to transform themselves through the development of self-consciousness they acquired through self-production, which means, in this context, the process of historicity. The control over the process of historicity is the stake of the central conflict between social actors in society. In postindustrial societies, it is no longer the production and its organization that constitute the core, as was the case for the industrial period, but the end or the purpose of that production. Those societies are characterized by a new generation of social movements, one of which will constitute the pole of the new contradiction in postindustrial society—namely, the ecologist movement (Touraine, 1978). On the basis of this assumption, we can put forward that the next grand compromise on which the postfordist development model could be based would be an ecologist compromise.

Nevertheless, following further works of the NSM school, we must recognize that the structure of social conflicts in postindustrial society are far more complex than a dichotomy between two classes and, furthermore, that the characteristic of that type of society might precisely be the existence of fragmented and very heterogeneous social movements (Cohen, 1985). As Lipietz (1999) stated, the actors involved as well as the scope of contemporary issues are far more complex than they were 80 years ago. Another interesting feature of these NSMs is the totally new relationship they seem to have with the political sphere by preferring to

evolve through an autonomous institutionalization process in the framework of civil society instead of being institutionalized through the existing political order (Melluci, 1991). Eder (1993) went even further stating that, indeed, NSMs contribute to the institutional transformation of the entire political system.

On the other hand, environmental degradation and the human relationship to the environment are not social relationships in themselves. Rather, we can say that it is the environmental degradation that is transforming and complicating social relationships about land, natural resources, and the growing burden of industrialization. Thus, the core of what we could call an ecologist postfordist model does not have to reflect an institutionalized compromise with nature *per se* (Lipietz, 1995) but, rather, a compromise on the basis of which is chosen as a type of interaction and use of nature—in other words, an institutional compromise about nature where the relation with nature *per se* is, in fact, the cultural background for this compromise. From our perspective, this compromise, which we could call the environmental governance compromise, will take place in a new paradigmatic vision of the world supported by a hegemonic social bloc (Lipietz, 1984). The conception of progress underlying this new social paradigm will probably bring a dramatic shift with the preceding period. As for the paradigm vision to become hegemonic, it will have to gather most of the sectors of society and leave only a few groups on the margin.

As Delorme and André (1983) stated that compromise arises because the dominant actors are not able to totally impose their views on other actors and are forced to make certain concessions to pursue their goals. Otherwise, the conflict continues and neither of the two parties can be satisfied as they consume themselves in conflict. The institutionalized compromise permits the establishment of some rules to guide economic and social action for a certain period of time after which the tensions not fixed by the compromises grow until they destabilize the regulation process of the institution (Lipietz, 1984). Considering that the environmental governance compromise will be imposed by the dominant social actors, it is certainly essential to understand their representation of the world (social paradigm) and the more particular environmental issue to grasp its possible configuration. The economic elite accounts for a large part of what we call dominant social actors (Sklair, 1994), but despite the invitation of Touraine (1971), very little research has been done on the economic elite's representations. This is why I decided to conduct a study on the conceptual framework underlying business action to anticipate the economic institutional forms potentially emerging.

### *THE EMERGENCE OF A NEW DEVELOPMENT PARADIGM*

This research was conducted with 50 managers of Quebec's top businesses. The interviews, which had a duration of approximately 1 hour, allowed me to gather the views of top managers on key topics of the economic order and the environment including: (a) conception of the enterprise and the market, (b) the national and international role of the state, (c) the leading environmental problems, and (d) the definition of sustainable development.

To begin with, it must be stated that NSMs are far from forming a coherent entity. Likewise, business representatives also present important differences in their ideological schemes, representations of the world, and interpretations of today's challenges.

Our first finding is that, although the conception of the enterprise seems quite diverse, ranging from a capitalist image (for-profit organization) to an associative one (people organization) and passing by the productive view (machine organization), the enterprise is always understood as an organization and hardly ever as a social institution (Touraine, 1971). The second most important finding is that managers' representation of the market is far from the neoclassical representation; it is exclusively defined in a fragmented, strategic way by businesses, even if managers still believe in consumer sovereignty. At the same time, the managers do not see any political structuring of the market, as Galbraith (1973) has argued with his technostructure theory.

Contrary to what is currently heard, the findings here also reveal that environmental conscience and knowledge are diverse among Quebec top managers and compare favorably with the average consciousness within society in general. In contrast with preceding decades, very few consider that environmental degradation is not an important problem. Even if managers have already heard about sustainable development, not all of them know the Brundtland (1987) definition of sustainable development, and they are quick to give their own definition, even if theirs is usually far from the institutionalized environmental/social/economic equilibrium definition that is generally given by officials and government representatives. These last findings lead us to conclude that environmental issues are becoming part of Touraine's cultural field (1971) within which social actors are struggling to define the ways and the forms that institutional modernization will take.

At the same time, they make one realize that Quebec managers' perception and commitment toward environmental degradation are contrasted

with two trends on the question of governance and environment. The first one is the business-enterprise movement best illustrated by Schmidheiny (1992), the International Chamber of Commerce (1992), and the Centre des Jeunes Dirigeants (1995). From a sociopolitical perspective, they state that businesses have to actively take part in the solution to environmental problems and propose concrete actions to businesses within a specific public-private articulation to ensure good governance of the problem. The second trend can be seen as the theoretical foundation of the former notwithstanding its important practical and how-to corpus of literature. The conception of the enterprise, the market, and the state proposed by this literature is far from the managerial representations we have been able to analyze in the research conducted.

Finally, as social movements are struggling for participation in decision-making processes, blurring the frontiers between accessible public and nonaccessible private spheres of decision making, on the other hand, managers are protecting their autonomy while openly taking part in the construction of a public order—a role originally given to the state in a democratic perspective of the organization of power. Thus, I argue that there is an important gap between the democratic imagery of NSMs and the economic elite, and, in my perspective, it is that imagery that will be central in building the new socioeconomic compromise.

### *CONCLUSION*

Following the events that occurred in Seattle in 1999, one can notably affirm that the actual decision forums lack both legitimacy and embeddedness in grassroots communities that are necessary to forge a new compromise, as was the case of the Bretton Woods Accord in 1944. Events such as those in Seattle are quite illustrative of the recomposition of a social and political order in which NSMs take a great part in attempting to orient the modernization of economic institutions.

This work presents a comprehensive understanding of present phenomena on the basis of different theoretical frameworks. It also reports the results of a study conducted among the most important top managers of Quebec. The results lead me to conclude that, in spite of the fact that they do not have a deep comprehension of the ecological crisis, managers no longer deny the fact that such a crisis exists and that it will necessitate intervention for years to come. We can say, then, that environmental issues are becoming part of Touraine's cultural field (1971) within which social actors are struggling to define the ways and the forms that institutional modernization will take.

The real social debate is thus more about the scope of the transformation that the ecological crisis necessitates and the type of governance allowed by the existing economic institutions. In my view, this will be the stake of ecological modernization and the subject of the central compromise of postfordism.

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