Sustainability, hegemony and the dialectics of change.

Juliet Roper, University of Waikato. Email: jroper@waikato.ac.nz

Eva Collins, University of Waikato. Email: evacolln@waikato.ac.nz

Abstract:

Introduction:

Given that at its centre lies a concern for enduring global social and environmental welfare, for many sustainability appears to be a common sense concept. However, in an economic system that is based upon continued economic growth, the notion that social and environmental imperatives should be at least equal in priority across all sectors of society (government, business and civil society) means that sustainability is inherently fraught with tensions. A recent review of business and society literature reveals that little analysis has been published on the nature of these tensions within and between organisations and sectors, including government (Van der Byl & Slawinski, 2015). Further, little critical examination is available of why and how, given what is at stake, economic imperatives continue to be favoured over social and environmental ones.

By overlaying Gramsci’s theory of hegemony we suggest that paradox theory, seen as a continuous process of organisational learning and improvement through responses to tensions, can also describe a means of maintaining a hegemonic core – in our example, that of laissez-faire government enshrined in neoliberal economics that drives a business focus on
profit over environmental and social sustainability. Further, we suggest that this critical lens highlights limitations to the readiness and ability of organisations to adapt to divergent demands simultaneously.

Our example highlights divergent stakeholder demands for environmental and social sustainability and the means by which governments and businesses have responded to the tensions that arise from such demands, which are typically regarded as being in opposition to requirements for continued economic growth. In analysing our research data we apply a dialectics approach that facilitates a close examination of organisational discourses and practices that both encapsulate and seek to manage the tensions associated with demands for sustainable business practices. Our analysis provides evidence of an emergent discourse that signals a very new direction in those tensions. Because this new discourse also fundamentally challenges the core premise of the free market, the regulatory independence of business, it has the potential to undermine, or at least significantly change, the hegemony of the current economic order by calling for the return of a greater regulatory role for government over business practices.

We first critically review recent history of sustainable development from the perspective of the economic sector’s desire to preserve the hegemonic domain of neoliberal, free market economics. In doing so we describe the conciliatory actions taken in response to tensions created by multiple challenges to that hegemony, often aimed at governments for legislative change. We describe how, so far, responses to such challenges have not only been at the margins but have been effective in defusing them.

We draw on primary and secondary data to examine the range and complexity of challenges to the New Zealand Government’s core policy driver of economic growth and illustrate the means by which that Government responds to them – both discursively and in practice. We
then present a case that a new set of tensions is emerging that can no longer be so easily sidestepped. Significantly, these tensions are coming from within the dominant economic bloc itself, with some business leaders acknowledging that the minimal regulatory environment that is fundamental to neoliberal ideology is failing to serve their business goals.

We discuss evidence that these leaders now face a Bakhtinian dialectic dilemma: to call for government regulation to protect business investment or to retain business autonomy at any cost?

**Dialectics, issue management and hegemony**

There are many approaches to analysis of organisational tensions. The constructionist approach to analysing organisational processes known as tension-centred analysis (e.g. Erbert, Mearns, & Dena, 2005; Jian, 2007) rests on the premise that organisations are fundamentally sites of ambiguity and conflict and that tension itself is both natural and the driver of change (Seo, Putnam, & Bartunek, 2004). There is a range of tension-centred approaches, including irony, opposition, duality, paradox, contradiction, dilemma, double bind, and dialectic. Paradox theory as described by Smith and Lewis (2011) seeks both to explain and to promote organisations’ management of diverse internal and external pressures that generate tension. This particular model suggests that rather than regarding solutions to tensions as a choice of one demand over another, as in contingency theory, divergent demands can and should be met simultaneously and that such an approach can produce more stable outcomes. The process requires continuous effort as new demands are made by, for example, a range of stakeholders with opposing interests. The result, according to the theory, is a virtuous cycle of organisational learning and improvement. Smith and Lewis (2011) explain that earlier conceptions of paradox, dilemmas and dialectics have been regarded as
separate in their applications: paradox has been conventionally defined as “contradictory yet interrelated elements that exist simultaneously and persist over time” (p. 386); dilemmas suggest tensions with clear advantages posed by competing alternatives; and dialectics describe “ongoing process[es] of resolving tensions through integration” (p. 386). However, because these conceptions can overlap as, for example, when a dilemma becomes paradoxical over time, the integrative model of paradox management is dynamic, accounting for and integrating such changes. Thus organisational tensions are seen to emerge and grow in relevance until they are accommodated. Such tensions, and their accommodation, can be socially constructed and/or material.

While the paradox model has much merit for organisational practice, in this paper we suggest that for critical understanding of organisational responses to tensions there is also merit in retaining the concept of the dialectic as a separate element of analysis. We further suggest that when the critical cultural studies’ perspective of the dynamics of maintenance of hegemonic orders is applied to a dynamic model of tension resolution, it can be seen that the process of accommodation in organisational management can serve to mask more macro, societal level tensions. By analysing separate responses to issues such as those that arise from demands for social and environmental sustainability which often have a common core cause, it is possible to see how that core cause can be ignored.

Dialectics are fundamentally about change (Ollman, 2003) and the tensions that arise, first from the conditions that are precursors to change, to the direction of change, to the implications of change itself, including the effects on the participating individuals, organisations and societies. The two major assumptions shared by many versions of dialectics theory are that social phenomena are subject to opposing forces or positions, and that because those forces are in constant tension they generate continuous changes as one force becomes more prominent and the other pushes back. Hegemony, on the other hand, from Gramsci’s
(1971) perspective that we adopt here, is about successfully resisting change as hegemony can only be maintained by constant adjustment at the margins in order to protect the core. According to Gramsci, dominant orders are “both coercive and dependent on the consent of those who are coerced into submission” (Holub, 1992, p. 45). In this way hegemony is itself dialectical, fraught with tensions on the part of both the dominant and the dominated (Mumby, 1997, 2005).

Gramsci’s view of hegemony is thus dynamic. It describes how dominant forces secure their legitimacy and maintain a relatively stable state by continuously deflecting tensions and challenges through compromise at the margins (Levy, 1997, 2001; Roper, 2005). By this process societal expectations are seen to be met, although the reality may be that they are materially met only enough to dilute the rationale for and thus weaken the challenge. A dialectic approach to hegemony reveals the ways in which discourse is in constant tension as it serves to maintain dominant positions and resist opposing discourses. Mumby (1997; 2005) takes a communication approach in describing the link between hegemony and dialectics within organisational discourse. Indeed, most studies of this kind focus on the communication dimensions of organisational processes and dynamics (for example, Ashcraft & Mumby, 2004; Flemming & Sewell, 2002; Norton & Sadler, 2006; Tracy, 2004), especially the ways in which different groups compete to serve their own interest and to control symbolic and discursive resources (McPhee & Poole, 2001).

Our focus is different in that it goes beyond organisations to an analysis of the dynamics of intra and inter sector roles and relationships. Specifically, we are interested in the dynamics and tensions of relationships within and between governments, organisations, and the economic sector in which they function, and in to what extent and how tensions impact on ideologically-driven policy decisions.
As it is for dialectics, hegemony is determined by context, rather than being a universal construct. Although it may be replicated elsewhere, domination through hegemony can only hold for a specific place and only so long as society will allow it to hold by virtue of widespread consent. The compromises that are made in response to challenges to any hegemonic order are sufficient to weaken the strength of opposition, but not so great as to prevent core dominant practices continuing unchanged. If this were not the case, the order would not be hegemonic. Hegemony can only hold if the core principles of the dominant ideology are regarded as “common sense”. If the principles no longer make sense for that particular time and place, the hegemonic order is replaced by something else that may or may not include elements of the displaced values and that may not ever be sufficiently embraced to establish a new ‘normal’ set of principles.

**Neoliberal hegemony and sustainability**

The most recent hegemonic balance in Western states, notably those of the US, Canada, Australia, New Zealand and the UK, is embodied in neoliberal economics, characterised by global free markets, unregulated currencies, individualisation of society, and minimal intervention by governments. The degree to which neoliberal ideals are exercised vary, with European governments, in general, exercising a more moderate form than those of the countries just cited (Matten & Moon, 2008). New Zealand is recognised as having moved to a relatively strong form, with removal of all industry tariffs and subsidies associated (Kelsey, 1997).

The hegemony of the free market, created and maintained by governments to the advantage of corporations (Geels, 2014; Marens, 2013) has successfully held since the early 1980s when it was advocated as the only viable substitute for the hitherto dominant system of Keynesian
economics. Neoliberal, free market or laissez-faire economics rests on the core premise that with minimal state regulation, business will self-regulate for both maximum profit and public demand through the correcting action of market forces (Burchell, 1996). The advent of what is commonly called globalisation served to greatly strengthen that core, as many corporations have now accumulated more wealth than some nation states and so can potentially wield greater influence over policy decisions (Castells, 2000).

As for all hegemonic orders, neoliberalism exists under tension and has had to fend off challenges, compromising at critical junctures in order to protect the ideological core. The greatest current challenge to the independence of the economic sector strikes at the heart of the system itself: widespread recognition of the failure of the market to protect either the environment or social wellbeing. Market failures have become evident through, for example, unsustainable and inefficient use of non-renewable resources, failure of business to account for externalities such as waste and pollution, including the less visible but globally threatening climate change, and rapidly rising inequalities in wealth distribution within and between nation states. This has proved to be a growing challenge. In more recent years, most particularly since the advent of the postmodern risk society (Beck, 1992, 2006), increasing public concern about and activist intervention in corporate activity has resulted in society calling for accountability for such externalities.

In response, governments and businesses have, to greater or lesser degrees, turned to notions of sustainability. However, as noted in the 1991 Brundtland report, sustainability “is not a fixed state of harmony, but rather a process of change.... Painful choices have to be made” (WCED, 1987). In making such choices governments have to deal with tensions from a range of stakeholders that goes beyond concerned citizens of a risk society (Beck, 1997) and includes political opponents, politicians within their own ranks, international governments and consumers. Conservative governments, in particular, face tensions between the
expectations of their key electorate, the business sector, and the other diverse electorates that make up general society. If business wish to retain their regulatory independence, in line with the neoliberal model, they must respond to societal and supply chain expectations before governments are forced to regulate, or they must attempt to manage the parameters of any environmental and social legislation that may be introduced. This is, in effect, classic issues management (Gandy, 1992; Heath, 1997; Heath & Palenchar, 2009; Kuhn, 1997), with sustainability as the issue to be managed (Roper, 2012).

Rather than address the issue of sustainability holistically, the widespread practice has been to take a piecemeal approach by attempting to respond to what have commonly been regarded as separate issues around the periphery of sustainability as they arise. In practice, however, such tensions tend to be overlapping and contradictory. Hence governments cannot appease all constituencies simultaneously and are guided in principle by their own ideological beliefs, up to the point where these need to be modified because they are no longer politically tenable.

One factor that has facilitated the separation of sustainability related issues is the range of diverse and often contradictory discourses that describe sustainability itself and which determine organisational responses to the core issues. Indeed, the discourses themselves are illustrative of the tensions inherent in notions of sustainability. In line with mainstream government and business thinking (the ‘discourse coalition’ of policymakers and incumbent firms described by Hajer (1995; see also Geels, 2014), responses to sustainability have tended to be at the very weak (Turner, 1993) end of the spectrum, with little or no substantive change to organisational practice.

One discourse that has been particularly influential is that of ecological modernisation (Jänicke, 2008) Hajer, 1995), largely grounded in what is commonly referred to as the
“business case” for sustainability. In practice, it can be viewed as an economic mechanism for encouraging changes towards more environmentally and socially sustainable business practices and so its ideals can be said to be in line with business goals. For example, reductions in energy use and waste should increase profit. Beyond such ‘low hanging fruit’ (Laszlo & Zhexembayeva, 2011), however, financial returns tend to require that businesses adopt technological change and a long term view, rather than prioritising short term profit (Dryzek, 1997). In many ways, ecological modernisation fits within the discourse of sustainable development, with its key difference lying in its focus on practical and profitable solutions to environmental problems that allow the underlying economic model to continue. Hence its particular appeal to and utility for conservative governments and the dominant business sector.

As for the discourse of sustainable development (Christoff, 1996), the discourse of ecological modernisation, and its associated practices, takes both “weak” and “strong” forms with the weak form focusing on economic advantages at the expense of a wider ranging and holistic view of improvement for all of society. The weak form essentially entails a “business as usual” approach, based upon competitive advantage. By seeming to respond to environmental problems it can also effectively defuse arguments for more radical environmentalism. In its stronger forms ecological modernisation requires that governments take an “enlightened long term view” and “a holistic analysis of economic and environmental processes rather than piecemeal focus on particular environmental abuses” (Christoff, 1996, p.143). For governments that adopt this view, notably European governments, ecological modernisation entails some level of “smart” environmental regulation that can include economic incentives, and a consensus approach to flexible policy formation (Jänicke, 2008). Indeed, Jänicke identifies “smart” regulation as a key driving force for ecological modernisation. Thus the enactment of ecological modernisation relies not only upon implementation of the
Precautionary Principle (O'Riordan, Cameron, & Jordan, 2001; O'Roirdn & Jordan, 1995) but also upon restructuring of the dominant market-led economic ideology. In spite of this, as Dryzek also notes, all forms of ecological modernisation discourse ignore the notion of limits to growth.

In this paper we take the example of the New Zealand Government’s responses to sustainability challenges over a seven-year period, from late 2008 to mid-2016, as an exemplar of government responses to internal and external pressures for policy responses to sustainable development. This has been a period of continuous government (three, three-year terms) by the conservative National Party, led by Prime Minister John Key. It stands in contrast to the previous nine years of a centre-left Labour-led Government that had built its platform upon leadership in sustainable development. Thus the current conservative Government has had to manage expectations set up by the previous Government, protect its own neoliberal ideals and those of its key business constituency, and justify its practices in the face of growing concern about environmental degradation.

**Method**

Our analysis is longitudinal and is primarily based on discourses revealed in government speeches and press releases that are publicly available on the New Zealand Government website (www.beehive.govt.nz). It focuses on how the Government’s discourse has approached expectations of sustainable development, particularly those that set up ideological tensions between environmental and economic priorities. Because of the long period under examination, we focus upon critical sustainability issues, particularly climate change, and junctures when the Government has had to deal with different, often contradictory, pressures, from a range of stakeholders.
As a counter point to the Government derived data, and to provide the context for policy statements by way of oppositional discourses that set up tensions that the Government has to negotiate, we also draw upon a range of supporting and oppositional discourses. These are sourced from 24 interviews conducted in late 2014 as part of a longitudinal study into sustainable business practices in New Zealand (Collins & Roper, 2015), submissions and statements from business groups such as the New Zealand Sustainable Business Council (a subsidiary of the World Business Council for Sustainable Development), Pure Advantage, and the industry group, Federated Farmers.

Our approach to discourse draws on that of Norman Fairclough (1992, 2000) in that it does not regard language as an independent, separate phenomenon. Rather, it is indicative of the discursive and social practices that shape language use; word choice and the meanings ascribed to words, for example, vary according to conscious or unconscious strategic intent. Thus we examine texts and the modes of argument found in them as both reflections of ideology as well as indicators of practice. In particular, we examine the discourse of a Government, as the holder of institutional power, in the face of opposing discourses that challenge the ideological foundations that drive the ways in which they exercise that power in policy.

Tension-centred analysis complements discourse analysis. As discussed above, there are many approaches to tension-centred analysis, including paradox and dialectics, and it has been suggested that because such approaches can overlap at times they should be integrated (Smith & Lewis, 2011). As also discussed earlier in this paper, we adhere to a dialectics approach in order to analyse specific responses to challenges as we see these potentially as strategic measures to deflect challenges and protect an ideological core.
Two major assumptions shared by the many versions of dialectics theory are that social phenomena are subject to opposing forces or positions and that these forces, being in constant tension, create continuous changes as one force becomes more prominent or powerful and the other pushes back. Rather than make a dichotomous choice, dialectics theory suggests that we manage tensions sometimes by making “either-or” choices, but also sometimes by “both-and” choices—that is, finding ways to embrace or transcend the tension. The literature offers a variety of potential responses to dialectics. While different labels have been used, these responses comprise four basic alternatives: selection (selecting one pole and ignoring the other), separation (addressing each pole separately in time or space), integration (addressing both poles simultaneously through reframing or synthesis), and withdrawal (exiting from the relationship) (Gibbs, 2009; Seo et al., 2004; Tracy, 2004; Zorn, Roper, & Richardson, 2014). The dialectics approach of Mikhail Bakhtin as adapted primarily by Baxter and colleagues (Baxter, 1990; Baxter & Montgomery, 1996), and applied to organizational contexts (Erbert, Mearns, & Dena, 2005) suggests that a dialectic has two appealing extremes that push and pull the participants in a relationship. In this approach dialectics are both interdependent and mutually negating, meaning that both poles of a dialectic are desirable, yet enhancing one is at the expense of the other.

Findings:

From late 2008, when it came into power, one of the key differences between the discourse of the conservative National-led Government and that of its Labour predecessor was that the word ‘sustainability’, along with its variants such as ‘sustainable development’, was dropped quickly and almost entirely from discussions of environmental issues (Mella, 2012). In addition, more specific, related terms were also dropped, including ‘carbon neutral’, and ‘carbon footprint’, in spite of the fact that the Government maintained that climate change was its main environmental priority. Instead, the implied and overt emphasis was exclusively on economic growth.
It was clear that public expectations of environmental care, in recognition of the country’s highly valuable “clean green” brand (Ministry for the Environment, 2001; Roper, 2012) and bolstered by the previous Government, created opposing discourses and hence dialectic tensions with the economic agenda that served the new Government’s key electoral constituents, including the farming sector. Significantly, agriculture produces 48% of New Zealand’s greenhouse gas emissions, two-thirds of which are methane from farming cattle and sheep. Further, methane emissions are estimated to have increased ten percent since 1990, the highest rate in the world, as a result of dairy farm expansion (Pullar-Strecker, 2015). Overall, the Government dealt with the tensions by actively side-lining environmental discourses, by paying only lip service to key issues such as the Emissions Trading Scheme (ETS), and/or by the dual device of simultaneously promoting the intent and minimising the practice, as explained further below in the case of the ETS.

Environmental issues were relegated to what the Government termed its “Bluegreen Agenda” that, although classified as “the bible” for New Zealand’s environmental programme (South, 2009), was referred to only within the Environment and the Climate Change Issues portfolios, both led by the agenda’s creator, Nick Smith. It was clearly stated that the “Government's environmental agenda is about rolling back Nanny State regulations and achieving better environmental outcomes through financial incentives” (Smith, 2009f). The agenda generated tensions throughout all portfolios, especially with regard to modifications of significant legislation, including the ETS, which were seen to impact the nation’s environmental credentials.

Climate change and the Bluegreen Agenda
There is evidence to suggest that Smith, as the key and, at least initially, the sole advocate of the Bluegreen agenda experienced pressure to conform to the Government’s economic growth agenda. Smith used the discourse of the Bluegreen agenda to advocate a balance between environmental and economic goals (Smith, 2010a, 2010d, 2011a, 2011b) and, in a rare reference to ‘sustainability’, stated that “resource use must be based on sustainability” (Smith, 2009g). However, policy changes enacted under the umbrella of the Bluegreen agenda suggested that achievement of ‘balance’ was consistently in favour of economic growth, as described below.

One of the primary, inescapable environmental issues in the long term has been climate change. This issue affects numerous areas of government policy, including transport and agriculture, yet over the entire period of our analysis it has increasingly caused tensions within government and between government and its external stakeholders, including the international community. The Labour Government had introduced the ETS just prior to the 2008 election. In acknowledging New Zealand’s geographical isolation and reliance upon its ‘clean, green’ positioning, the then Prime Minister stated:

New Zealand needs to go the extra mile to lower greenhouse gas emissions and increase sustainability … In our high value markets in Europe, we face increasing pressure on our trade and tourism, from competitors who are all too ready to use against us the distance our goods must travel to market, and the distance tourists must travel to us (Clark, 2007).

One of the National Government’s early actions was to “moderate” the scheme to be “workable and affordable” (Smith, 2009c, 2009d, 2009e), as well as “realistic about how much a small country like New Zealand can contribute” (Smith, 2009e). Much of the business sector was supportive of the review because of concern that business might be put at
an economic disadvantage by international competitors who were not subject to such a system, the same discourse used in opposition to the Kyoto Protocol in 2001 (Roper, 2012).

The revised scheme extended the exclusion of the agriculture sector from 2013 to 2015 (Smith, 2010a), with caveats from other Government Ministers that “we’ll only bring agriculture in if it’s consistent with what we see from other producers around the world”, and that to bring the sector into the ETS earlier “would be economic suicide” (Carter, 2011).

Such statements were in direct contradiction to Smith’s earlier comment that New Zealand does not “have the luxury of excluding agriculture when your sector is such a large portion of New Zealand emissions” (Smith, 2009i).

Over the same period the Government also repealed Labour’s Biofuel Sales Obligation on the grounds that oil companies may import biofuel from “unsustainable sources” without “workable and practical sustainability standards” (Brownlee, 2009), even though the Bluegreen agenda had earlier included a proposal to “blend biodiesel into fuel” used and sold in New Zealand (Smith, 2006, p. 5). The eventual statement was that the blend of biofuels would be supported by grants, but not by mandatory requirements (Smith, 2009h). The Associate Minister of Transport distanced himself from environmental issues related to transport, stating that “the Government's top priority for the transport network is to maximize its contribution to economic growth and productivity” (Guy, 2010). Even though he referred to amending the Public Transport Management Act, there was no mention of improving or extending the public transport system in the country, or of plans to mitigate or at least reduce the 20% of the greenhouse emissions that the sector emits.

The environmental policies of the Labour-led Government up until late 2008, especially in relation to their stated goal of becoming a ‘carbon neutral’ nation, did not fit with the agenda of the incoming conservative Government, neither politically in terms of voting
constituencies nor ideologically. However, while dropping the policies would be viewed favourably by the majority of the New Zealand business sector, as indicated by the degree of opposition to New Zealand’s 2002 ratification of the Kyoto Protocol (Roper, 2012) it would also generate tensions with other stakeholders who wanted to protect the country’s valuable environmental reputation, and with international consumers.

The new Government initially dealt with the tensions in two ways: by shifting the discourse to an ambiguous one of ‘low carbon’, and by effectively ignoring the issue of greenhouse gas emissions in practice. In justifying the shift they claimed that the carbon neutrality was a ‘lofty’ and ‘unrealistic’ goal (Smith, 2009a, 2009h) that may have damaged the international positioning of New Zealand rather than helping the image of the country as ‘clean and green’.

No clear definition of ‘low’ was given. Thus they simultaneously sought to proactively deflect criticism and set up practices that were more favourable to their business constituents. The $10 million carbon neutral programme for the public sector was abandoned in March 2009 with the funds reprioritized to others areas with “real value for New Zealanders” (Smith, 2009b).

However, the ETS also provided the New Zealand Government with the means of promoting and legitimising the country’s environmental credentials internationally. At Copenhagen 2015 the Prime Minister positioned New Zealand as “the only country in the world that has introduced an emissions trading scheme covering all greenhouse gases and all sectors of the economy, including agriculture and forestry”, with no reference to the delayed inclusion of the agricultural sector (Key, 2009a). Consistent with the discourse of ecological modernization, the transition to a low carbon economy would be effected by technological development. Under this premise the Prime Minister launched the Primary Growth Partnership, a major component of which was to tackle greenhouse gas emissions, with
funding provided to the NZ Agricultural Greenhouse Gas Research Centre as “a key part of our sensible and pragmatic approach to responding to climate change” Key (2009b).

There is clear evidence that the Government’s key business constituents, particularly the farming sector, supported its approach to climate change. There was also evidence of discursive shifts over time from denial of responsibility for and/or of the issue itself to an ecological modernisation approach within the business sector, echoing that of the Government. For example, DairyNZ, representing one of the country’s largest emitting industries, approved changes to the ETS on the basis “that we achieve emissions reduction through technology change rather than reductions in production” (13 February 2009).

However, there was increasing international pressure on business for greater sustainability in production, a fact recognised sooner by some of New Zealand’s larger exporters than by the National Government. Although the signals had been clear much earlier, it was not until 2010 that this pressure was reflected in the Government discourse with economic growth now clearly articulated with environmental protection. The Minister for Agriculture reported to Federated Farmers, the country’s largest farming lobby group, that at the World Dairy Summit he had been told by a Waitrose buying executive: “if we want Waitrose to buy our products, we must meet its standards and expectations around animal welfare, food safety, and environmental management” from which he was left “in no doubt that sustainability is not a fad. It’s an enduring trend that’s here to stay” (Carter, 2010). Ecological modernization remained the basis of the discourse for change, but was now being seen by at least some sections of the Government in terms of a need for transformational change. In 2011, the Government announced that

concepts of green growth, green jobs and clean tech are attracting international attention with the work of the OECD and the United Nations. This is about New Zealand applying some of our best private sector minds to how we ensure we take up
these green growth opportunities to support the Government’s broader economic growth strategy (Brownlee, 2011).

Thus, in response to international business pressure, the discourse shifted to the “business case” for sustainability that had earlier been disregarded by much of the business sector and government, but – in the absence of regulation – was still premised upon neoliberal, laissez-faire ideology.

Pressure for change was increasingly exerted by New Zealand’s own business sector, and was in part being responded to by Government. In sharp contrast to the previous Government’s 2001 consultation prior to ratification of the Kyoto Protocol, February 2011 submissions on the Government’s proposed emissions reduction target of 50 per cent on 1990 levels by 2050 strongly suggested a growing divide between companies that saw advantages in change and those that continued to lobby for ‘business as usual’. This time only small majority of the 30 submissions from major stakeholder groups, representing the high greenhouse gas emitters, objected to the targets. Nevertheless, the Government continued to stall expansion of environmental legislation ahead of the country’s major trading partners, preferring voluntary action in line with the dominant business lobby. Economic growth remained the top priority, with no scope for reduced dairy production (Carter, 2011).

Tensions within the business sector and between business and government continued to grow. A new industry lobby group, Pure Advantage, was launched in 2011, with the message that “New Zealand urgently needs to improve its own environmental stewardship, to protect the clean, green image that benefits so much of what we produce and export’ and that New Zealand needs ‘to break out of our short-sighted commodity attitude and embrace our competitive advantage in being green’ (Pure Advantage, 2011). Significantly, the group comprises leaders of many of the country’s most prominent businesses. Their discourse was
one of ecological modernization and a business case for sustainability, but a much stronger version than used by either the Government or the high emitting industries. Further, the group was calling for Government leadership in the issue. The Government hit back, with one Minister stating that he "fundamentally disagreed" with the approach of the group, that New Zealand should not "throw away" competitive advantages in traditional industries and that such a movement towards green growth would be "a highly dislocating shift that would leave us poorer for an extended period of time" (Mace, 2012). Other groups and individuals were also increasingly criticizing Government environmental policies, saying that they pose a risk to the country’s valuable brand (see, for example, Kenworthy, 2011).

The Government did not back down from its priorities of economic growth, its market approach to environmental reform, and its discourse of weak sustainability through ecological modernisation. In 2014 the Minister for Climate Change Issues stated “New Zealand is doing its fair share on climate change, taking into account our unique national circumstances….We are leading international research into reducing agricultural emissions, which are a significant contributor to total global emissions”… (Groser, 2014). Increases in renewable energy production were favourably attributed to the “introduction and refinement of a liberalised electricity market” (Bridges, 2015), in direct contrast to the call for Government intervention made by organisations such as Pure Advantage.

Submissions made to Government on their 2016 review of the ETS showed continued and growing resistance to the Government’s approach to climate change. That of the New Zealand Sustainable Business Council (30 April, 2016), for example, called for “coherent government policy across energy, transport, agriculture and infrastructure portfolios, with cross party support” implying a long-term approach. Nevertheless, agriculture was not included in the scope of the review on the grounds of the Government’s earlier decision to
include it only if there were “economically viable and practical technologies to reduce these emissions” (Moir, 2015).

The New Zealand Government signed the 2016 Paris Climate Change Agreement but made it very clear that their domestic policies would not change. The Minister for Climate Change Issues stated “New Zealand is absolutely committed to reducing our emissions and to achieving the ambitious target we set before Paris. And we intend to do this within the context of economic growth, which remains a top priority for our Government….That’s why New Zealand is a strong supporter of the role of markets in reducing climate change, and why we led the Ministerial Declaration on Carbon Markets in December last year….It is clear that if this is going to seriously change behaviour, the price of carbon needs to be higher than it is now’ (Bennett, 2016a). To the Bluegreen Conference the same year she stated “While there might be a comparatively easy way for our farmers to move immediately to lower emissions [by reducing production] - it would have a huge impact on our competitive advantage” and for that reason Government focus would instead continue to be on a search for scientific innovations that would enable growth without increasing emissions (Bennett, 2016b).

Growing tensions between business and Government

The discourse of groups such as the Sustainable Business Council and Pure Advantage referred to above is now increasingly echoed across the New Zealand business sector, indicating a significant shift in attitude. The longitudinal nation-wide survey of New Zealand business sustainability practices, conducted every three years since 2003 by the authors of this paper, has shown fluctuations in the relative priority of economic growth over environmental and social sustainability. Particularly revealing was the 2010 survey that recorded what we termed a “sustainability divide” over the period of the recent global
economic downturn, with some companies increasing their commitment to sustainability practices while others reduced it (Collins, Lawrence, Roper, & Haar, 2010). Those that increased their investment in sustainability tended to be either larger, exporting companies that are exposed to international market trends or those that are driven by moral rather than economic motives (Wang, Cheney, & Roper, 2015).

By the 2013 survey, overall levels of sustainability commitment had still not reached those recorded prior to the economic downturn, which even then were low (Collins & Roper, 2015). However, interviews conducted in late 2014 highlighted the extent and complexity of tensions within the business sector over issues of sustainability, in line with opposing practices found through the survey. For example, one interviewee from the wine industry acknowledged tensions in achieving widespread adoption of sustainability practices in a free market economy, but assumed that market solutions are the only option:

…but you have to lead the market somewhere because if you don’t, if you just let people operate to make money you are not always looking after the best interests of the country... so it is a tough one because if you want to operate in the free market and still be able to control, I guess you’d have to use the market to control, like you can incentivize people by showing them that there is a market for it, that’s perhaps how you can change behaviour.

In this instance, the solution is seen as being through incentives of being market leaders. Another interviewee saw industry self-regulation as the solution because “… the industry understands the parameters, the challenges and the variations.”

Other interviewees acknowledged the problems of being a first mover in carving out “win-win” solutions, in contrast to the accepted discourse of the business case for sustainability. For example, a food manufacturer stated:
Once one company has kicked off an initiative in one area it’s generally easier to follow because they establish different price points in the market place to absorb costs. It’s the first mover status that’s difficult. And also sometimes there’s not always an obvious or immediate consumer benefit or an impact that consumers are willing to pay for.

The interviews also revealed an emerging and unexpected trend: some business managers not only expressed concern at the lack of uptake of sustainability practices by their competitors, they were calling for government intervention through regulation. For example, a representative of the rail industry stated “We’re not going to switch to alternative fuels and put the price of freight up, we’d lose our customers. Unless there’s that regulatory pressure to support you it’s hard.” In relation to carbon trading, an energy sector representative stated categorically that “What you need is regulatory certainty or people won’t commit.” These managers, along with others, are primarily those who have invested in change in the expectation of financial rewards, in line with the promises of the business case for sustainability, but who are not seeing the rewards materialise because of insufficient market pressure to force change by others.

For some, the financial risk of not changing is linked to the risk to New Zealand’s lucrative environmentally pure national branding. For others, their investment in change has generated competitive disadvantages. The discursive shift away from long standing support for laissez-faire policies, coming from within the Government’s key constituency, the business sector, clearly exacerbates tensions between Government and its stakeholders. The way it handles the tensions, within a framework of paradox and dialectics, and the potential implications for neoliberal hegemony are discussed in the next section.
Discussion

We expect to see tensions between competing political parties over policy platforms and selling those platforms to voters – such opposition is fundamental to democratic societies. We also expect to see those tensions based in ideological differences, with some differences greater than others. However, environmental and social sustainability present long term problems that sit uncomfortably with short term political cycles.

Even a piecemeal approach to sustainability requires some action from the key actors of government and business but who and how remains contentious. The New Zealand Government initially adopted a selection approach to the dialectic and avoided engaging in general discussion of sustainability by removing the term from its discourse, and attempting to side-line it in practice. However, politically this was not possible because of the legacy of the previous Government (including ratification of the Kyoto Protocol and establishment of an ETS which gained international acclaim) and because of the high value of the country’s “green” brand for exports and tourism. Nor could the Government withdraw from the issue altogether.

The chosen tactic, therefore, was one of integration, effected almost exclusively through discourse. “Sustainability” was reframed as, for example, “low carbon”. By articulating (Slack, 1996) environmental protection with economic growth the Government attempted to establish a common sense argument that both could be achieved simultaneously. If that argument could be accepted, then the subsequent discourse, based in weak ecological sustainability, would also hold: continued prioritisation of economic growth was justified on the assumption that scientific innovation would solve environmental impacts. In line with neoliberal precepts, the Government refrained from enforcing sustainable business practice, instead encouraging voluntary change, if anything. In response to growing international
pressure the Government has made small successive concessions that have enabled it to attempt to maintain the country's reputation. The ETS is a prime example: it is a legislated measure but it sets low emissions targets, relative to other countries, and excludes the sector that accounts for nearly half the nation’s greenhouse gases.

The New Zealand situation can be extrapolated to other countries that are led by conservative, neoliberal governments, including the US and Australia. The common approach has been to encourage voluntary measures and to present the business case for doing so. Some governments offer incentives for change, as a concession to purely market approaches. Such an approach has been lobbied for in New Zealand by many businesses, but rejected. Although, as indicated by our interviewees, incentives are seen by some as a necessary concession to bring about change, government incentives (as opposed to market incentives) fall into the category of subsidies and contradict the precepts of a free market. Instead, the New Zealand Government has relied upon investing in science in the hope of finding innovative solutions to farming emissions that also allow increased production. It has also continued to exempt agriculture from the ETS, although it did not reject the ETS for other sectors. Through these mechanisms it has, until recently at least, managed to uphold both its ideological beliefs and its voter support, as well as avoid making any fundamental changes in favour of environmental protection.

From a paradox perspective (Hahn, Pinkse, Preuss, & Figge, 2015; Smith & Lewis, 2011) adjustments to tensions generated by sustainability concerns offer creative possibilities that allow solutions to short and long term problems. However, we suggest that it is instead an approach of dealing with and deflecting challenges separately rather than addressing the deeper, underlying concerns; continuous separate adjustments in response to the complex tensions inherent in sustainability are a means of managing opposition and legitimacy issues
while at the same time maintaining the hegemonic core of neoliberalism, which is minimal regulation over the business sector.

In practice, the business case for sustainability has been a difficult argument to sell, particularly if major change – and investment in change – is required. Some incumbent businesses, such as many in the fossil fuel industry have both resisted change in their practices and lobbied against government moves to make it mandatory (Geels, 2014; Urry, 2013). At the other end of the spectrum, some have embraced sustainability principles as fundamental to their business (Laszlo & Zhexcembayeva, 2011). Those who have taken up the business case substantively are industry leaders. Sometimes they are new companies that are started up under values based business models but others are either created or redesigned with a primarily profit motive. Notably, (Benn, Dunphy, & Griffiths, 2014) have set out a theory-based trajectory for transforming business to strong sustainability principles with first movers gaining competitive advantage over those who follow, until the point where the laggards suffer not only from lost opportunity but because their way of doing business is no long supported by society (see also Zadek, 2004). The principles are in line with Beck’s (1992, 1997b) assertion that as long as there are winners – those who are successful in creating business opportunities (and legitimacy) from environmental and social imperatives – there will also be losers.

The New Zealand Business Council for Sustainable Development (and its World-wide counterparts) have begun to call for cross sector approaches to sustainability, and for “smart regulation”. The PureAdvantage group is made up of business leaders who arguably have a vested interest in ensuring their own market advantage in sustainable business, but who are, nevertheless, calling for government intervention by way of incentives and/or by legislation. Their call is in line with moves, particularly in European countries as noted earlier, for strong ecological modernisation that includes active political support (Jänicke, 2008). However,
rather than being driven by government, the call is coming from the business sector to a
government that has long supported, ideologically and politically, the demands of powerful
polluters – the ‘losers’ of ecological modernisation -who maintain a traditional neo-classical
discourse that environmental regulation would negatively impact the nation’s international
competitiveness (Jänicke, 2008).

The shift in business discourse is echoed elsewhere. In the UK John Elkington and his
colleagues in Volans are calling for a recalibration of macro systems, including economies, as
a means of addressing environmental and social problems, including wealth inequality. Their
arguments are still made in the name of business sustainability and still rest upon a business
case, but they view disruptive change of economic systems as the vehicle to continued
business success (or survival) (Volans, 2013).

We argue that by introducing a discourse of regulation as a solution to environmental (and
social) sustainability, the business sector itself has opened a crack in the hegemony of free
market economics. This is because the core premise of laissez-faire government is that
business self regulates, according to market demands. If businesses that have invested in
change through either moral or competitive motivations are not seeing returns on that
investment, they now face a dialectic in the Bakhtinian (Bakhtin, 1981) sense. That is, by
calling for regulation they lose their regulatory autonomy but protect their investment, and
vice-versa. Advantages lie either way, as do disadvantages.

The same “push-pull” dialectic applies to governments who face policy choices that will
further divide their natural business electorate: do they continue to support their traditional
voters or move towards the growing business group that wants government intervention; do
they uphold their ideological beliefs in neoliberal economics or compromise them in favour
of their own legitimacy? The pressures for change are growing, from within their own ranks,
from international governments and consumer markets, and from voters. Disruptive change is rarely fast or straightforward, especially if it disrupts long-held, hegemonic beliefs. Although the issues and associated interests are highly complex, once the discourse shifts fundamentally and gains momentum it can rarely be turned back.

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