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ISEP POLICY BRIEF

Year 2019 / Issue 3

HOW TO TURN AMBITIOUS CLIMATE GOALS INTO EFFECTIVE POLICY?

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This brief discusses strategies for turning ambitious climate goals into effective policy measures. Drawing on lessons from California and Germany, two advanced industrial economies with varying success in meeting climate goals, it delves into the conditions that enable policymakers to protect climate policies from interference by vested interests. Our research shows that legislators can strategically delegate contested aspects of climate policymaking to bureaucracies that are less likely to succumb to lobby groups. Delegation of policymaking to capable bureaucrats can therefore help to develop and implement fair and comprehensive emissions reductions policies. The brief discusses the organizational features of bureaucratic agencies that can successfully take on such tasks and suggests strategies for building such agencies in contexts—for instance in developing economies—where they do not yet exist.

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INTRODUCTION

A growing number of jurisdictions are adopting national climate mitigation goals. This is especially the case since the 2015 Paris Agreement, which specifically asks nations—including developing ones—to develop nationally-determined contributions (NDCs) to global emissions reductions. As NDCs—essentially voluntary emissions reductions pledges—become central tools in global climate policymaking, what determines whether states turn these ambitious goals into effective domestic policy?

While governments are quick to announce goals, they often fail to implement effective policy programs to reach their targets, particularly when they meet resistance from powerful industrial lobbies. Fossil fuel industries continue to heavily and successfully mobilize against climate policy (Aklin and Urpelainen 2018; Breetz, Mildenberger, and Stokes 2018).

The story of California and Germany, two of the most ambitious climate leaders, is instructive. In 2006, California adopted the Global Warming Solutions Act (Assembly Bill 32), its signature climate legislation, which set an emission reduction target for 2020. One year later, Germany, adopted its "Integrated Energy and Climate Programme," which also specified an emission reduction goal for 2020. Today, California is on track to meet its goal, while the German government has admitted it will likely to miss its target despite a boom in domestic renewable energy installations. A key reason for the different outcomes lies in how much the climate policy process opened the door to lobbyists.

HOW DELEGATION TO BUREAUCRACIES CAN HELP ACHIEVE CLMATE GOALS

Political scientists have long studied the vulnerability of policymaking to capture by business interests. Research suggests that changing the rules of the game, for example on campaign finance, can limit the power of business in policymaking. These are tough reforms to make (Carpenter and Moss 2013).

Yet policymakers also have strategic options to limit the influence of industrial lobbies, even without broader changes to electoral systems and campaign finance rules. We argue that the division of labor between bureaucracies and the legislature can affect the ability of governments to stand up to vested interests in climate policymaking.

Government bureaucracies tend to exhibit greater autonomy vis-à-vis outside interests than legislatures (Carpenter 2001; Potoski and Woods 2002). Legislators have incentives to engage in legislative bargaining to secure benefits for interest groups, as they depend on campaign financing and constituency support for re-election. Legislatures also tend to have fewer technical staff than agencies, relying more on expertise by outside groups. Well-run bureaucracies, instead, are primarily staffed with career bureaucrats who tend to pursue the mission and mandates of the agency (Dahlström, Lapuente, and Teorell 2012; Dixit 2002; Rauch and Evans 2000). In addition, bureaucracies possess reputational and knowledge resources that enhance their autonomy from organized interests (Carpenter 2001; Huber and Shipan 2002).

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Our research shows that legislators can strategically delegate contested aspects of climate policymaking to bureaucracies that are less likely to succumb to lobby groups. Within institutional constraints, such delegation allows legislators to strengthen their autonomy against opposition from vested interests. Regulatory capture is less likely when legislators initiate legislation that focuses on overarching climate policy goals, yet leave policy design to government bureaucracies. Along with policy design, legislators thereby delegate conflict over sector-specific contributions to national emissions reductions conflict to actors with greater autonomy. California and Germany are instructive examples of this dynamic.

THE CASE OF CALIFORNIA

In California, the legislature initiated the policy-making process and focused only on setting broad policy goals. Assembly Bill 32, California's signature climate legislation, was a mere seven pages long, leaving much of the nitty-gritty of policy design to a bureaucratic agency. Legislators were keenly aware of the fact that concrete discussions about policy design would raise a range of controversial distributional questions and long-winded lobbying battles. They decided to delegate policy design to a powerful bureaucracy that could better fend off lobbyists: the California Air Resources Board (CARB). The agency has a long-standing tradition of autonomous policy-making on air pollution, and is staffed with capable bureaucrats that do not have to run for re-election.

CARB took the short AB 32 and turned it into a comprehensive set of policies to ensure the state would to meet the goal set by the legislature. CARB presented a scoping plan that included 18 carbon reduction measures covering virtually all sectors of the economy, with electricity generation and transportation the largest emitters among them. It also called for the establishment of an emissions trading program covering 85 percent of statewide GHG emissions (CARB 2008; State of California 2006).

In contrast to the public debate and interest group battles arising during legislative goal-setting, the policy implementation process in the executive bureaucracy was driven by scientific expertise in a largely technocratic manner. CARB's regulatory staff of over 1,365 set detailed emissions targets for each sector, estimated the reductions goals achievable through policy measures, and directed state agencies to develop implementation plans. State bureaucrats decided the burden sharing across industrial sectors based on cost effectiveness, taking into account existing regulatory policies passed by the legislature. In this process, CARB was mandated to seek public input through a series of consultative measures, but did not fall prey to the type of interest group wrangling that could derail effective policy measures in a traditional legislative process. CARB bore the ultimate responsibility to make sure that individual policy contributions would stack up to meet the overall target. (Carlson 2012; Nichols 2009).

Not surprisingly, California repeated this model when it passed a bill in 2017 to adopt climate goals for 2030 and to extend its cap-and-trade system. The bill was only 17 pages long, leaving the California Air Resources Board with much discretion over policy design.

Table 1: Goal attainment in climate policy in California and Germany

	California	**Germany**
Climate goals		
Goal	Emissions at 1990 levels by 2020	Emissions 40 percent below 1990s levels by 2020
Goal attainment	On track: overall emissions 2.4 percent above 1990 levels in 2014	Off track: overall emissions 27.2 percent below 1990 levels in 2015
Characteristics		
GDP in trillion USD (2016)	2.623 (6th largest economy)	3.467 (4th largest economy)
GDP growth (1990-2015)	217 percent	147 percent
Population (2016)	39 million	83 million
Population growth (1990-2015)	30 percent	3 percent
Regulatory capacity (2017)	CARB: 1,365 staff	BMUB: 1,200 staff

THE CASE OF GERMANY

In Germany, the story unfolded in the exact opposite way. The federal bureaucracy under Chancellor Merkel initiated the policy process by setting the climate goal and suggesting 29 individual policy measures. These policies were then submitted to the legislature which negotiated the design of every single of the policies. Only those policies that could mobilize sufficient support among legislators and interest groups were effective in reaching emission reductions.

Strong support in parliament for continued subsidies for renewable energy reflected a broad renewable energy advocacy coalition in Germany, which included environmental groups, farmers, and cleantech industries (Laird and Stefes 2009). Germany's renewable energy policy supplied benefits to a broad set of politically important constituencies (Bayer and Urpelainen 2016). With societal support, the legislature could thus implement the government's policy goal for the electricity sector. In the transport sector, however, German lawmakers failed to design effective policies to achieve substantial emissions reductions, largely due to concerted pushback from automakers and the lack of a bottom-up coalition. Strong industry opposition prevented effective climate policies for transportation.

POLICY RECOMMENDATIONS

A number of jurisdictions are formulating climate policy for the very first time. Others are entering a new round of climate policy as they eye emission goals for 2030, the timeframe of the Paris Agreement. The experience of California and Germany offers lessons for jurisdictions that seek to develop or revise ambitious climate reforms.

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- If legislators initiate the policy-making process, they can decide to focus on broad policy goals – such as emission reduction targets – while delegating many controversial policy choices to bureaucratic agencies that may be less vulnerable to regulatory capture.
- Bureaucracies should be mandated to seek feedback and open avenues for public consultation. However, by processing such information outside of the traditional legislative process, technocratic agencies are equipped to incorporate feedback while implementing fair, efficient, and comprehensive emissions reductions policies across all sectors of the economy.
- Such delegation works when the jurisdiction has a well-established and highly-insulated agency capable of formulating and implementing effective policies. The California Air Resources Board is a stand-out agency in this regard. Reformers in other places need to ask whether they have a comparable agency able to tackle policy elaboration.
- Countries without such agencies may want to partner with international organizations and bureaucracies in advanced industrial economies on policy design. In building bureaucratic agencies capable of carrying out policy design, the focus should be on meritocratic recruitment and the development of technical expertise among bureaucrats dedicated to the agency mission. Delegation in the absence of such characteristics can open the doors to corruption and have the opposite effect (Fukuyama 2004).
- Delegation may be subject to institutional and legal constraints governing legislative delegation to bureaucracies and ways to hold administrators accountable.

Even when most voters favor climate action, implementation remains vulnerable to regulatory capture by business. Policymakers must identify procedural and institutional ways to limit lobbying pressures. A division of labor between bureaucrats and legislators can help – although it remains important to find additional ways to protect climate reforms from industry opposition.

Read more in Jonas Meckling and Jonas Nahm. "The Power of Process: State Capacity and Climate Policy." *Governance* 31(4): 741-757. Winner, Evan J. Ringquist Best Paper Award, American Political Science Association.

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