
Irish Climate-Change Policy from Kyoto to the Carbon Tax: a Two-level Game Analysis of the Interplay of Knowledge and Power

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ABSTRACT

This paper examines Irish climate-change policy from the negotiation of the Kyoto Protocol in 1997 to the abandonment of the proposed carbon tax in 2004. It explores what combination of factors explain why Ireland first made an international commitment to limit greenhouse gas emissions to a certain level, and took three years to develop a set of policy instruments to deliver that commitment, before ultimately abandoning the main policy designed to achieve the required reductions domestically. Using Putnam's 'two-level game' framework as a basis for analysis, the paper finds that the answer lies in the combination of two axes of influence. One, the interaction of domestic and international factors, and the other, the interplay of knowledge-based and interest-based approaches to policy-making. At the commitment stage, international factors and expert advice dominated. At the next stage, which involved developing policy instruments, domestic interests mobilised for the first time and were as influential as the expert advice. At the implementation stage, domestic interests dominated and the role of expert advice diminished accordingly. Ultimately, the measures required to meet its international commitment to reduce greenhouse gas emissions did not fall within Ireland's domestic 'winset' in Putnam's terms.

INTRODUCTION

This paper examines Irish climate-change policy from the time of the negotiation of the Kyoto Protocol in 1997, which imposed the first legally binding restrictions on emissions of greenhouse gases by developed countries, to the abandonment of the planned carbon tax in 2004. It asks what combination of factors explain why Ireland first made an international commitment to limit greenhouse gas emissions to a certain level, then took three years to develop a set of policy instruments to deliver that commitment, before ultimately abandoning the main policy designed to achieve the required reductions domestically and deciding instead to buy extra emissions permits on the international carbon market.

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Irish Studies in International Affairs, Vol. 18 (2007), 131–153.

In 1997 just before the Kyoto Conference, the Economic and Social Research Institute (ESRI) published a report projecting that Ireland's greenhouse gas emissions would be 28% above 1990 levels in 2010 if 'business-as-usual' policies continued.¹ Under the Kyoto Protocol, Ireland committed to limiting the growth in its emissions to just 13% above 1990 levels. The latest government figures show that Ireland's emissions in 2005 were 25% above 1990 levels² and project that, on the basis of the measures put in place in the period under review, net emissions in 2010 would indeed be 28% above 1990 levels.³ This paper explores why the Irish government first made that commitment internationally and then decided not to implement the policies necessary to deliver it domestically.

Governmental response to climate change is inherently a mix of foreign and domestic policy-making. On the one hand, the threat posed by global climate change is, by definition, a problem that requires international cooperation to address it. It is the subject of a UN Framework Convention (UNFCCC) and the Kyoto Protocol to that convention.⁴ On the other hand, it can only be tackled by policies that reduce carbon emissions at the national level, and that involves changes to domestic policies as diverse as energy, transport, planning and housing.

Climate-change policy is also an arena where science and politics meet. On the one hand, it is scientists who, since the mid-1980s, have drawn the world's attention to the effect that human activity is having on the planet's atmosphere. On the other hand, it is politicians who have to agree targets and timelines at the international level for emissions reductions, and who have to adopt and implement policies at the domestic level that deliver on those commitments. Almost any policy choice creates winners and losers. Policies that involve change across large parts of the economy and society are bound to affect the vested interests of stakeholders, who will mobilise to articulate their perspective in the public arena.

In investigating what has determined Irish climate-change policy since the negotiation of the Kyoto Protocol, this paper suggests that the answer lies in the interaction of these two axes of influence: the one that encompasses domestic and international factors, and the one that runs between science and politics.

CONCEPTUALISING THE DOMESTIC–INTERNATIONAL LINK

Keohane and Nye elaborated concepts such as 'transnational relations'⁵ and 'complex interdependence'⁶ to capture the emergence of actors other than states as players on the world stage, and the role they have in increasing ties between states in a way that makes them more vulnerable to each other's actions and responsive to each other's needs.⁷ Keohane concedes, however, that while his and Nye's theorising recognised the importance of domestic politics, it did not encompass it.⁸

¹Denis Conniffe, John FitzGerald, Sue Scott and F. Shortall, *The cost to Ireland of greenhouse gas abatement* (Dublin, 1997).

²Environmental Protection Agency, *Ireland's greenhouse gas emission provisional estimate for 2005* (Wexford, 2007).

³Department of Environment, Heritage and Local Government, *National climate change strategy 2008–2012* (Dublin, 2007).

⁴Background information and documentation relating to the UN's convention on climate change and the Kyoto Protocol is available at http://unfccc.int/essential_background/items/2877.php (17 August 2007).

⁵Robert Keohane and Joseph Nye (eds), *Transnational relations and world politics* (Cambridge, Mass., 1973).

⁶Robert Keohane and Joseph Nye, *Power and interdependence—world politics in transition* (Boston, 1977).

⁷Keohane and Nye, *Power and interdependence*, 2nd edn (Boston, 1989).

⁸Robert Keohane, *Power and governance in a partially globalized world* (London, 2002).

We can be sure that domestic considerations have had an impact on Ireland's climate-change policy, just as we can be sure that the Kyoto Protocol has framed the thinking of policy-makers. As Robert Putnam puts it in his seminal 1988 article on the issue:

It is fruitless to debate whether domestic politics really determine international relations, or the reverse. The answer to that question is clearly 'Both, sometimes.' The more interesting questions are 'When?' and 'How?'.⁹

It is on these latter questions that this paper focuses.

Putnam addressed the complexity of the domestic–international nexus by putting the focus on the political leaders who conduct international relations. This is not the reductionism of realism's unitary states, however:

Central executives have a special role to play in mediating domestic and international pressures precisely because they are directly exposed to both spheres, not because they are united on all issues nor because they are insulated from domestic politics.¹⁰

Analysing the 1978 Bonn summit (a proto-G7 gathering), he posits that much international relations (particularly international negotiations), under conditions of interdependence and sovereignty, can be conceived as a 'two-level game':

At the national level, domestic groups pursue their interests by pressuring the government to adopt favourable policies...At the international level, national governments seek to maximize their own ability to satisfy domestic pressures, while minimizing the adverse consequences of foreign developments...Each national leader appears at both game boards...The unusual complexity of this two-level game is that moves that are rational for a player at one board (such as raising energy prices) may be impolitic for that same player at the other board. Nevertheless, there are powerful incentives for consistency between the two games. Players (and kibitzers¹¹) will tolerate some differences in rhetoric between the two games, but in the end either energy prices rise or they don't.¹²

It is worth quoting that exposition at length, if only because energy prices could so easily be carbon taxes or greenhouse gas emissions. Putnam develops a number of concepts that are drawn on in this paper. With Level I as the international level and Level II as the domestic level, he posits that a given country's 'winset' is that set of agreements between the parties at Level I that can command adequate support at Level II to be implemented. Unless countries have overlapping winsets there can be no agreement at Level I. Unless the outcome at Level I falls within a given country's winset, then its leader will be unable to secure ratification at Level II. Thus, Putnam introduces an important distinction between voluntary defection—when a country reneges or cheats on a deal; and involuntary defection—when a leader can't deliver on the deal because he or she fails in the attempt to have it ratified. Putnam describes the two-level game as a 'Janus' model of domestic–international interactions, after the Roman god who is always represented with a head facing in two directions.

⁹Robert D. Putnam, 'Diplomacy and domestic politics: the logic of two level games', *International Organization* 42 (1988), 427–60: 427.

¹⁰Putnam, 'Diplomacy and domestic politics', 433.

¹¹*Kibitzer* is a Yiddish word for an observer who offers unsolicited or unwanted advice, especially during a card game. The nearest Irish equivalent would be 'hurler on the ditch'.

¹²Putnam, 'Diplomacy and domestic politics', 434.

The role of the European Union

As with many aspects of Irish policy now, Irish climate policy is not simply a question of the interaction of domestic preferences with an international regime, it is mediated by our membership of the European Union. Angela Liberatore identifies this as one of the four functions undertaken by the EU in ‘bridging domestic and international environmental policy making’.¹³ The other three ways in which the EU functions in this regard are as

- (a) an intergovernmental bargaining arena between member states in adopting EU-wide environmental measures;
- (b) an environmental agenda-setter for member states; and
- (c) a catalyst for regional and supra-regional cooperation for environmental protection.

All but the last of these can readily be tested in the case of Irish climate-change policy. Liberatore also contends that

while the EU has been successful as a sponsor of regional and global environmental issues—including the enactment and diffusion of related laws, principles, and programmes—it has been much less successful with regard to their actual implementation.¹⁴

This paper attends to the role of the EU in Irish climate-change policy and asks in particular:

- (a) to what extent did the EU set the agenda for Irish policy-making?
- (b) to what extent was our participation in the international climate regime mediated through the EU?¹⁵
- (c) and to what extent did any EU influence wane at the implementation stage, as Liberatore predicts?

CONCEPTUALISING THE INTERPLAY OF KNOWLEDGE AND POWER

It was scientists who brought to public attention the likelihood that emissions from the burning of fossil fuels were having a destabilising effect on the global climate system. In 1988 the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP) established an Intergovernmental Panel on Climate Change (IPCC). It has since produced four comprehensive assessment reports, in 1990, 1995, 2001 and 2007, including information on trends, impacts and possible responses.¹⁶ The IPCC describes itself as ‘policy relevant but not policy prescriptive’.¹⁷ Much of the dynamic in the formation and development of the

¹³Angela Liberatore, ‘The European Union: bridging domestic and international environmental policy-making’, in Miranda A. Schreurs and Elizabeth C. Economy (eds), *The internationalization of environmental protection* (Cambridge, 1997), 188–212: 188.

¹⁴Liberatore, ‘Bridging domestic and international environmental policy-making’, 199.

¹⁵This varies in other areas of international relations. As an elected member of the UN Security Council in 2001 and 2002 Ireland may have consulted and coordinated with other EU members of the Council, but our voting decisions were national ones. However, in international trade negotiations the European Commission negotiates directly and exclusively on behalf of the EU-25, and Irish negotiating is done within the EU when the collective position is being defined and refined.

¹⁶These reports can be accessed via the IPCC’s website, at <http://www.ipcc.ch/pub/reports.htm> (21 August 2007).

¹⁷Intergovernmental Panel on Climate Change, *16 years of scientific assessment in support of the climate convention* (Geneva, 2004), i.

international climate regime has been driven by how those with power, both political and economic, have responded to the findings of the IPCC and their implications. On the one hand, the first report was both a spur and a template for the negotiation of the UNFCCC, and the second report gave a push to negotiations on what became the Kyoto Protocol. On the other hand, those who saw their economic interests at stake in any move to reduce dependence on fossil fuels have sought to undermine the credibility of the science around the issue of global warming, even as the IPCC became less cautious and more certain with each report.¹⁸

This tension is well captured in a dichotomy elaborated by Miles Kahler in a study of national preferences for regional economic integration, between a knowledge-based approach to policy-making and an interest-based approach. In the interest-based model, national preferences for cooperation are the product of

the balance between those economic players, whether organized groups, corporations, or other agents, that have an interest in furthering economic integration or arresting its progress (or altering its terms).¹⁹

In the knowledge-based model, new knowledge or changed understanding is predicted to be the key factor in driving regime formation. Partly because different states have different preferences, expert assessments serve to narrow the range of possible cooperative bargains and can provide focal points for agreement.

Two other concepts alluded to in this present paper are those of ‘epistemic community’ and ‘policy stage’. Peter Haas’s concept of epistemic community cuts across the two axes of domestic–international and knowledge–interest. It describes a transnational grouping of academics, journalists and civil servants, which develops an expertise in a particular issue and seeks to inform and shape policy within and between countries. Haas found the grouping to be influential in the development of international cooperation concerning environmental issues in the Mediterranean.²⁰

In his study of the domestic politics of global biodiversity protection in the UK and the US, however, Kal Raustiala finds that while the epistemic community was essential in getting the issue on the agenda internationally and nationally, the actual negotiation and implementation of the biodiversity convention was driven by interest-based ‘regulatory politics’ at the national level, with electoral considerations and the opinions and actions of domestic interest groups key. He emphasised the finding that ‘policy stage’ mattered, in that it operated ‘as a sort of “meta-variable,” indicating which set of variables is likely to be influential’.²¹ Raustiala’s hypothesis is readily testable in the Irish case as three policy stages are clearly discernible in the period reviewed: the negotiation of and commitment to goals for Irish climate policy as part of the Kyoto protocol, the development and adoption of policy instruments to deliver those goals and the phase of actual implementation or lack of it.

¹⁸In the mid-1990s an internal memo of the Global Climate Coalition, an alliance of companies including oil multinationals, revealed that their objective was to ‘reposition global warming as theory, rather than fact’ (see Al Gore, *An inconvenient truth* (Emmaus, 2006), 263). When President Bush repudiated Kyoto in 2001, his administration asked the US National Academy of Science (NAS) to review the state of climate-change science. The NAS report made it clear that the latest IPCC report was a fair summary of current climate science. See National Academy of Sciences, *Climate change science: an analysis of some key questions* (Washington, 2001).

¹⁹Miles Kahler, *International institutions and the political economy of integration* (Washington, 1995), 9.

²⁰Peter Haas, *Saving the Mediterranean: the politics of international environmental cooperation* (New York, 1990).

²¹Kal Raustiala, ‘The domestic politics of global biodiversity protection in the United Kingdom and the United States’, in Schreurs and Economy, *Internationalization of environmental protection*, 42–73: 65.

DECIDING POLICY GOALS

Ireland was one of 189 signatories to the UNFCCC at the Earth Summit in Rio de Janeiro in 1992. It contained no legally binding targets to reduce carbon emissions; however, it suggested that developed countries should 'return by the end of the present decade to earlier levels'.²² Indeed, in that spirit, the EU pressed ahead with the implementation of its pre-Rio negotiating offer: to stabilise greenhouse gas emissions for the Union as a whole at 1990 levels by 2000.

Prior to the negotiation of the Kyoto Protocol in 1997, however, Irish climate-change policy is best described as largely aspirational. In Ireland's first national communication to the UNFCCC secretariat in 1995, the government made it clear that stabilisation of greenhouse gas levels by 2000 was not feasible for Ireland. Instead 'within the framework of overall EU policy on climate change', which recognised that a number of member states needed to 'accommodate necessary economic growth', the objective of Irish policy was to limit the rise of CO₂ emissions until 2000 to no more than 20% above 1990 levels.²³

The pivotal role of the EU

At the first conference of the parties to the UNFCCC, which was held in Berlin in 1995, it was decided that commitments made by industrialised countries in relation to emissions were inadequate, and that it would be necessary to negotiate a protocol to strengthen those commitments for the period after 2000. The negotiations were to be completed by the time of the third conference of the parties to be held in Kyoto, Japan, in 1997.²⁴ As the European Community was a signatory to the UNFCCC in its own right, the European Union negotiating strategy for Kyoto was agreed between Brussels and the member states, with the European Commission taking a lead in developing policy. Despite Ireland's business-as-usual domestic policy, ministerial statements indicate that the government supported, or least did not stand in the way of, the EU developing an ambitious negotiating position.²⁵ In March 1997 EU environment ministers adopted a common position that industrialised countries should reduce greenhouse gas emissions to 15% below the 1990 baseline by 2010.²⁶ That EU position

²²Article 4.2a of the UNFCCC states 'These policies and measures will demonstrate that developed countries are taking the lead in modifying longer-term trends in anthropogenic emissions consistent with the objective of the Convention, recognizing that the return by the end of the present decade to earlier levels of anthropogenic emissions of carbon dioxide and other greenhouse gases...would contribute to such modification'. The text of the UNFCCC is available at http://unfccc.int/essential_background/convention/background/items/1362.php (31 August 2007).

²³Government of Ireland, *First national communication under the United Nations Framework Convention on Climate Change* (Dublin, 1995), 3.

²⁴See FCCC/CP/1995/7/Add.1, available at <http://unfccc.int/resource/docs/cop1/07a01.pdf> (31 August 2007). Decision 1/CP.1 on page 4 concerns 'The Berlin Mandate: Review of the adequacy of Article 4, paragraph 2(a) and (b), of the Convention, including proposals related to a protocol and decisions on follow-up'. For contemporary analysis of the Berlin negotiations see *Earth Negotiations Bulletin* 12 (21) (IISD, 1995), available at <http://www.iisd.ca/download/pdf/enb1221e.pdf> (31 August 2007).

²⁵Days before the Kyoto conference began, the minister for the environment, Noel Dempsey, TD, outlined the European policy process and Ireland's participation and identification with it to the Dáil: 'Ireland will fully support the agreed EU position...The preparation of the EU position for the forthcoming conference has been the subject of intensive co-ordination at official and ministerial level for some time. EU Environment Ministers discussed the matter at the Environment Council on 16 October 1997 and will meet in Kyoto for ongoing co-ordination of the EU position', *Dáil debates*, vol. 483, col. 507 (25 November 1997). Days after the conference ended Minister Dempsey described Ireland as 'part of the most ambitious position taken at Kyoto', *Dáil debates*, vol. 485, col. 929 and *passim* (18 December 1997).

²⁶European Commission, *Climate change—the EU approach for Kyoto*, Communication from the Commission (Brussels, 1997) COM (97) 481.

included national targets negotiated between member states in a ‘burden sharing’ arrangement. As part of this, Ireland adopted ‘an indicative national objective’ of limiting growth of greenhouse gas emissions by 2010 to 15% *above*²⁷ 1990 levels.²⁸

This process of agreeing a position for negotiations within the international climate-change regime supports the argument outlined by Liberatore that the EU was fulfilling the three functions in relation to environment policy; acting as a bridge between member states and the international community; acting as an agenda-setter for member states; and acting as an arena for intergovernmental bargaining.

Absence from Irish domestic arena

While 1997 was a busy time for Irish policy-making on climate change, the issue simply did not feature in domestic politics, based on analysis of the records of the Oireachtas and the *Irish Times*. The adoption of a 15% growth limit for greenhouse emissions up to 2010, albeit ‘for purposes of the UN climate change negotiations’,²⁹ represented a significant tightening of Irish climate-change policy, which could be expected to have substantial domestic impact if implemented. Yet there is only one, insubstantial, mention of global warming in the Dáil chamber from January 1997 to the dissolution of the Dáil on 15 May.³⁰ There is no mention in the Seanad, and no mention of climate change or greenhouse gas emissions in either house. The EU agreement is only communicated to the Dáil by way of a written answer on 14 May, the day before the Dáil is dissolved. A general election followed. A review of the party election manifestos carried out while researching this paper found that neither climate change nor the prospect of stricter emissions limits were on the public agenda of Fianna Fáil or the Progressive Democrats, the then opposition parties that later formed the new government.

The issue was touched on in the manifestos of the two main parties of the outgoing coalition. Labour made reference to the new ‘national objective’ to limit emissions. Fine Gael had no doubt which way the policy vector ran between Irish and EU policy: ‘Because of EU decisions, we face the prospect of strict CO₂ emissions quotas being imposed upon each EU member state’.³¹ While the new FF/PD coalition’s ‘Programme for government’ made no mention of climate change, its perspective on energy also locates the policy engine in Brussels, saying the coalition ‘will follow new approaches in energy, conserve energy across the economy, *manage EU-driven change*, and aggressively pursue alternative sources of renewable energy’.³² Moreover, using the *Irish Times* as a benchmark, there is no evidence of any interest-based mobilisation breaking into the mainstream during the preparations for the Kyoto conference.³³ It is therefore safe to conclude that Irish

²⁷As in the post-Rio policy phase, the other member states of the EU were acknowledging the fact that Ireland was still catching up with average EU levels of economic development and energy use, so while on average EU countries were offering to *cut* emissions by 15% Ireland would be allowed to *grow* its emissions by 15%.

²⁸Government of Ireland, *Sustainable development—a strategy for Ireland* (Dublin, 1997), 8.

²⁹Government of Ireland, *Sustainable development*, 8.

³⁰A local TD raised on adjournment the issue of increasing coastal erosion in Wexford, ‘whether by global warming or otherwise’, *Dáil debates*, vol. 476, col. 93 (6 March 1997).

³¹Fianna Fáil, *People before politics* (Dublin, 1997); Progressive Democrats, *A new deal* (Dublin, 1997); Labour, *Making the vital difference* (Dublin, 1997); Fine Gael, *Platforms for the millennium government* (Dublin, 1997).

³²Fianna Fáil and Progressive Democrats, *An action programme for the millennium* (Dublin, 1997). (Emphasis added.)

³³There is one ‘Letter to the Editor’ from an environmental organisation in the weeks just before Kyoto: ‘Averting climate change’, from Sadhbh O’Neill of Earthwatch, *Irish Times*, 12 November 1997.

climate-change policy pre-Kyoto is largely determined by international factors, relatively free from domestic pressures.

From foreign policy to domestic politics

The Kyoto conference in December 1997 undoubtedly represents a landmark in Irish climate-change policy, because the state agreed to the principle of legally binding emissions limits decided at the conference. Kyoto is also a watershed marking the transition of Irish climate-change policy-making from the international-level to the domestic-level of Putnam's two-level game, in that the prospect of real domestic impact from our international commitments becomes apparent.

Evidence for this transition is found in the marked increase of the occurrences of related terms in the records of both the Oireachtas and the *Irish Times*. In 1996 there are 24 Oireachtas 'files'³⁴ in which references to 'climate change' or 'global warming' or 'greenhouse gas' or 'Kyoto' occurred. In the first five months of 1997, until the Dáil was dissolved, there are eight such references, giving a total of 32 in an eighteen month period. In the next twelve months, which includes the period in which the Kyoto conference, the preparation of a consultant's report to government and ultimately the EU burden-sharing deal happened, there were 50; twice as many as in 1996. In 1996 there were 90 mentions of 'climate change', 'global warming' or 'Kyoto' in the *Irish Times*. In the first half of 1997 there were 59, a pro-rata increase of a third. The second half of the year, however, saw the number jump threefold to 189, making twice as many mentions as during the whole of 1996, and more than occurred for the whole of 1996 and the first half of 1997 combined. And this is in a newspaper that had actually been covering developments such as the agreement of the EU negotiating position in the first half of the 1997.

The Kyoto conference itself marks only the beginning of climate policy's transition to the domestic arena, however, not its completion. It cannot be identified as the definitive 'Putnam moment' when a package agreed at the international level passes to the domestic level for ratification and implementation or rejection and defection. Only the principle of binding targets and timelines was agreed in Kyoto. Ireland's national Kyoto limit had yet to be negotiated within the overall EU commitment, by way of a new burden-sharing agreement between member states. This is definite evidence that, in the case of the international climate regime, the EU plays Liberator's roles of intermediary and bargaining arena. Going into Kyoto, the EU as a whole was offering to *cut* emissions by 15%; but given the reluctance of other players such as the US to agree to mandatory limits at all, the resulting compromise meant that the EU's ultimate commitment was a reduction in emissions of just 8%.

In the immediate aftermath of the conference, the political leader who represented Ireland at climate change's international game-board, in Putnam's terms, indicated his understanding of what the agreement meant. Speaking in the Dáil, Minister for the Environment Noel Dempsey made it clear:

(1) that he intended 'to adhere to [the] level of ambition' represented by Ireland's negotiating position;³⁵

³⁴The oireachtas.ie search facility breaks the record of the Dáil and Seanad into 'documents', which might be as short as the written answer to a parliamentary question or as long as the Budget statement and opposition responses. So, if 'greenhouse gas emissions' occurs five times in the latter it is classified as one hit, while every separate question on climate change will also count as one hit. This search facility does not, therefore, double- or treble-count a short but intensive exchange on Kyoto. The number of documents returned by a search is a relatively good proxy for the importance that members of the house attach to an issue.

³⁵'Ireland adopted an indicative national target...It is my intention to adhere to this level of ambition', *Dáil debates*, vol. 485, col. 929 (18 December 1997).

(2) that domestic action to cut emissions was the priority—the use of international emissions trading was to be restricted and supplemental;³⁶ and

(3) that Ireland would have to strengthen its domestic policies as a result, as not enough was yet being done.³⁷

We see here the outline of what can be called the ‘Putnam package’, the deal that the political leader who was at the international game-board presents to the domestic audience.

Knowledge and power

Significantly, the minister’s next step, before entering negotiations with his EU partners or proposing any specific domestic policies, was to commission Environmental Resources Management (ERM) consultants to undertake research on the subject of emissions.³⁸

While there is little evidence of domestic interest groups mobilising, or at least making any impact, prior to the Kyoto conference, the decisions taken there would seem to have acted as a wake-up call to those whose interests could be affected by the new treaty’s application.³⁹ In January 1998, only six weeks after the Kyoto conference and before the protocol was even formally signed, the Irish Business and Employer’s Confederation (IBEC) published a policy document that served as its submission to the ERM study. It made clear that it would oppose any attempt to impose carbon taxes at national or EU level, and it proposed the use of long-term agreements with industry as an efficient and effective alternative to taxation. Such ‘voluntary, negotiated agreements’ to achieve environmental goals could produce ‘affordable and cost-effective solutions’.⁴⁰ Significantly, this is the only civil society opinion reported in the *Irish Times* in 1998 before the EU burden-sharing deal was finalised and the ERM report published.

The ERM report was received by government on 1 May 1998 but not published until 22 June.⁴¹ The timing of publication was not incidental. It came just days *after* the council of environment ministers met in Luxembourg to negotiate the national emissions limits and reductions that would comprise the burden-sharing agreement within the EU’s Kyoto commitment of an overall 8% reduction. It made sense for the government to have the best information and advice on what reductions were possible for Ireland to achieve going into such negotiations. The timing of publication would suggest, however, that the government felt that it would be less useful for its EU counterparts with whom it was negotiating to know what it was reasonable to expect Ireland to do.

³⁶[D]uring all stages of the negotiations the EU sought to ensure that trading would not become a major loophole. The requirements that trading may be supplemental only to domestic action...reflect the concerns of the EU in this regard’, *Dáil debates*, vol. 485, cols 926–7 (18 December 1997).

³⁷[E]fforts to date, globally and nationally, have not been enough to ensure reasonable progress towards the ultimate objective of the convention’, *Dáil debates*, vol. 485, col. 929 (18 December 1997).

³⁸The Department of Environment and the Department of Public Enterprise jointly commissioned a report by Environmental Resources Management (ERM), of Oxford, in association with the ESRI and Byrne Ó Cléirigh consultants of Dublin, to inform future policy.

³⁹I was not encouraged by the statement made by IBEC following the conclusion of the conference. It appears we are beginning to see the first indications of resistance in industry to the efforts required to reduce greenhouse gas emissions’, Eamon Gilmore, *Dáil debates*, vol. 485, col. 977 (18 December 1997).

⁴⁰IBEC opposes “greenhouse gas” tax’, *Irish Times*, 28 January 1998.

⁴¹Government of Ireland, *Limitation and reduction of CO₂ and other greenhouse gases in Ireland*, report prepared by Environmental Resources Management in association with Byrne Ó Cléirigh and the ESRI for the Department of Public Enterprise and the Department of Environment (Dublin, 1998).

In Luxembourg, Minister Noel Dempsey signed up to a legally binding agreement to limit the growth in Irish greenhouse gas emissions to 13% above their 1990 levels by 2010. The *Irish Times* commented:

Mr Dempsey signed up to the Luxembourg deal after persuading both the Taoiseach, Mr Ahern, and the Minister for Finance, Mr McCreevy, that the 13 per cent cap on the growth of our greenhouse gas emissions was achievable. He was assisted in securing their agreement by a recently published consultancy study which showed that there was a range of technically and economically feasible options to limit these emissions at little or no cost.⁴²

This is clear evidence of the influence of the epistemic community on decision-making at the stage of setting policy goals. But the government does not pre-empt the next phase of policy-making, the choice of policy instruments to achieve those goals. Instead, on the day the report was published, the minister announced the preparation of a national greenhouse gas abatement strategy, after widespread consultation, based on the ERM study.

What the ERM process illustrates is that while expert knowledge played an important role in policy formation at this stage and was reported by the press to have influenced decision-makers, that role and influence are circumscribed by political power. That is to say, politics retained its primacy in decision-making. The ERM study was announced not long before the Kyoto conference and it allowed the minister to kick to touch questions on how the Irish government would fulfil Kyoto. Minister Dempsey evaded questions on what the study would consider in order to prevent the issue of eco-taxes being folded into the media cycle around the new government's first budget statement. The study's findings were used within government to support a forward position in the internal EU negotiations, but they were not adopted as policy; rather, the study served as a basis for stakeholder and public consultation. And the Dáil remained sidelined from the process of formulating Irish climate-change policy.

The Putnam moment

Ireland's emissions growth limit, agreed as part of the EU burden-sharing deal in Luxembourg in June 1998, automatically became the state's target under the legally binding Kyoto protocol. The 'Putnam package' that had to be tested in the domestic arena to see if it fell within the Irish winset was now complete. It consisted of a 13% limit on the growth of Irish emissions above 1990 levels up to 2010, which was to be achieved primarily by reducing domestic emissions—buying pollution permits through trading, if it happened at all, would only be supplementary.⁴³ Fulfilling this would require substantial policy innovation, and the ERM report was the equivalent of a Green Paper on how to achieve it. Hence, it is fair to conclude that the EU burden-sharing deal in June 1998 represents the 'Putnam moment', when Irish climate-change policy moved from being carried out mainly at the international game-board to being mainly carried out at the domestic game-board.

⁴²Frank McDonald, 'Ireland faces tough test after greenhouse gas deal', *Irish Times*, 6 July 1998.

⁴³Minister Dempsey had reiterated this point on a number of occasions since the Kyoto conference, most notably in the Dáil: 'It would not be in keeping with the spirit of the protocol if a country did not adhere to its commitment to reduce emissions simply by trading or the use of sinks. We will try to avoid doing that...Certain industries may have to be facilitated, but I believe all Members want us to make a genuine effort to reduce emissions', *Dáil debates*, vol. 488, col. 559 (5 March 1998).

DEVELOPING POLICY INSTRUMENTS

The first finding in relation to Irish climate-change policy in regard to the move from the policy goal to the introduction of substantive policy instruments to achieve that goal is that this took a long time. Three years passed from the Kyoto conference in December 1997 to the publication of the National Climate Change Strategy (NCCS) in November 2000. To the extent that an epistemic community is evident in the course of the preparation of the NCCS, the advice of that community is clear and rarely strays far from the recommendations of the ERM report: the least costly and most equitable options are economic instruments that affect the price of carbon-based products across the whole economy. The ERM recommendations give clear market signals but leave the actual decisions about how to achieve emission reductions to individual firms and consumers. According to the report, some additional government action would be required to offset market failures; information campaigns may be useful to ensure economic actors are aware of the price signals and the new alternatives; some pump-priming subsidies may be required to get new trends going; government revenues from the operation of such subsidies could be used to offset any negative impacts on sectoral competitiveness and the least well off. However, all these measures should be supplementary to the price instrument, and the government should avoid too many cross-cutting regulatory interventions that are only likely to distort or disorient. Furthermore, in light of the inability of the member states to agree an EU-wide carbon tax, the report concludes that ‘it would still be worthwhile for Ireland to “go it alone” in opting for this approach’ at the national level.⁴⁴ For the next six years, this is the policy instrument on which debate on Irish implementation of Kyoto turned, thus offering a significant case-study of knowledge-based and interest-based explanations of policy-making.

Interest-based mobilisation

Among the epistemic community, support for a carbon tax was consistent.⁴⁵ However, the period from the Kyoto conference to the publication of the NCCS also saw a huge increase in interest-based activity. In this, IBEC was by far the most active and the most successful at getting press coverage of its position. Within weeks of the ERM report being published, IBEC’s opposition to the proposed carbon tax is on the record. A spokeswoman highlighted the cost of Kyoto compliance and stated that all ‘[p]olicies and measures to tackle this issue must take fully into account the need to protect the competitiveness of Irish firms. This is why IBEC reject a carbon energy tax’.⁴⁶ In contrast, the ESRI was saying that carbon taxes *were* the least-cost mechanism and need not harm the competitiveness of business as a whole. Perhaps what concerned IBEC is the direct cost to its members and their relative competitive position. IBEC went on to commission a major study by Farrell Grant Sparks on the possible impact of a carbon tax. Its own newsletter and a press report trumpeted the main finding as being ‘Energy tax not environmentally of benefit’.⁴⁷

⁴⁴Government of Ireland, *Limitation and reduction of CO₂*, 155.

⁴⁵Garret FitzGerald, ‘McCreevy could solve his budget dilemma by introducing energy tax’, *Irish Times*, 7 November 1998; John FitzGerald, *Implementing Kyoto* (Dublin 1999); Economic and Social Research Institute, *Medium-term review* (Dublin 1999); Environmental Protection Agency, *Ireland’s environment—a millennium report* (Wexford, 2000).

⁴⁶Mark Gallagher, ‘Cost of implementing Kyoto agreement will be huge’, *Irish Examiner*, 11 July 1998.

⁴⁷Kevin O’Sullivan, ‘Energy tax not environmentally of benefit’, *Irish Times*, 8 March 2000; IBEC, ‘Energy tax will not yield environmental benefits’, *IBEC Green Pages* (Dublin, April 2000).

Environmental interest groups, on the other hand, did not have the resources to commission economic research, and neither does it seem they had the weight or capacity to get their position into the media with anything like the same regularity. In the period from the publication of the ERM report to the launch of the NCCS only two quotes by environmental interest groups are to be found in the *Irish Times* on the subject of complying with Kyoto, and neither makes the headline. Tracking simple mentions, IBEC and Kyoto appear together 11 times in the same article; in comparison, Earthwatch, ‘the only major Irish environmental group running a climate change campaign’ and a strong supporter of a carbon tax, according to the *Irish Times*,⁴⁸ appeared only four times in articles that also mentioned Kyoto. Interestingly, the ESRI is on a par with IBEC in this regard. In contrast to IBEC, its countervailing social partner, the Irish Congress of Trade Unions (ICTU) remained low-key on the climate-change issue, organising a conference on sustainable development in 1999 but taking no firm public stance.⁴⁹

Interdepartmental differences

The arena where a clash of interests is most apparent is actually between government departments. An IBEC conference on Kyoto was co-sponsored by the Department of Enterprise, a department often seen as representing business interests within government. Meanwhile, Minister for the Environment Noel Dempsey used the public platform that ministerial office afforded him to consistently speak-out in favour of domestic action to limit Irish emissions growth and to promote carbon taxes as his favoured policy instrument. As the man who represented Ireland at the international game-board, he was now seeking acceptance of the ‘Putnam Package’ described above. In an interview with the *Irish Times* in October 1998, Minister Dempsey says ‘while we must keep an eye on the competitiveness of Irish industry, I’ve come to the conclusion in recent months that a carbon tax is unavoidable’. The paper’s environment correspondent adds

[o]n the issue of a carbon energy tax, Mr Dempsey believes that doing nothing is no longer possible, even though there is bound to be strong opposition from the ESB and industrial high-energy users, such as Irish Cement, as well as from other Government departments.⁵⁰

The following month at the annual UN climate talks, it is reported that the ‘[t]he Minister reiterated that *he* is considering introducing carbon taxes in an effort to stem the rate of increase in Irish energy consumption’.⁵¹

On the issue of international emissions trading Minister Dempsey remains equally definite. In a written answer to a parliamentary question he states the position clearly:

Ireland’s position, as part of the overall EU negotiating position, is that provisions of the protocol in relation to such flexible mechanisms require that domestic

Interestingly, the study’s main author, Gerry Boyle, has a more nuanced take on his own findings, stating that ‘[t]here may be a role for an energy tax but only as part of a wider package of environmental measures’, Gerry Boyle, ‘Heat is on to reduce greenhouse gases’, *Irish Times*, 31 March 2000.

⁴⁸Frank McDonald, ‘No way of escaping our international commitment’, *Irish Times*, 2 November 2000.

⁴⁹Frank McDonald, ‘Warning on greenhouse gas emissions’, *Irish Times*, 21 April 1999.

⁵⁰Frank McDonald, ‘Dempsey presses for Budget to include a range of “green taxation” measures’, *Irish Times*, 19 October 1998.

⁵¹Kevin O’Sullivan, ‘Kyoto advisory group formed’, *Irish Times*, 13 November 1998. (Emphasis added.)

action should provide the main means of meeting emissions commitments and that a concrete ceiling on the use of the mechanisms should be defined in quantitative and qualitative terms based on equitable criteria. The adopted EU position seeks to ensure that at least 50 per cent of the effort required to meet each party's target is achieved domestically.⁵²

Minister Dempsey got qualified support from the Department of Public Enterprise, which had jointly commissioned the ERM report, as opposed the Department of [private] Enterprise, Trade and Employment, which co-sponsored the IBEC conference.⁵³ When Finance Minister Charlie McCreevy delivered his 'Budget 1999' speech two weeks later (in December 1998), however, he was much more circumspect:

The issue of green taxes has been the subject of much recent comment... However, increases in the price of energy and fuel adds to inflation and affects those on low incomes... I am proposing, therefore, that the formulation of such agreed policy measures would be part of the discussions on the successor to Partnership 2000.⁵⁴

Impact of a government commitment by a sectoral minister

The social partners were not even due to begin discussions on a successor to the 'Partnership 2000' programme until Autumn 1999, so this decision by Minister McCreevy is an indication of a lack of any sense of urgency, not to say agreement, at the highest political level. Could this partly be because, when it came down to it, the Cabinet found it hard to allow a commitment entered into at the international level by an *environment* minister to drive economic and fiscal policy at the domestic level. In Putnam's proto-typical example of the Bonn summit of 1978, the politicians at the international game-board were heads of government so they themselves had a great deal of personal prestige invested in ensuring that their individual governments would do all they could to win acceptance for any deal made once they got back to the domestic level. The most obvious example in the case of Bertie Ahern's government would be the Nice Treaty of the European Union; the Irish government held a second referendum on this treaty when voters rejected it the first time, and politicians campaigned much harder for the treaty the second time around. One lesson from this is that the domestic winset is not an objective given, but rather a constructed phenomenon that is a product of the balance of political forces at a particular time. Governing parties are, of course, well placed to exert pressure to change the winset when they perceive enough is at stake to warrant it. Taoiseach Bertie Ahern, as signatory to the Nice Treaty, obviously felt it worthwhile in that case.

When the new social partnership deal was done and published on 8 February 2000, the resulting *Programme for prosperity and fairness* did not represent a breakthrough on the issue of climate change, and indeed signalled ongoing consultation:

The Strategy will focus on least-cost measures, including increased energy efficiency, and emissions trading and other flexible measures, and taxation. The

⁵²*Dáil debates*, vol. 508, cols 1032–3 (5 October 1999).

⁵³A *Green Paper on sustainable energy*, published by the Department of Public Enterprise in September 1999, drew heavily on the ERM report and concluded '[e]conomic instruments which give a price signal to encourage efficiency and to avoid CO₂ emissions are an essential element of the achievement of Ireland's Kyoto targets'. The text is available at <http://www.dcmnr.gov.ie/Energy/Green+Paper+on+Sustainable+Energy/The+Costs+of+Reduction+of+Energy+Consumption+in+Ireland/Economic+Instruments+++Implementation+Aspects.htm> (5 September 2006).

⁵⁴*Dáil debates*, vol. 497, cols 1296–7 (2 December 1998).

Government will take account of competitiveness and other social and economic needs and the views of the social partners in the design and deployment of these policy instruments.⁵⁵

The insights of the opposition in the Dáil

Politicians rather than the media, or NGOs, seem to provide the most cutting contemporary analysis of this rather curious episode of out-sourcing national tax policy to a consensus-driven, interest-based negotiating forum. Responding to Minister McCreevy's original announcement in December 1998, the Labour Party's finance spokesperson, Derek McDowell, had this to say:

Tax matters are usually the concern of the Minister for Finance and, perhaps, the Taoiseach. However...[o]n several occasions in recent months we have been treated to interesting sound bites from the Minister for the Environment advocating the benefit of eco or green taxes...We are entitled to be told who represents the Government on this issue. Does the Minister for the Environment and Local Government represent anyone other than himself?⁵⁶

John Bruton, the leader of the largest opposition party, Fine Gael, was just as blunt:

This Government has reached a point where Ministers think it is credit worthy for them to indicate they will put a matter to their colleagues...We now know [Minister Dempsey] failed to get any of his ideas accepted at the Cabinet table. This issue has been kicked off to the social partners which is a sure guarantee it will not happen, because everyone must agree before anything is done in that particular context.⁵⁷

In the aftermath of 'Budget 2000' a year later, when there is still no sign of agreement among the social partners or of the Kyoto strategy document, Labour's Eamon Gilmore returns to the subject:

I find it difficult to believe that the Government, which has responsibility for taxation and fiscal matters, is somehow going to raise, by way of negotiation with the social partners, its position on environmental taxes, given that two years ago, by way of international agreement at Kyoto, it made certain commitments which have not been met'.⁵⁸

When there was still no sign of the NCCS six months later, on the second anniversary of the ERM report, there were heated exchanges in the Dáil, with Minister Dempsey under pressure from all sides of the house to explain the ongoing delay. John Gormley of the Green Party is particularly to the point:

Why can the Minister not get to the nub of this issue? Is the delay not due to the IBEC's opposition to the introduction of a carbon tax and its support for the trading of carbon permits?...Will he capitulate to the IBEC and other sectoral interests who do not wish to see a carbon tax?⁵⁹

⁵⁵Department of the Taoiseach, *Programme for prosperity and fairness* (Dublin, 2000), 77.

⁵⁶*Dáil debates*, vol. 497, cols 1340–1 (2 December 1998).

⁵⁷*Dáil debates*, vol. 497, col. 1396 (2 December 1998).

⁵⁸*Dáil debates*, vol. 512, col. 183 (1 December 1999).

⁵⁹*Dáil debates*, vol. 522, cols 995–6 (29 June 2000).

Minister as broker and advocate

The minister seems to be playing dual roles here. On the one hand, his role is that of a broker between various domestic interests, seeking to construct, if not actually negotiate, a Kyoto implementation strategy acceptable to all parties. On the other hand, he clearly comes across as an advocate of a particular set of outcomes (domestic action and carbon taxes), which he is convinced are necessary to deliver compliance with the Kyoto burden-sharing agreement he has entered into at EU level. The minister's dual roles also seem difficult to reconcile. The difficulty becomes more acute when most of the interests among whom he is trying to broker a compromise are represented and expressed within Cabinet. If the taoiseach had been in Minister Dempsey's position he might have been better able to play the broker's role between various ministers, but in all likelihood the minister for the environment was seen by his colleagues as expressing another sectoral interest, rather than as the embodiment of an international commitment on behalf of the state, or as a channel of objective knowledge-based policy prescriptions. Deputy McDowell's question about whom the minister speaks for is resonant here. Moreover, the interests he does speak for are perceived as politically weak, as evidenced by the lopsided debate in the media, where it is IBEC on one side with little sign of a strong environmental voice from civil society on the other. The presence of such a voice harrying government would undoubtedly have strengthened Minister Dempsey's hand at the Cabinet table.

The National climate change strategy

When the NCCS is finally published, in November 2000, it is reported as a partial victory for knowledge-based policy-making, principally because of its commitment that:

[g]overnment will put in place an appropriate framework for greenhouse gas taxation, prioritising CO₂ emissions, from 2002 on a phased, incremental basis and in a manner that takes account of national economic, social and environmental objectives.⁶⁰

Another key recommendation from the ERM report makes it into the plan, which proposes to close the Moneypoint power-generating station or switch it from coal to gas. A third plank of the ERM proposals is discarded at this point—there is no plan to phase out peat as a fuel for electricity generation, on the grounds of energy security and diversity of fuel supply.⁶¹ The principal environmental commentator in the media is under no illusions, however. Frank McDonald writes:

It has taken more than two years to produce a strategy to put flesh on the bones of [our international] commitment. Much of that time was spent by Mr Dempsey and his officials trying to convince other Government departments and the social partners that the issue would not go away. No doubt earlier drafts of the strategy were watered down considerably during this bruising process. Certainly, the document unveiled yesterday bears the hallmarks of bureaucratic infighting; many of its proposals are hedged by qualifications insisted upon by the various interest groups.⁶²

⁶⁰Government of Ireland, *National climate change strategy* (Dublin, 2000), 27.

⁶¹The plan to switch Moneypoint away from coal was later dropped on the similar grounds. See Frank McDonald, 'ESB's €200m will not cut gas emission', *Irish Times*, 10 April 2003; Emmet Oliver, 'ESB to seek green light for upgrade', *Irish Times*, 18 June 2004; Frank McDonald, 'Ireland will pay for ignoring Kyoto', *Irish Times*, 11 September 2004.

⁶²Frank McDonald, 'No way of escaping our international commitment', *Irish Times*, 2 November 2000.

The NCCS does adopt the ERM rationale for economic instruments and, in relation to taxation in particular, proclaims its virtues in promoting least-cost reduction measures and in ensuring equity across the different sectors of the economy.⁶³ It then, however, devotes two pages to competitive and design considerations. Taxation is not the only economic instrument the NCCS deals with. It also deals with international emissions trading. It does so in fairly non-committal terms, as emissions trading was still the subject of international negotiation at the time; but the strategy clearly recommends participation in an EU-wide pilot scheme from 2005 with future decisions to be based on that experience. The ministerial press release accompanying the launch of the strategy is adamant that the commitment to participate in international emissions trading is ‘as a supplement to and not a substitute for domestic action’.⁶⁴

DELIVERING POLICY IMPLEMENTATION

Comparing the implementation of international emissions trading and domestic carbon taxation, the two key climate policy instruments established in the NCCS, is a study in contrasts. Both policy instruments were subject to exhaustive public and stakeholder consultation, but with different outcomes. Ireland’s participation in the EU Emissions Trading Scheme (ETS)⁶⁵ was never in doubt.⁶⁶ These consultations were time-limited and confined to issues of equitable and efficient implementation.

Meanwhile, the NCCS promised the ‘phased, incremental’ introduction of carbon taxation from 2002. Instead, in his budget statement in December 2002, Minister for Finance Charlie McCreevy announced that carbon taxation would come in from the end of 2004. In July 2003 he published tax proposals as a consultation document and invited submissions. It was June of 2004 before the Department of Finance published a report on the submissions. In the meantime, Minister McCreevy stonewalled during repeated questioning in the Dáil regarding his and the government’s thinking on the plans.⁶⁷ Finally, just days before he left office to take up a position as European Commissioner in September 2004, he announced the abandoning of the tax:

After an extensive public consultation process, the Government has concluded that a carbon tax is not an appropriate policy option. Instead, we will intensify action on the non-tax measures under the National Climate Change Strategy.⁶⁸

⁶³*National climate change strategy*, 27–8.

⁶⁴Department of the Environment, ‘Climate change—we must act now’, Press release, 2 November 2000.

⁶⁵The EU scheme is a cap-and-trade arrangement. National governments set a cap on how much pollution participating companies can emit and issue them with permits for that amount. If they need to pollute more than the allowance, they can purchase permits from other companies (in Ireland or elsewhere in Europe) that have reduced their pollution to the extent that they have permits to spare.

⁶⁶Ireland has participated in the pilot phase of the ETS since its inception in 2005 and has submitted plans for the 2008–12 Kyoto phase.

⁶⁷*Dáil debates*, vol. 585, cols 100–2 (6 May 2004); vol. 580, cols 24–5 (17 February 2004); vol. 576, cols 1378–80 (10 December 2003); ‘the Minister must contribute positively to the debate rather than simply sit on his hands’, Richard Bruton, *Dáil debates*, vol. 562, cols 32–4 (25 February 2003).

⁶⁸Department of Finance, ‘McCreevy abandons carbon tax’, Press release, 10 September 2004, available at <http://www.finance.gov.ie/viewdoc.asp?DocID=2608&CatID=1&m=&StartDate=01+January+2004> (10 April 2007).

The influence of the European Union

The emissions trading and carbon taxation policy instruments both flowed from knowledge-based recommendations on how to deliver the commitment made at the EU Council of Ministers in 1998—the ‘Putnam moment’—to limit Irish emissions growth to 13% above 1990 levels. Both were declared government policy. What explains the differing implementation experiences? The most striking difference is that emissions trading became EU law,⁶⁹ whereas carbon taxation remained a purely national competence.⁷⁰ The minister for finance made the distinction himself in the Dáil.⁷¹ EU legislation is not immune from national-level interest mobilisation, as can be seen in the case of CAP reform, but stakeholders know it is much more difficult to pressurise the government, which can always blame ‘Europe’ for policies it wants to disown, and much more difficult to achieve change even if the government takes up your concerns. There is no evidence of any significant public debate on the ETS in Ireland, and no evidence in the public record that interest-groups mounted any kind of concerted resistance to the implementation of the scheme. By contrast, the carbon tax, which was to be decided at the national level, had already become the subject of interest-group mobilisation that intensified as a decision point approached.

The lack of influence of the environment minister and the epistemic community

The government made no concerted effort to counter that mobilisation, with the exception of the new minister for the environment, Martin Cullen, who was appointed after the 2002 general election. Before and after the budget in December of that year he gave media interviews emphasising that carbon taxes were needed to cut emissions or else Ireland would face €1.3 billion in fines for breaching the Kyoto Protocol.⁷² It appears, however, that Minister Cullen, rather than speaking on behalf of government, was making his case to government in public, in a vain bid to counter the arguments being put forward by and for economic interests.

Department of Finance papers concerning the preparation of the budget of December 2002 show that while the Department of the Environment made detailed proposals for a tax to be applied in 2003, there were objections from other departments. The Department of Enterprise, Trade and Employment raised concerns about the impact of a carbon tax on competitiveness and questioned the need for the tax at all for the industry sector given the prospect of emissions trading. The department with responsibility for energy expressed the concern that carbon taxation

⁶⁹Directive 2003/87/EC, available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32003L0087:EN:NOT> (31 August 2007). For a discussion of the origins of the ETS see Jørgen Wettstad, ‘The making of the 2003 EU emissions trading directive: an ultra-quick process due to entrepreneurial proficiency?’, *Global Environmental Politics* 5 (1) (2005), 1–23.

⁷⁰Nine EU member states had introduced carbon taxation measures of their own accord to reduce emissions, but there was no European directive mandating a carbon tax. See the papers of the Department of Finance, Tax Strategy Group, ‘National climate strategy—proposal for a carbon energy tax’, TSG/02/23, available at <http://www.finance.gov.ie/documents/tsg/2003/tsg0223b.rtf> (10 April 2007).

⁷¹‘I am not saying that is what will happen, only that it is envisaged in the consultation paper. The matter of emissions trading has been raised recently by my colleague, the Minister for the Environment, Heritage and Local Government. He is doing this now because we are required under EU law to have our submissions on emissions trading with the Commission before 31 March this year... The emissions trading regime has been agreed in Europe’, Minister McCreavy, *Dáil debates*, vol. 580, cols 24–5 (17 February 2004).

⁷²Frank McDonald, ‘Cullen sees carbon taxes as way to cut emissions’, *Irish Times*, 26 November 2002, and Liam Reid, ‘Green taxes to pay €1.3bn EU fines’, *Sunday Tribune*, 15 December 2002.

would raise electricity prices without reducing emissions from that sector, while the Department of Social Affairs was concerned about the potential impact on fuel poverty.⁷³ Other records, released under the Freedom of Information Act, show that major companies such as Intel, Dell, CRH, Aughinish Alumina and Irish Sugar wrote to the government in the lead up to the budget expressing their opposition to the plans for carbon taxation.⁷⁴ David Begg, the general secretary of ICTU, speaking in 2004, admitted that he too had asked for a delay:

The truth is that two years ago, when it looked as if government would bring in a carbon tax in the budget, I was lobbied by both unions and industry to try to have it delayed and I did make representations to that effect... There is a case for carbon taxes to reduce emissions, but it must be framed in the context of overall tax reform.⁷⁵

The epistemic community continued to make the case for such environmental fiscal reform in Ireland. Contributions in this period include a report from the OECD,⁷⁶ successive conferences and reports from the ESRI,⁷⁷ a UCD Environmental Institute study as part of an EU-funded academic consortium⁷⁸ and increasingly frequent editorials in the *Irish Times*.⁷⁹ More significantly, the economic context actually favoured the introduction of carbon taxation in 2002, because the huge increases in government spending in the run up to the general election of that year and a downturn in the economy after the 11 September 2001 terrorist attacks meant the budgetary situation was tighter than it had been for many years, and the Department of Finance was looking to squeeze spending and raise revenue. Frank Convery has argued that a perception that ‘Governments don’t need the money’ can be an

⁷³Tax Strategy Group, ‘National climate strategy’.

⁷⁴Arthur Beesley, ‘Major companies lobby Cullen on carbon tax plans’, *Irish Times*, 1 August 2003.

⁷⁵David Begg, ‘Carbon emissions trading and fuel poverty’, address given to Labour Party seminar on 6 March 2004, available at <http://www.ictu.ie/html/news/briefcase/CARBON%20EMISSIONS%20TRADING%20AND%20FUEL%20POVERTY.pdf#search=%22Kyoto%20Commitments%2C%20Carbon%20Taxes%20%26%20Emission%20Trading%22> (10 April 2007), 5, 8.

⁷⁶OECD, *Environmental performance reviews—Ireland* (Paris, 2000), conclusions and recommendations: ‘Up until now, Ireland has made only limited use of economic instruments to address pollution issues... Even if the Irish budget situation has improved, environmental expenditure will increasingly need to be covered by charges levied on polluters and resource users... Fuel prices are relatively low compared to those in neighbouring countries... Wider use of economic and fiscal measures to encourage use of cleaner fuels and cleaner energy should be given more consideration’, available at <http://www.oecd.org/dataoecd/8/61/2449383.pdf> (31 August 2007), 4.

⁷⁷Daniel McCoy and Sue Scott (eds), *Green and bear it? Implementing market-based policies for Ireland’s environment*, Proceedings of a conference held on 10 May 2001 (Dublin, 2001); ‘The sky’s the limit: efficient and fair policies on global warming’, Conference, Dublin, 12 November 2002; Dominic Coyle, ‘Economist warns on “cash flood” from SSIA scheme’, *Irish Times*, 6 October 2003; according to this piece from the *Irish Times*, ‘Carbon taxes will feature prominently at the sixth annual ESRI pre-Budget conference, with Professor Stephen Smith of University College London saying such a measure is “indispensable” in controlling emissions under the Kyoto accord. Professor Smith will argue that emission permits, along the lines proposed by the Government, will damage industrial competitiveness’; Sue Scott and John Easkins, *Carbon taxes: which households gain or lose?* (Wexford, 2004); Adele Bergin, John FitzGerald, and Ide Kearney, *The macro-economic effects of using fiscal instruments to reduce greenhouse gas emissions* (Wexford, 2004).

⁷⁸Louise Dunne, Peter Clinch and Frank Convery, ‘Irish responses to environmental tax reform’, paper prepared as part of the PETRAS project, (Dublin, 2004). PETRAS was an international academic collaboration, coordinated by the University of Surrey, to ‘examine the responses of grassroots stakeholders to ecological tax reform (ETR) policies and proposals’, according to the project website; details are available at <http://www.soc.surrey.ac.uk/petras/summary.html> (31 August 2007).

⁷⁹From the adoption of the NCCS in November 2000 to the abandonment of the carbon tax in September 2004, the *Irish Times* published five editorials in favour of the tax: 11 July 2002; 18 December 2002; 11 August 2003; 24 February 2004; and 25 August 2004; and at least three more appeared in the months immediately following the decision to abandon the tax.

impediment to the introduction of environmentally motivated fiscal instruments,⁸⁰ which was less the case in Ireland in 2002 than it had been at any time since the Kyoto Protocol was agreed in 1997. However, it was not to be. The postponement of the tax for two years, despite this economic opening, supports the argument that while Ireland's climate policy goals may be driven by the UN and the EU, and its choice of policy instruments is influenced by knowledge-based considerations, when it comes to translating policy into practice, decision-making is ultimately interest-based. And in the Ireland of the tiring Tiger, economic interests won the day.

CONSULTATION AS COVER FOR BOWING TO ECONOMIC INTERESTS

The postponement of the tax was in fact presented by government as the announcement of its introduction in 2005. Splits in the Cabinet continued, however, with Minister Cullen's proposals meeting most resistance from the ministers for enterprise and for finance. According to media reports, the Cabinet decision to launch a final public consultation on the tax proposals in July 2003 was a result of those splits rather than an agreement in principle to proceed with the tax.⁸¹

The government used the consultation to gauge the strength and depth of opposition and support for the proposed tax. Reviewing the 117 submissions, it is striking that the two most strident submissions came from IBEC—long time opponent of carbon taxes—and the Irish Farmers Association, which declared itself 'fundamentally opposed' to the tax. By contrast, the report on the submissions also says:

The only significant social partner who did not make a submission was the Irish Congress of Trade Unions (ICTU), but we understand from their pre-budget submission that they would have some reservations with regard to the tax.⁸²

The community and voluntary pillar, to the extent it is represented among the submissions, concerned itself with measures to offset the impact of the tax on lower-income groups. That leaves environmental NGOs, which are outside the formal partnership process, as the only potential countervailing force to the pressure from commercial interests to abandon the tax; but the submissions from the NGOs reveal a weak sector and a lack of cohesion.⁸³ The consultation can thus be seen as a final political scoping exercise by the government before making a decision. It found well organised and vocal opposition to the tax, and crucially, no significant organised support for the proposals

While there abandonment of the tax did cause a chorus of disapproval from opposition politicians, academics and environmentalists, one journalist wrote at the time:

⁸⁰Frank J. Convery, 'Acceptability and implementation problems', presented at the conference 'Green and bear it—role, acceptability and implementation approaches to environmental policy', ESRI, Dublin, 10 May 2001, available at <http://www.ucd.ie/gpep/gpepinfo/publications/workingpapers/01-05.pdf>, 3 (21 September 2007).

⁸¹Liam Reid, 'Cabinet is split over plans to bring in carbon tax', *Irish Times*, 25 July 2003.

⁸²Department of Finance, *Carbon taxation consultation process—report on submissions received*, June 2004, available at <http://www.finance.irlgov.ie/documents/publications/other/carbontaxfinal.pdf> (10 April 2007), 3.

⁸³There is no submission from Earthwatch, described at the time of the launch of the NCCS as 'the only major Irish environmental group running a climate change campaign' (*Irish Times*, 2 November 2000). In the intervening period, Earthwatch has gone bankrupt. The submission by Ireland's largest environmental group, An Taisce, is substantial and favourable, but it is introduced oddly with the line 'An Taisce supports environmental fiscal reform rather than carbon taxes', which gives a false impression of opposition to carbon taxation. Environmental economics think-tank, Feasta, actually did oppose the government's proposals, preferring domestic tradeable quotas.

But nobody took to the streets. Not a single protester marched up Merrion Street to the Department of Finance and nobody stood outside the Custom House, then home to Martin Cullen, then minister for the environment, co-responsible for reducing carbon dioxide emissions. So why couldn't Ireland's environmental organisations muster a protest against such a major U-turn in public policy? What's going on with the environmental movement? It's debatable whether there is a such a movement at all.⁸⁴

The general economic and political context had also turned against the introduction of the tax since the window of opportunity in 2002. By 2004 the public was tiring of the rising tax-take the government had been procuring since the general election to boost the exchequer finances. In the June 2004 local elections, Fianna Fáil had experienced its worst result in 70 years. Autumn 2004 was to be a time of political re-positioning for Fianna Fáil, which was seeking to move leftwards and adopt more populist policies. At budget time 2002 oil prices were 30% lower than they had been when the NCCS was published; but they had doubled again by October 2004, because of the uncertainty caused by instability in Iraq. As a result, consumer electricity prices were going to rise by 9% in October and gas was to follow by 11% before the end of the year. The moment had passed when the carbon tax could easily have been presented by a determined and united government as a virtuous necessity to fulfil our international obligations and put Ireland on the pathway to a low-carbon future.

CONCLUSION

At the international game-board, in Putnam's terms, Ireland made a commitment that required significant domestic action to limit carbon emissions. Such domestic action, as represented by the carbon tax, ultimately fell outside Ireland's domestic winset, prompting a partial defection from our international commitments. Following Raustiala, this study found that 'policy stage' proved to be a crucial meta-variable determining what factors proved most influential in decision-making. On the knowledge-interest axis, as policy formation progressed through the stages from goals to instruments to implementation, the epistemic community became less and less influential at each stage, while interests became more influential. On the domestic-international axis, in general the domestic became more significant with each new policy stage. The EU was an important exception to this, however, as a constant force in Irish climate-change policy-making, although its role was different at each stage. The EU drove Irish policy at the stage of setting policy goals, informed it at the stage of choosing policy instruments and provided a floor, or minimum requirements, at the implementation stage. As strong domestic action was dropped in response to economic interests, the implementation of agreed EU policies was never in question. This study supports Liberatore's contention that the EU plays the roles of agenda setter, intermediary and bargaining arena. However, the paper challenges one aspect of her findings: that the EU is weaker at the implementation phase. Ireland was certainly found to be weaker at the implementation phase than the commitment phase, but the one policy instrument whose implementation was never in doubt was the one enshrined in an EU directive.

It is appropriate to describe the outcome of Ireland's climate-change policy-making as a partial defection from our international obligations, in Putnam's terms. Unlike the US, Ireland did not formally renege on the Kyoto Protocol. Ireland has,

⁸⁴Iva Pocock, 'We need to clear the air', *Irish Times*, 13 November 2004.

however, already failed to limit emissions growth to our 13% target. At first, at both the international and domestic game-boards, Ireland opposed on principle international emissions trading as a way to deal with such overshoots, describing it as a loophole. Then, in tandem with the EU, Ireland agreed to a degree of emissions trading, so long as trading remained supplementary to domestic action. The EU Emissions Trading Scheme for large polluters is compatible with that position. The abandonment of the carbon tax, however, and with it any serious plan to cut domestic emissions below the ‘business as usual’ projections of 1997, means that Ireland will have to rely on European and international trading to cover over half of the projected overshoot. This is undoubtedly a defection from our own and the EU position throughout the Kyoto process. But is it a voluntary or involuntary defection?

Ireland’s defection would appear to be involuntary, in the sense that one of the key policies required to deliver on the state’s international commitment, the carbon tax, did not fall within the domestic winset. Despite the efforts of the political leader who made the commitment on Ireland’s behalf, he could not get the carbon tax accepted at home. However, the winset is not a static given, but rather the outcome of the balance of political forces at a particular time. In other instances this same Irish government had acted in a united and decisive manner to change the winset, most notably in the case of the Nice Treaty. There was no such government action in the case of climate change policy. In contrast to the Nice example, the government simply did not have enough of a sense of collective investment in this international commitment to take any hard decisions or political risks to secure its fulfilment.

Two generalizable conclusions regarding Putnam’s model flow from this. The first is that the position of the political leader who appears at both the international and domestic game-boards matters. In Putnam’s original example it was heads of government, in the case of climate change it is environment ministers. When a commitment at the international level is entered into by a head of government, it is readily seen at home as a commitment by the whole government. In this study it is clear that other ministers, and interest groups, regarded the international commitment entered into by the environment minister as a sectoral agreement that did not have any *automatic* policy implications for their departments, or industries, but rather was subject to negotiation within Cabinet and with the social partners. As a result, two successive environment ministers became, in the public arena, no longer spokespersons *for* government but advocates *to* government.

The second generalizable conclusion for Putnam’s model is that leadership style matters. The taoiseach, Bertie Ahern, is known as a consensus-oriented politician. Much of his reputation as a political operator is built on achieving social partnership deals, his perseverance and pragmatism in the Northern Ireland peace process and the successful management of coalition government. He was unlikely to decide in favour of the carbon tax over the objections of the tánaiste and leader of his coalition partner’s party, who was also minister for enterprise. Nor did the research for this paper find any evidence, however, that Bertie Ahern gave any energy to building a positive consensus on the issue of carbon taxation; rather he was happy to give his approval should any consensus emerge. In the clear absence of a consensus among ministers and social partners, therefore, the default position was inaction. This passivity on the part of the head of government must be due in part to the fact that it was not he who had put his name to the international commitment. His international standing or reputation was not at stake. Indeed, at the moment the government confirmed Ireland’s defection by abandoning the carbon tax, Bertie Ahern’s international reputation was at an all-time high. He had just completed a successful Irish presidency of the EU, including the brokering of the constitutional

treaty. In summary, while Ireland's defection was involuntary on the part of the environment minister, it was partially voluntary on the part of the government.

The question arises as to why the minister for the environment miscalculated the domestic winset when he agreed at the EU Council of Ministers in 1998 to limit Irish emissions growth to 13%. It is worth remembering that the negotiating position for the Kyoto conference was that Ireland would limit its emissions *growth* to 15% as part of an overall offer to *reduce* EU emissions by 15%. At Kyoto, the EU's commitment was *loosened* to a reduction of 8%, and yet in the consequent internal EU negotiations Minister Dempsey agreed to a *tightening* of Ireland's growth limit to 13%. Given that Ireland's carbon emissions were already estimated to be 12% above 1990 levels in 1997,⁸⁵ the minister was effectively committing to stabilisation at 1998 levels. Perhaps he took for granted or overestimated the enthusiasm of his cabinet colleagues to push for acceptance at home of the necessary measures? They had, after all, approved his negotiating position. This paper shows, however, that he had secured their approval on the basis of the substantial report from consultants ERM, which indicated what was economically and environmentally feasible for Ireland. The most plausible conclusion is that, at this initial policy stage, decision-making was primarily influenced by knowledge-based advice.

At a point where domestic interests were comparatively quiet, this relative insulation allowed the minister to rely on the epistemic community to the point that he over-reached politically. He committed to delivering what he was advised was economically possible without enough consideration as to what would be politically acceptable to domestic interests. Putnam describes the two-level game as a 'Janus model', after the Roman god who is always represented as looking two-ways. Unusually for an Irish politician, Minister Dempsey can perhaps be faulted for not looking over his shoulder enough.

This conclusion also points to a significant residual disconnect between the international and domestic spheres despite the many linkages that are implied by Ireland's highly globalised state. While domestic interest groups were decisive in the policy implementation phase, they were largely absent in the run up to the Kyoto conference and remained so while ERM was preparing its influential report. It took agreement of a legally binding emissions limit requiring significant domestic action—the Putnam moment—to trigger an activation of interest-based mobilisation. Media coverage of climate change ritually increases during the two weeks every year when the UN climate conference takes place, but when the annual budget statement is made a couple of weeks, or sometimes days, later, the need to tackle climate change is not high on the public agenda. The most embedded international linkage in Irish public life, membership of the European Union, is also the one that has had the strongest influence on the government's climate-change policy.

This residual insulation between the domestic and the international level challenges one aspect of the Putnam model that has otherwise proved a useful framework for the analysis of Irish climate-change policy. Putnam wrote that

[t]he unusual complexity of this two-level game is that moves that are rational for a player at one board (such as raising energy prices) may be impolitic for that same player at the other board. Nevertheless, there are powerful incentives for consistency between the two games. Players (and kibitzers) will tolerate some differences in rhetoric between the two games, but in the end either energy prices rise or they don't.⁸⁶

⁸⁵Government of Ireland, *Second national communication under the United Nations Framework Convention on Climate Change* (Dublin, 1997), 5.

⁸⁶Putnam, 'Diplomacy and domestic politics', 434.

Ireland's rhetoric-as-usual international policy statements emphasised our commitment to the Kyoto Protocol, and to the further, more intensive steps that will be required to prevent dangerous climate change. Our business-as-usual policy practice, however, has seen our carbon emissions rise inexorably. Despite the undoubted 'complex interdependence' inherent in international climate-change policy-making, the government still felt comfortable renegeing on all but the minimum steps required by EU law without fear of its place in the world unravelling. This illustrates the fact that while the EU is truly a *sui generis* supranational institution, the wider international climate regime still relies on the willingness of states to cooperate, a willingness that remains very susceptible to influence by domestic interests.

