

THE PRICE OF CARBON:

How proportional representation drives increased climate policy stringency

THE LITERATURE

- We can situate climate change policies along two axes of distributional conflict: intertemporal and imposition of costs (Finnegan 2022; Jacobs 2011)
- When rules are more proportional, voters pay more than industry, but at levels of disproportionality over ten, there is no statistical difference between costs imposed on consumers versus producers (Finnegan 2022)
- Countries which are able to purposefully leverage insulating tactics (such as reduced electoral accountability), are able to absorb costly policy investments (Meckling et al. 2022)
- More proportional systems lend themselves to environmental policy innovation (Orellana 2010)

THEORY

Electoral Accountability:

Proportional representative systems tend to produce more parties in government (Lijphart 2012), and thus it is harder to punish a particular party for an unpopular policy (Powell and Whitten 1993). It may also be the case that more than one party supports a policy. Majoritarian rules promote clarity, since 'winner-takes-all' systems encourage one party governments. This party has a majority in Parliament and can therefore veto policy.

Electoral Competition:

Proportional systems tend to reduce electoral competition, or rather dampen it, because the seats-votes elasticity is reduced (Rogowski and Kayser 2002), meaning how sensitive a government is to changes. Because PR systems do not swing between two dominant parties in power, there is less risk in adopting relatively unpopular policy. Majoritarian results tend to swing between two parties, meaning that a party is either in or out, creating much higher stakes.

Governments must choose between imposing costs on consumers versus producers

Consumers (voters)

Punish governments at the polls

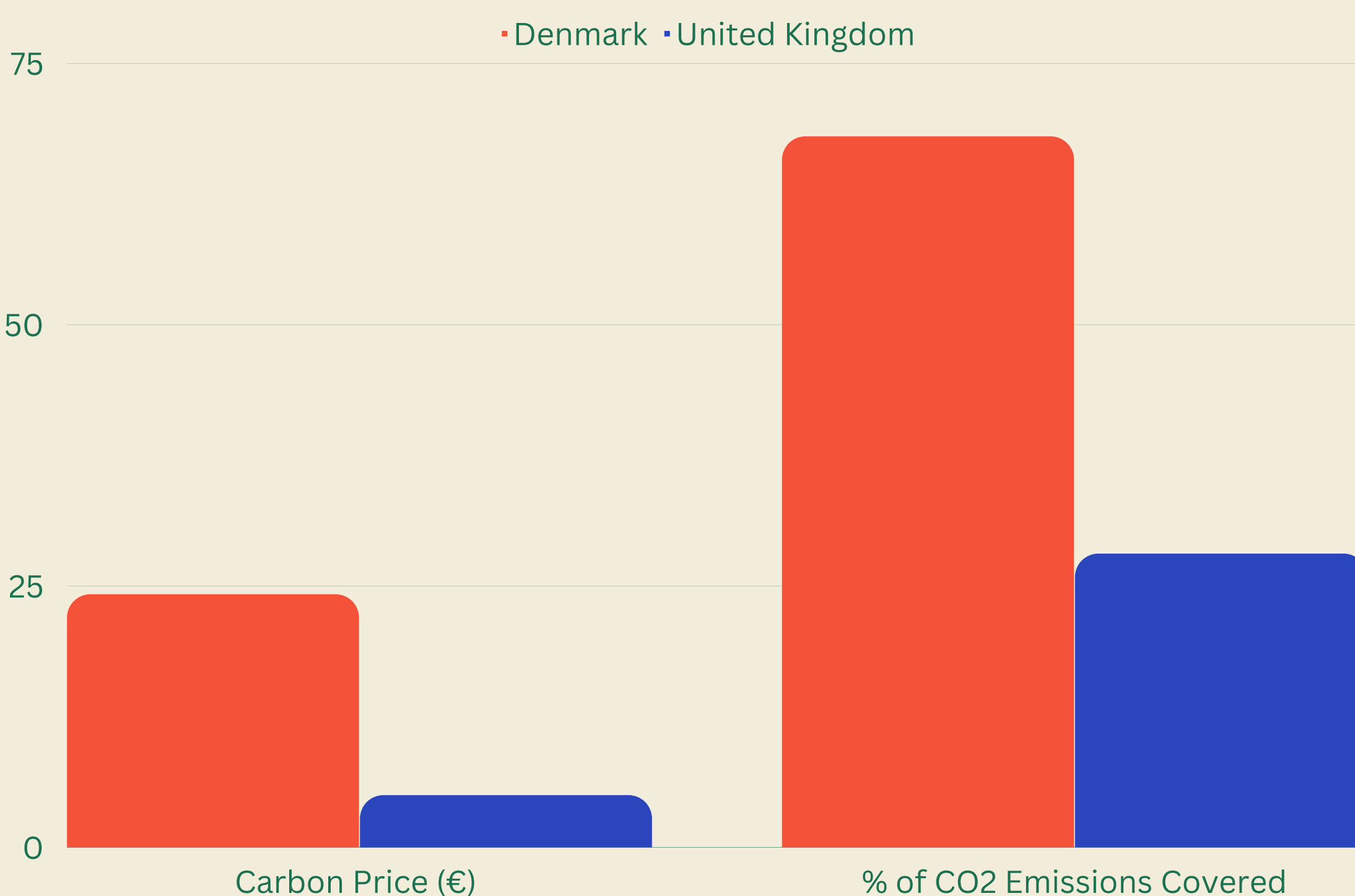
Producers (industry)

Counter-mobilise
Divest from country

In proportional systems, governments are more insulated from electoral backlash.

Therefore, because governments will face less backlash in PR systems, they will be inclined to push the costs of carbon-emissions policy onto the consumer, rather than the producer, resulting in higher carbon pricing.

Climate mitigation policy can be understood as costly long-term policy investments, often unpopular compared to immediate public goods



CASE STUDY

DENMARK

PR System
10 parties that share power
Decreased Accountability
Decreased Electoral Competition

High carbon tax implemented in 1991, which was adopted by a cross-party consensus majority in parliament, despite opposition from the ruling (minority) government. Part of the EU Emission Trading System (ETS) which covers power generation and manufacturing industries, totalling 26% of total greenhouse gas emissions.

€24.20 / tCO₂-equivalent covering 68% of CO₂ emissions

THE UNITED KINGDOM

First-Past-The-Post
1 party in power
Increased Accountability
Increased Electoral Competition

Introduced a carbon tax in the power sector in 2013, called the Carbon Price Support (CPS). CPS applies only to emissions from electricity generation, and not to emissions from other sectors such as transportation and industry. Own ETS system (post-Brexit) under a policy called the 'Total Carbon Price'.

€18.03 / tCO₂-equivalent covering 28.1% of CO₂ emissions

CONCLUSION

In conclusion, Denmark, which operates with a PR system, has more stringent carbon pricing policies and this operates across more sectors of society than the UK's CPS system. This acts through two mechanisms. PR systems reduce both electoral accountability and competition, whereas majoritarian systems create higher stakes with greater accountability. We also see, through the implementation of Denmark's carbon taxation, that PR systems encourage cross-party consensus on major policy issues.