The impact of the Garnaut Review on Australian climate policy: A comment

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In their paper "The Changing Fortunes of a Policy Entrepreneur: The Case of Ross Garnaut", Mark Beeson and Diane Stone (2013, this journal) argue that Ross Garnaut had a fundamental impact on public policy around Australia’s economic engagement with Asia in the 1990s, but has failed to do so on climate change. Beeson and Stone (2013) provide an interesting and useful elaboration of how and when ‘policy entrepreneurs’ are able to make a decisive contribution to major policy reforms, and provides interesting perspectives on Garnaut’s role through the decades. But we consider the argument and conclusion that Garnaut failed to influence Australian climate policy is deeply flawed. Instead, we consider Garnaut has had a fundamental and durable impact on Australian climate policy, and has had a substantial influence on related political debate and lobbying.

We offer these views as researchers deeply engaged in the economics of climate change and the design and assessment of climate policy options. In 2008 one of us was an advisor to the Garnaut Review, the other was a senior public servant who advised on the Government’s response to the Review.

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The first flaw in the arguments presented by Beeson and Stone is that they fail to identify the nature of the policy contribution of the Garnaut Review (2008b), and to locate this contribution in the ebb and flow of Australian political debate on climate change mitigation. The Review was commissioned by then opposition leader Kevin Rudd and the Premiers and Chief Ministers of the States and Territories in April 2007, around the same time as Prime Minister John Howard commissioned a report into emissions trading. The Prime Minister’s Task Group on Emissions Trading (PMTGET 2007) found that it was not in Australia’s interest to delay action until the emergence of a global consensus. Both sides of politics thus went to the 2007 election proposing to introduce some form of carbon price, but without a near term national emissions target. This reflected a fundamental reversal in the dominant view over the previous decade (on both sides of politics) that Australia’s main national interest in international climate negotiations was to minimize the adverse impact of action by other nations on Australian exports and competitiveness.

Garnaut’s most decisive contribution was to argue – and have accepted – that strong global action on climate change, with Australia playing its part, is in Australia’s interest. The Government’s official response to the 2008 Garnaut Review stated that “The Government accepts the key findings of the Garnaut Final Report that a fair and effective global agreement delivering deep cuts in emissions consistent with stabilising concentrations of greenhouse gases at around 450 parts per million or lower would be in Australia’s interests” (Commonwealth of Australia 2008 page 4.15).

The second, related, flaw in Beeson and Stone’s argument is that it ignores effective bipartisan support for Garnaut’s national interest statement, reflected in the explicit support of both major parties for the current emissions target range, and for the conditions for moving from a 5% reduction up to a 15% or a 25% reduction in emissions by 2020 (Rudd et al 2009, Hunt 2013, Climate Change
Authority 2013). The target range can be traced to the Garnaut Review, which recommended a 25% target in the context of strong global climate action, 10% under moderate global action, and a 5% unconditional target (Garnaut 2008a).

Beeson and Stone’s judgment that Garnaut ‘has failed’ thus appears to rest on an unstated assumption that Garnaut ‘will fail’ if an incoming Abbott Government were to abandon its commitments to the emissions targets and the associated national interest statement. We consider this conclusion premature.

Taking a wider view, we consider that the centre of gravity in Australian public opinion also accepts (or is aligned with) Garnaut’s articulation of our national interest. Multiple polls by different organizations suggest that majority of Australians consider climate change is occurring (Leviston and Walker 2011), and support some form of action to reduce emissions (TCI 2012).

An alternative reading of Beeson and Stone is that Garnaut ‘has failed’ because of the lack of bipartisan support for the carbon price, as evidenced by the Opposition’s commitment to abolish the ‘carbon tax’. This incorrectly gives priority to policy instruments over policy objectives. It also ignores the fact that there is a widely shared consensus among the expert and policy community that a price on emissions should be central to Australia’s climate policy. Furthermore, recent polling suggests that most voters consider the carbon price has had little impact on living costs (Nielson Poll 2013, Essential Report 2012), and that less than 40% of voters consider that an incoming Abbott Government will or should abolish the carbon price (Essential Research 2013, TCI 2013).

A third flaw in Beeson and Stone’s argument is the assertion that Garnaut lacks authority on climate change policy because he is not a climate scientist. But the central task of the Review was to grapple with the geopolitics and international economics of Australia’s role in global action on climate change, and to contribute to the design and calibration of national policy. Garnaut is enormously qualified and has considerable authority on such issues. Beeson and Stone’s (2013: 9) statement that the 2008 Review was “primarily a recapitulation of the conventional scientific wisdom” appears to assume that national or international climate policy options flow in some simple fashion from an understanding of the physical science, and suggests a fundamental misreading of both the purpose and the substance of the Garnaut Review.

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Beeson and Stone (2013) draw on Kingdon (1995) to argue that policy reform requires the conjunction of an accepted problem, an acceptable policy solution, and a supportive political context. Policy entrepreneurs are seen to work across all three streams, leveraging their expertise to establish the problem and articulate a policy strategy, and drawing on their networks and communication skills to broker a workable political compact.

Garnaut (2008b, 2011) has played a pivotal role in establishing that there is a policy problem to be addressed: that the long run costs and risks of climate change outweigh the short run costs to Australia of action on climate change, and thus that Australia should support ambitious global action by taking credible action at home. Mainstream acceptance of this proposition shifts the political focus of special interests from outright opposition or delay (the pre-2007 position) to maximizing the extent and duration of assistance.
Garnaut’s contribution to developing an acceptable – and thus durable – policy solution cannot yet be finally judged. He has made a clear contribution to establishing targets endorsed by the two major parties. The Garnaut Review also proposed the staged transition to emissions trading via an administratively fixed price, which formed the core of the political compact developed by the Multi-Party Committee on Climate Change (of which Garnaut was a member), and which is now embodied in Australian law (see Jotzo 2010, Australian Parliament 2011). But unlike the targets themselves, this mechanism does not enjoy bipartisan support. This suggests that Garnaut’s impact will be clearer in a decade from now, when judgments can be informed by the extent of Australia’s success in meeting our emissions targets to 2020, and the degree to which Australia’ actions have contributed to global action consistent with our national interest.

Garnaut’s influence on climate politics is perhaps the most contestable. Some – like Beeson and Stone – focus on loud minority voices who question the science. Garnaut has not succeeded in convincing these groups. But his contribution has helped constrain the influence of these minority views, and of the powerful sectional interests who support them. The political economy of Australian climate change policy has shifted dramatically. A range of businesses subject to the carbon price are on record that they prefer the current policy framework to proposed alternatives. Others oppose current policy, and would like it abolished, perhaps along with the targets.

We consider that Garnaut has played a crucial role in catalyzing this (incomplete) political transformation. Tactically, he has been a leading public voice arguing that giving ground to ‘special interests’ undermines growth and living standards, with ample opportunities to repeat this message behind closed doors. And strategically, the unwillingness of interest groups to contest his assessment of the national interest has forced them to shift their focus from ‘opposing the inevitable’ to maximizing assistance in the transition.

For these reasons, we consider Ross Garnaut a highly effective policy entrepreneur on climate change. He has articulated problems, proposed solutions, and shifted the political context in favour of durable policy solutions. But the evidence suggests his success is not simply the result of being in the right place at the right time. He accepted the challenge of providing advice on how Australia should respond to a problem we cannot solve within our own borders, that involves raising the cost of living and managing potential competitive impacts now to avoid uncertain impacts on future generations. We imagine he knew that it would involve – in the words of Beeson and Stone 2013:12 – “selling that idea in the face of an incredulous media, a hostile political opposition and powerful vested interests”. We think history will judge him kindly.

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