

The Politics of Learning: Developing an Emissions Trading Scheme in Australia

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Abstract

The literature on policy transfer has paid little attention to how policy-makers strategically employ learning from abroad as a resource to advance their domestic policy preferences and successfully implement a policy program. Addressing this research gap, we further develop the concept of “political learning,” distinguishing three dimensions: “learning as an argumentative resource,” “selective learning,” and “learning about policy design.” Empirically, we illustrate the relevance of political learning from abroad for the case of developing an emissions trading system in Australia. In particular, we show how government policy-makers in Australia used political learning from abroad to promote emissions trading in the context of a polarized domestic climate of adversarial ideas and competing interests.

The introduction of the carbon pricing mechanism (CPM) establishing an emissions trading system (ETS) in 2011 followed years of fierce political contestation, testifying to the politicized nature of climate politics in Australia. After a change of government, however, the Australian ETS was repealed in July 2014. Although—at least for the time being—the Australian case of emissions trading does not amount to a success story, it still provides an illustrative case of how experiments with emissions trading and learning from abroad interact with domestic politics. As such, the Australian experience has become all the more relevant in the context of the current increase of ETSs in separate jurisdictions, as part of a broader movement toward a more polycentric climate governance regime (Jordan et al. 2015).

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The emerging literature on emissions trading “experiments”—as well as the literature on learning and policy transfer more generally—often treats learning from abroad as a way to improve the effectiveness and problem-solving capacity of public policy at home. Conversely, little attention has been paid to how policy-makers strategically employ learning from abroad as a resource to advance their domestic policy preferences and successfully implement a policy program. Addressing this research gap, we build on the notion of “political learning,” highlighting that learning from abroad is also an innately political undertaking in which actors strategically access, evaluate, and disseminate information in the policy-making process. Further developing the concept, we distinguish three main dimensions of “political learning”: “learning as an argumentative resource,” “selective learning,” and “learning about policy design.”

Empirically, we illustrate the relevance of political learning for the case of developing an ETS in Australia. In particular, we show how policy-makers in Australia have used different types of political learning to promote emissions trading, even in a polarized climate of adversarial ideas and competing interests. In terms of external references, learning from the European Union’s (EU’s) experience with emissions trading has been particularly important in the Australian context. Among other things, lessons from the EU ETS figured prominently in the studies and expert recommendations produced by various task groups as the prelude to the Australian ETS. However, while learning from the EU has produced valuable technical knowledge and information from the world’s first major operating carbon market, our analysis also shows that politics have, at various stages, interfered with the learning process. Although we do not claim that political learning can explain the whole process of developing the Australian ETS, we argue that such learning is critical to understanding central aspects of it. Both advocates and opponents of an Australian ETS strategically used lessons learned from the EU ETS to enhance their argumentative powers in domestic politics; certain design elements of the EU ETS were deliberately borrowed to minimize political opposition (even at the cost of policy effectiveness); and, in important instances, learning was selective, reflecting particular interests and policy preferences.

Our findings are based on tracing the process of learning about emissions trading in Australia by means of official documents, media reports, and ten semistructured interviews conducted in the period from July 2014 to June 2016 (see the Appendix for a list of the interviews). Relying on in-depth analysis of a single “illustrative case study” (Levy 2008), we demonstrate the relevance of our novel conceptualization as a first step toward theory development. The article proceeds as follows. The following section gives a brief overview of existing research on policy transfer and learning from abroad and introduces our novel conceptualization of political learning. Next we empirically examine different phases of political learning from the EU among Australian policy-makers. The conclusion summarizes our findings and provides an outlook.

Mind the Gap: Learning, Lesson Drawing, and Domestic Politics

The literature on policy transfer considers learning and lesson drawing from abroad as a central mechanism through which new ideas, technologies, and policy solutions are spread from one place to another (Börzel and Risse 2012; Carroll and Common 2013; Dolowitz and Marsh 1996). At the most basic level, learning and lesson drawing from abroad are conceived as a process through which actors change their beliefs and attitudes on the basis of new information (see, e.g., Hecló 1974; Sabatier 1993, 31). Simultaneously, there has traditionally been a tendency in the literature to focus on learning as a phenomenon that is principally directed toward optimizing the problem-solving capacity of a particular policy (Marsh and Sharman 2009, 271). Here, “learning” and “lesson drawing” are portrayed as ways to improve the effectiveness of domestic policy solutions in light of information obtained from abroad. In particular, drawing on lessons learned from abroad, in terms of both positive lessons to follow and negative experiences to avoid, allows policy-makers to develop new policy solutions for tackling domestic problems effectively and to reduce regulatory uncertainty.

Because the learning literature has developed mostly independently from the literature on public policy-making, it does not sufficiently specify how politics interact with learning processes (e.g., Daviter 2015; Meseguer and Gilardi 2009, 533). Public policy-making is much more than merely a technical function of government: It typically constitutes a complex, interactive process that involves negotiations and bargaining and the accommodation of many different interests (Rose 1976). Given that public policy-making includes a strong strategic component, it also appears important to embrace a more political notion of learning that focuses on the generation and use of knowledge for political ends. Importantly, a more politically embedded notion of learning can improve our understanding of why certain lessons and “best practices” are adopted, while others are ignored (Braun and Gilardi 2006).¹

Thus far, calls for a more integrated approach—that is sensitive to how lessons from abroad may be proactively used to influence domestic politics—have been taken up only sporadically (Cerna 2013). Addressing this research gap, we start from existing research that has conceived of political learning as the improvement of strategies—through argument and symbolic action—to advance (fixed) policy positions and objectives (May 1992). Our focus on the politics of learning shifts attention to political actors—that is, elected political officials and parties, who are themselves subject to learning but who also interfere in broader learning processes that involve a range of actors, including bureaucrats, pressure groups, policy entrepreneurs, and supranational institutions

1. A similar argument has been made in the literature on international norm diffusion, which highlights the role of local agents in reconstructing foreign norms to make sure they fit with the agent’s cognitive priors and beliefs (see Acharya 2004).

(Dolowitz and Marsh 1996, 345). When political actors embark on learning, they are not predominantly driven by concerns about policy effectiveness, but rather focus on strategic considerations such as securing political gains, legitimizing preferred policy solutions, and manipulating the relative sizes of the payoffs associated with available policy options. Although we agree that political learning is not supposed to lead to a change of an actor's own deep beliefs or core policy preferences (Freeman 2006, 374; Sabatier 1988), we also argue that it may still be used to improve relevant knowledge about those secondary aspects of a favored policy that advances an actor's capacity to influence domestic debates and policy outcomes.²

Political actors play a key role in learning, given their capacity to influence policy change (Hecl 1974) and their ability to control learning processes—for instance, by deciding whether, from whom, and in which form they want to learn (Rose 1991, 11). However, political decision-makers often do not participate “directly” in learning processes, which are frequently delegated to networks of experts and the task groups over which they exercise various degrees of control and oversight. Scholars have pointed to the importance of learning within policy networks, acknowledging that learning and lesson drawing is less scientifically and more socially and politically channeled (Dobbin et al. 2007, 461; Sabel 1994). Learning in policy networks not only reduces uncertainty and generates new knowledge, but also constitutes a crucial power resource when it comes to implementing a program domestically. Although we consider political learning to be relevant for public policy-making more generally, the focus of this special issue directs our attention to its relevance for learning lessons from abroad. Building on previous works, and particularly the management literature on organizational learning, we can identify three main dimensions of political learning.

First, political learning from abroad can enhance the argumentative power of policy initiators (Börzel and Risse 2012), facilitating their efforts to persuade key stakeholders and build domestic support for a preferred policy option. As Sabatier (1988, 152) has pointed out, in the context of advocating policy ideas, learning can enhance one's capacity for policy advocacy—for example, by increasing an actor's sophistication in challenging the validity of data used by opponents, in countering opponents' causal arguments, in mobilizing political opposition to opponents' proposals, and in enlarging the coalition in support of the advocacy group. Similar claims have been made in the literature on organizational learning, in which participation in learning networks is understood to facilitate the generation of “discursive knowledge,” which strengthens an actor's capacity for persuasion in terms of presentation, argumentation, and

2. By also accounting for learning about secondary aspects of a policy, in particular with respect to legislative design, we go beyond the more narrow understanding of political learning as a strategy that uses new knowledge as a post-hoc rationalization of previously made policy decisions (Daviter 2015; Weiss 1977, 15).

debate. Government officials are particularly well placed for such learning, because of their privileged access to departmental resources as well as supra- or international institutions. In this way they can obtain relevant information and sound out opinions and strategies that may subsequently be turned into a competitive advantage in domestic politics (Dolowitz and Marsh 1996; Stone 1999).

Second, political learning is often selective, concentrating on aspects of a foreign program that are “congenial to policymakers while leaving out the hard parts that impose political costs” (Rose 2005, 84). In this view, policy-makers are not principally interested in learning in detail how a particular foreign policy solution works, but rather, they want to cherry-pick features of a program that they consider politically opportune. In addition, selective learning from abroad may also involve combining elements from two or more different places, resulting in what has been described as hybridization and synthesis, as opposed to the copying or emulating of one specific program (Prince 2010; Rose 1991).

Because processes of policy learning are often delegated to experts, “selective learning” benefits from maintaining close control over the learning processes. Among other things, this could be achieved by selecting a “faithful” agent who shares similar policy preferences (e.g., Lupia and McCubbins 1994, 364), by providing close guidance in the mandate given to policy experts, and by engaging in close monitoring of the activities of these experts. This shows that politics may interfere with a learning process early on, by selecting experts and designing learning frameworks in a way that makes them sensitive to political considerations and directs attention to specific issues, while leaving out others.

Third, political learning from abroad may also involve learning about the appropriate design that can help promote a preferred policy at home (see also May 1992, 339). Whereas selective learning is concerned with policy content, learning about its design aims at identifying those legal/administrative features of a certain policy that will facilitate its implementation within the receiving jurisdiction. Again, there are important parallels to the literature on organizational learning, which considers the acquisition of knowledge about the specific workings of a “social system” (e.g., a company or firm) an essential part of learning and an important source of influence. In this view, “a person’s knowledge of his or her organization ... enables penetration of its dynamic processes intellectually and in action” (Coopey 2010, 198). A similar logic applies to any policy-maker acting as a “purposeful opportunist” (Cram 1993; Radaelli and Dunlop 2013, 929), who may deliberately learn and borrow certain policy design solutions from abroad, adapt them to a particular jurisdiction, and implement them in a way that keeps domestic resistance at a minimum. This kind of learning may be accompanied by the gradual introduction of a new policy, which may be particularly relevant in situations in which policy-makers anticipate, or are confronted with, challenges of policy implementation (Müller and Slominski 2013).

Exploring the Option of an Australian ETS: Learning Lessons from Abroad

Australian climate change policy has traditionally been hotly contested between and within party lines and has been subject to the competing political expectations and interests of domestic stakeholders (Eckersley and McDonald 2014; Fielding et al. 2012; Jotzo 2012). While climate politics in Australia have traditionally raised considerable concerns from industry stakeholders about abatement costs, Australian politicians have also faced growing public awareness about climate change vulnerabilities. In this context, emissions trading was identified early on in the Australian debate on climate policy as a tool to achieve environmental objectives in a cost-sensitive way.

Australia's legislation on emissions trading was preceded by a lengthy planning and review process, in which political actors located at various levels of decision-making delegated the task of exploring the option of an Australian ETS to distinct expert bodies.³ In this section, we examine the two most prominent learning frameworks established at the federal level in the phase leading up to the Australian ETS: first, the work of the "Prime Ministerial Task Group on Emissions Trading," established under Prime Minister John Howard from the Liberal Party, which produced the so-called "Shergold report," and second, the "Garnaut review," commissioned by successive Labor governments in 2008 and 2011. As our subsequent analysis will show, there was important agreement between these two prominent reviews. Both preferred the adoption of a cap-and-trade ETS over alternative policy solutions, such as a carbon tax approach, and both agreed on many specific design features, thereby contributing to the Carbon Pollution Reduction Scheme (CPRS) proposed by the Rudd government (2007–2010), as well as to the CPM adopted by the Gillard government (2010–2013). Our analysis also shows, however, that political actors in Australia have pursued an instrumental approach to learning and have sought to maintain close political control over the learning process, trying to keep learning in line with their particular interests and often using lessons learned in a selective manner. The important role played by political learning is also reflected in these reviews, which were influenced by the specific political constellations and interests prevailing at the time they were produced.

Howard's Task Group on Emissions Trading: The Shergold Recommendations

The establishment of a national emissions trading scheme was first considered by the Australian Greenhouse Office, which published several reports in the late

3. On the one hand, people working in these task forces offered knowledge and expertise to explain the general features of emissions trading as well as its impacts on various industries, whereas on the other hand, they also received valuable information from industry stakeholders that helped them take into account industry interests, making their reports more politically acceptable.

1990s. Although the Howard government initially promoted the emissions trading option, it shelved this plan after the United States refused to ratify the Kyoto treaty in 2001 (Christoff 2005). Only when a shift in public opinion increased pressure for action on climate change did the Howard government finally start a process to review the option of emissions trading, in the run-up to the November 2007 federal elections.⁴ In December 2006, Prime Minister Howard established the joint government-business “Prime Ministerial Task Group on Emissions Trading,” chaired by Secretary Peter Shergold. Just half a year later, in May 2007, the review process culminated in the “Report of the Task Group on Emissions Trading” (a.k.a. the “Shergold report”), which recommended the measured implementation of emissions trading in Australia and outlined core features of the proposed scheme (Australian Government 2007).

Not least, given the short time frame under which the task group operated, the Shergold report drew substantively on the previous work conducted by a National Emissions Trading Taskforce (NETT) that had been initiated by leaders of state and territory governments in 2004 (Interview 10). The debate on the Australian ETS relied on scientific modeling and intense consultations with various Australian stakeholders, but learning from abroad, and particularly from the EU ETS, also played an important role. The work of both the Prime Ministerial Task Group and the NETT made ample reference to the EU ETS.⁵ Building on work conducted in the framework of the NETT, the Shergold report pointed to the advantages of capitalizing on “lessons learned from the European Union and other trading approaches” (Australian Government 2007, 88), and members of the task group visited, inter alia, both Brussels and other European capitals to consult with public officials, private sector groups, and civil society. Although the Prime Ministerial Task Group on Emissions Trading produced important technical knowledge about the emissions trading option in Australia (Knight and Knox-Hayes 2015, 46), its work cannot be understood without appreciating the politics of the learning process.

Learning as an Argumentative Resource: For proponents of emissions trading in Australia, the EU ETS served as an important reference point in the domestic debate on climate politics. The EU ETS and emerging schemes in other jurisdictions around the globe demonstrated the need for Australia to develop its own ETS so as to minimize in Australia the negative consequences of other ETSs on

4. Following several and severe droughts and water shortages across the country, public opinion increasingly favored bold climate actions, including the introduction of a national emissions trading scheme (Pietsch and McAllister 2010). In addition, important sections of Australian industry, including farming as well as insurance and finance, increasingly acknowledged that measures against climate change are inevitable and began to focus on long-term business opportunities (Lawrence 2009, 287).

5. In its final report, the NETT developed policy recommendations based on preliminary findings from a review of the EU ETS, future directions identified for the EU ETS, and lessons learned from a roundtable discussion of the EU ETS held before a United States Senate committee (NETT 2007, 245).

local exports and competitiveness (Interview 5; Jotzo and Hatfield-Dodds 2013).

The Prime Ministerial Task Group benefited considerably from the pioneering work of the NETT, which had already achieved a considerable degree of stakeholder buy-in in numerous rounds of consultations that actively drew on the experience of the EU ETS (Betz et al. 2010; NETT 2006). In the same vein, learning from the EU ETS provided the Howard government and its task group with informed arguments and new data to address stakeholder concerns about the risks and uncertainties associated with the development of an Australian ETS.⁶ While certain industries, particularly the coal industry, remained opposed to emissions trading (Crowley 2013; Curran 2009), representatives from other Australian industries and the wider business community increasingly felt that international developments and growing public concerns about climate change made federal action inevitable, and that emissions trading was the most favorable policy alternative (Interview 10).

Selective Learning: Although the Howard government had opted for exploring the emissions trading option in its final years, it remained highly sensitive to industry interests. Against this backdrop, the particular mandate and composition of the Prime Ministerial Task Group on Emissions Trading were meant to ensure that it would remain a faithful agent of the government (Mulgan 2008, 349). In the terms of reference for the task group, it was stated that Australia enjoyed major competitive advantages through its large reserves of fossil fuels, and that "(i)n assessing Australia's further contribution to reducing greenhouse gas emissions, these competitive advantages must be preserved" (Prime Ministerial Task Group on Emissions Trading 2007, 1). The task group was headed by Peter Shergold, then Secretary of the Department of the Prime Minister, and included hand-picked senior federal government officials as well as high-level representatives from Australian fossil fuel and high-energy-intensive industries that were directly implicated by emission restrictions (Crowley 2013, 372; Stewart and Maley 2007, 279). Political considerations also were mirrored in the recommendations of the Shergold report, which remained vague with respect to the level of its environmental ambitions, refraining from proposing specific emission targets. The Shergold recommendations were also selective in the way that they engaged with lessons learned from the EU ETS. In particular, the Shergold report demanded generous assistance⁷—that is, compensations—for trade-exposed energy-intensive Australian industries, even though later studies argued that the example set by the EU ETS suggests that such compensations are

6. Besides the ambition to achieve long-term emission reductions in an economically efficient way, arguments about minimizing uncertainties for market participants in the development of an Australian ETS figured prominently in the work of the various task forces and expert discussions.

7. Both the Shergold report and the Garnaut review, as well as most policy papers, use the term "assistance" when speaking about compensation for affected industries or households.

problematic (Garnaut 2008a). More than any related study, the Shergold report engaged with the issue of compensating trade-exposed industries (Durrant 2010; Hodder 2011).

Learning About the Policy Design: In the preelection context, one of Prime Minister Howard's key objectives was to credibly signal his readiness to take action on climate change without alienating major stakeholders. As a result, the Shergold report was more concerned with politically reconciling the Liberal Party and major industries with bold climate actions, and issues of policy implementation and design were not a priority (Durrant 2010, 102; Wilder and Fitz-Gerald 2008, 9).

Emissions Trading Under Labor Governments: The Garnaut Review

In April 2007, just about the time that the Prime Minister's task group presented its final conclusions, then-leader of the federal opposition Kevin Rudd of the Labor Party, together with various Australian state and territory governments, commissioned an independent review by the renowned academic Ross Garnaut. The initiation of the Garnaut review, which was inspired by the Stern report in the UK, allowed Rudd to position himself as an actor with an ambitious plan for climate action in the preelection context,⁸ even though concrete results of the review were to be delivered only after the federal elections (ABC 2007). Following his election as prime minister, Rudd ratified the Kyoto Protocol and confirmed the participation of the federal government in the Garnaut review. Besides studying previous proposals for an Australian ETS—especially those by the NETT and the Task Group on Emissions Trading (see Garnaut 2008a, 10)—Garnaut and his team also thoroughly studied the EU ETS and made several trips to Brussels, London, and Berlin (Interviews 1 and 4).⁹ A critical appraisal of the EU ETS had a notable impact on the final report of the Garnaut review released in 2008 and on the subsequent design of Australia's legislation on emissions trading.

Notably, the final report of the Garnaut review proposed an auction approach to permit allocation, a staged transition to emissions trading via a fixed carbon price and ambitious emission targets, and the establishment of an allocation system. Important parts of Garnaut's recommendations were incorporated by the Rudd government as part of its CPRS. Conversely, after Rudd had assumed office, relations between the government and Garnaut soon cooled

8. The particular role and impact of the Garnaut review in forming Australian climate policy are controversial (see Beeson and Stone 2013a; Beeson and Stone 2013b; Jotzo and Hatfield-Dodds 2013).

9. Their meetings involved European officials dealing with emissions trading from environmental and financial perspectives, including then EU Commissioner Connie Hedegaard as well as treasury officials in London and Berlin.

down, as the government increasingly questioned the political feasibility of Garnaut's ambitious proposals (Interview 6). Finally, the proposed CPRS failed to secure enough votes in the Senate after the Liberal Party, which was in opposition at that time, turned against emissions trading as a result of the change in leadership from Malcolm Turnbull to Tony Abbott (*The Australian* 2009).

With Rudd's popularity declining, the Labor Party replaced him as prime minister with his deputy Julia Gillard in June 2010. Dependent on support by the Greens and independents, the Gillard government that emerged from federal elections committed itself to put a "real price on carbon." In November 2010, Prime Minister Gillard commissioned an update to the 2008 Garnaut review, to explore whether significant changes had occurred that affected the findings of the previous report. These plans culminated in the adoption of the CPM in 2012, designed to transition to a cap-and-trade ETS with a flexible price by July 2015. The close collaboration with the EU ETS entered into a second phase in 2010, when Australian government officials initiated linking negotiations with the EU, this time involving government officials and transgovernmental bureaucracies.¹⁰ However, such linking was never established, since Australia's domestic ETS was finally repealed when Tony Abbott from the Liberal Party took office as prime minister.

Learning as an Argumentative Resource: In important respects, the successive Labor governments of Rudd and Gillard adopted narratives similar to that of the previous Howard government to build domestic support for the emissions trading option. The EU ETS was used as a prominent example to demonstrate the feasibility of developing an Australian scheme and was portrayed as an important model when Australia sought to join the global trend toward emissions trading. Moreover, international linking, particularly with the EU ETS, was presented as a significant step to further reduce Australia's abatement costs, which further increased the interest in learning about the design of the EU ETS. While the Garnaut review (2008b) acknowledged that linking with the EU ETS would limit Australia's autonomy in designing and operating its national scheme, the review argued that the sovereignty costs would be more than offset by considerable advantages, such as the reduction of abatement costs, a broader market to dilute country-specific demand shocks, and a level playing field for trade-exposed industries (Jotzo and Betz 2009).

Simultaneously, the EU ETS served as a model from which more specific lessons about the design of the Australian ETS could be drawn, in terms of both positive lessons to follow and negative lessons to avoid. For Garnaut and his team of experts, it was evident that the EU ETS—which involved different phases—was itself still in a state of experimentation, generating valuable lessons on which both the EU and Australia could improve (see Garnaut 2008b, 45).

10. During the Gillard government, several high-ranking political delegations visited Brussels to explore the linking option with the EU (Interview 4).

Important lessons learned from the EU experience were, inter alia, that the free allocation of permits generates problematic effects (e.g., windfall profits for industry); that emissions trading schemes impact on income distribution, calling for measures to address issues of equity, such as compensation to households and affected regions and communities; that compensation for trade-exposed energy-intensive industries is not an efficient measure for dealing with the risk of carbon leakage; and that compensation for stationary energy generators such as coal-powered power plants is not desirable as a means to move toward low-emission energy generation (Garnaut 2008b).

At the same time, however, the high level of ambition of the Garnaut review—which sought to build a system that avoided the negative experiences of the EU ETS regarding issues such as permit allocation and industry compensation—was increasingly considered a political liability by the Rudd government, which faced growing opposition by the Liberal Party against its emissions trading plans (Crowley 2013, 373; Curran 2009, 213; see also below). When Tony Abbott became leader of the opposition in November 2009, the Liberal Party turned against emissions trading and blocked Rudd’s proposals in the Senate. From then on, opponents of emissions trading increasingly depicted the EU ETS as a failed policy that placed high costs on both industry and consumers (ABC 2014). In particular, the envisaged linking option with the EU was aggressively denounced by the Liberal opposition, suggesting that a joint carbon market would place Australians at the “mercy of EU bureaucrats” (ABC 2013).

Selective Learning: The Garnaut review served Rudd’s Labor Party well to position itself as an ambitious actor on climate change prior to the 2007 federal elections. However, domestic politics increasingly intruded in the process of lesson-learning set in train by the Garnaut review. Although Garnaut had been portrayed as providing major “intellectual firepower” (ABC 2007) for decisions on how to design a future ETS (Interview 7; Healy and Kuch 2008), it soon became apparent that the government was not ready to follow some of the review’s more ambitious recommendations (Interview 6). As a consequence, Rudd’s government moved the ETS policy development to a working group within the Department of Climate Change and stressed that Garnaut’s role as an independent expert did not preempt positions within the government, but provided one input among others (ABC 2008).

A particular point of disagreement between the Rudd government and Garnaut evolved concerning the question of industry compensation, on which Garnaut had adopted a restrictive position that sought to avoid the negative experiences of the EU ETS. By contrast, the Rudd government opted for generous compensations, including compensations for coal-fired power generators, conveniently ignoring specific lessons identified in the Garnaut review. Criticizing the government’s plans to compensate coal-fired power generators, Garnaut stated that “[n]ever in the history of Australian public finance has so much been given without public policy purpose” (Garnaut, cited in O’Connor 2009).

The setting of emission targets represented another prominent example in which the political considerations of the Rudd government interfered with the policy recommendations of the Garnaut report. Early on, the Garnaut review had adopted the stance that Australia should swiftly make a firm commitment to emission targets for 2020 and 2050 (Garnaut 2008b). It soon became apparent, however, that the Rudd government was not ready to commit itself to ambitious targets. Whereas Garnaut proposed a minimum 5-percent reduction, and even more in the case of an international climate agreement, the Rudd government selectively used these recommendations to adopt a 5-percent goal, irrespective of any future global accord. Notwithstanding this government handling, Garnaut's proposed emission reduction targets immediately triggered criticism for doing Rudd's political legwork, by opting for soft, politically more feasible targets rather than adequately responding to climate change (Hamilton 2008). During the subsequent Gillard government, target-setting again shifted to the focus of political contestation, when Labor and the Greens could not agree on the level of their environmental ambition. With the parties unable to agree on a common emission target, discussions between Labor and the Greens in early 2011 focused on establishing a fixed price for carbon emissions during the three years preceding the transition to an ETS with a floating price (Interview 6). Against the backdrop of the very low prices of emission allowances in the EU, the establishment of a fixed-price model, which had already been suggested in the first Garnaut review, manifested a fundamental departure from the EU ETS. Instead of interpreting this in terms of negative lessons learned from the EU experience, we argue that the fixed price was primarily introduced because of political difficulties with agreeing on an emission target.

Learning About the Policy Design: Acting as a "purposeful opportunist" (Cram 1993), the Australian government deliberately borrowed certain design solutions from abroad to overcome domestic challenges. A prominent example was the establishment of an independent Australian Climate Change Authority in 2012 to help depoliticize knowledge building about climate change mitigation policies. The idea for a Climate Change Authority was developed by Garnaut, who "shamelessly borrowed" this proposal from the UK Committee on Climate Change, which he considered a suitable model for the contested Australian political context (Interview 1).

Additionally, the Australian government agreed on a pathway toward linking its emissions trading systems with the EU ETS, which was used by the government to promote a joint carbon market with the EU as a cost-efficient way to reduce carbon emissions. Linking negotiations between the Gillard government and the EU not only intensified the bilateral contacts between like-minded actors, but also brought the Australian ETS closer to the EU scheme. In August 2012, the Australian government and the European Commission agreed that a so-called interim link between the two schemes would be established from July 1, 2015, and that a full link should occur not later than July 1, 2018. In the run-up to the 2013 national elections, the linking issue moved once again

into the focus of the election campaign. Then opposition leader Tony Abbott reiterated his criticism of the current ETS with its fixed price—still portraying it as a carbon tax—as too costly and detrimental for the economy.

Against the backdrop of increasing contestation at home, the Australian government increasingly pressured the European Commission to move in the direction of linking (Interviews 3 and 4). In July 2013, the government announced that an interim link with the EU ETS would be moved forward one year, making it operational by July 2014 (Australian Government 2013). Although the government presented this move as a way to “reduce pressure on consumers and businesses,” it was primarily politically motivated (Interview 3). Hence, lessons learned about political feasibility had clearly gained the upper hand; the government considered it sufficient to raise the price in the future (as was expected for the EU), while granting industry time to accustom itself to the fact that there was now a price on carbon. Moreover, moving forward the linking with the EU has also been described as an attempt by the Australian government to lock in subsequent governments to emissions trading (Interviews 3, 6, 9, and 10; Müller and Slominski 2016).

Conclusions

The notion of political learning developed in this article provides a useful concept for analyzing the interactions of learning from abroad - which figures prominently in studies of international policy diffusion - with domestic politics. In developing their plans for a national ETS, successive Australian governments turned their attention particularly to the EU ETS, to further their knowledge about an existing policy instrument already in action elsewhere. However, learning from abroad was not a mere technical process to optimize the design of the Australian ETS, but also reflected important political considerations and interests. Importantly, learning was employed as a strategy to enhance argumentative power vis-à-vis other stakeholders—with the various task forces providing the institutional context for structured dialogue—and served as an inspiration for design elements that were meant to facilitate the domestic implementation of preferred policy choices. Moreover, learning from abroad was often selective, whereby policy-makers focused on politically opportune lessons while avoiding those lessons that implied high political costs.

This also holds true for the ways that learning was delegated to various expert groups, in terms of these groups’ mandates, composition, and input to the decision-making process. Where Howard’s Prime Ministerial Task Group constituted a faithful agent of the political interest of the government, the relations between the subsequent Labor governments of Rudd and Gillard and a task force headed by the independent academic Garnaut were more ambivalent. Although initially relations were close, Rudd quickly distanced himself from many of Garnaut’s more ambitious proposals. With the change of prime minister from Kevin Rudd to Julia Gillard, a Multi-Party Climate Change

Committee, of which Garnaut became a member, was established partly in an attempt to win the support of the Greens and Independents to form a Labor government.

At the same time, it is worthwhile to highlight that the Australian case of emissions trading is not merely of historic interest. In fact, the repeal of the ETS triggered renewed interest in exploring the prospects for subnational trading initiatives in Australia. Revisiting ideas that had been expressed in earlier reports by the NETT, South Australia's premier, Jay Weatherill, stated in December 2016 that in the case of federal inaction, states could also act unilaterally (*The Guardian* 2016). The issue of an interstate ETS has reportedly also been raised between environmental ministers from South Australia, New South Wales, Victoria, and Queensland (*The Australian* 2015). The fact that considerable knowledge and know-how on emissions trading has been built over the last decade among politicians and key stakeholders from business and civil society might facilitate such initiatives, particularly against the backdrop of dynamic global developments in emissions trading.

Finally, it also deserves mention that Australia has remained a relevant player in the emissions trading domain internationally (Interview 1; Williams 2014). Among other things, Australian experts have played a prominent role in supporting the development of an emissions trading scheme for China. Although Australian-Chinese consultations started during the development of the Australian ETS, bilateral climate change cooperation was further strengthened by a 2014 memorandum of understanding that provides a new framework for institutionalized exchange among government officials, industry stakeholders, and the academic community (Australian Minister for Foreign Affairs 2014).

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Appendix A

- Interview 1: Independent expert on Australian climate policy, July 2014
- Interview 2: Official of the Australian Department of the Environment, August 2014
- Interview 3: Former advisor of the Australian government, August 2014
- Interview 4: Official of the European Commission, Brussels, July 2014
- Interview 5: Former official of Australian Department of Climate Change and Energy Efficiency, May 2016
- Interview 6: Former advisor to the Garnaut review, May 2016
- Interview 7: Independent expert on Australian climate policy, May 2016
- Interview 8: Policy expert on Australian emissions trading, May 2016
- Interview 9: Former consultant to the Australian government on emissions trading, June 2016
- Interview 10: Former official with the Australian Department of Climate Change and Energy Efficiency, June 2016