

POLS 594EE: Political Economy of Energy and Environment

FALL 2023

Course meetings:

Mondays 12:30-3:20pm

Ellison 3814 (Pritchett Room)

Instructor:

Prof. Paasha Mahdavi, paasha@ucsb.edu

Office Hours: Wednesdays 12:30-2:30pm

Course description

What is the role of business in the energy transition? How do firms shape policy towards or against climate and environmental regulation? Are firms shaped by policy effectively? How do firms and governments coordinate on decarbonization? In this seminar, we will analyze the political economy of energy and environment through the lens of business actors and their role in climate politics. We will primarily examine the political science literature on how firms shape and are shaped by climate, energy, and environmental policy, as well as on how governments are affected by the fossil and energy industries in particular. Readings will be drawn across the subfields of American Politics, Comparative Politics, and International Relations, and occasionally from literatures in Economics, Public Policy, Law, and Management.

Requirements

This course is in seminar format. Students are required to ...

1. Complete the required readings before each meeting and come to class ready to actively participate in discussions (*10% of total grade*).
2. Conduct an “AI review” of one reading each week, Weeks 2-9 (*40%*). Students will ask a prompt-based AI chatbot (e.g., ChatGPT, BingChat, Bard, etc.) to summarize an article and then critique the chatbot’s response based on accuracy and omission of key details. Students will post these AI reviews (3-4 paragraphs long) on Canvas, where they will be graded as pass/no pass.
3. Write a draft conference abstract on a potential research topic of interest (*20%*). These should be written as if to be submitted to a major political science or environmental politics conference (e.g., APSA, ISA, EPG, Climate Pipeline Project, etc.).

4. Write a final paper in comprehensive-exam format on up to two of the weekly topics in the course (30%). We will review style and expectations for the comprehensive exam throughout the quarter to prepare students who wish to take the EP exam in the future. Students who have already taken the EP comp can substitute this with either a research proposal or a prospectus-style literature review.

Environmental Politics Workshop

Students are highly encouraged to attend the Environmental Politics Workshop, hosted by the Department of Political Science and the Bren School of Environmental Science and Management. The seminar meets on Wednesdays throughout the year from 11:00am to 12:00pm.

Academic Resource Center/Disability Support

If you believe you have a disability, then you should contact the Disabled Students Program (DSP) for further information. The DSP is the campus office responsible for reviewing documentation provided by students with disabilities and for determining reasonable accommodations in accordance with the Americans with Disabilities Act (ASA) and University policies.

For more information, go to <https://dsp.ext-prod.sa.ucsb.edu/>

Important Academic Policies and Academic Integrity

UCSB students are expected to uphold the academic policies set forth by the university. Students should therefore familiarize themselves with all the rules, regulations, and procedures relevant to their pursuit of degree.

The policies are located at: <https://studentconduct.sa.ucsb.edu/academic-integrity>

Required Readings

All readings will be posted online or will have active links made available on Canvas. In select weeks, we will be reading chapters from the following books. Although these chapters will be posted online, I highly encourage you to acquire a copy of these books in print; they are seminal texts in the field of environmental politics and will be a fruitful reference for your research going forward.

- David Vogel. 2005. *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility*. Brookings Institution Press.
- Aseem Prakash and Matthew Potoski. 2006. *The Voluntary Environmentalists: Green Clubs, ISO 14001, and Voluntary Environmental Regulations*. Cambridge University Press.

- Michael Kraft and Sheldon Kamieniecki (eds.). 2007. *Business and Environmental Policy: Corporate Interests in the American Political System*. MIT Press.
- Jonas Meckling. 2011. *Carbon Coalitions: Business, Climate Politics, and the Rise of Emissions Trading*. MIT Press.
- Jessica Green. 2014. *Rethinking Private Authority: Agents and Entrepreneurs in Global Environmental Governance*. Princeton University Press.
- Matto Mildenerger. 2020. *Carbon Captured: How Business and Labor Control Climate Politics*. MIT Press.
- Leah Stokes. 2020. *Short Circuiting Policy: Interest Groups and the Battle Over Clean Energy and Climate Policy in the American States*. Oxford University Press.
- Kathryn Hochstetler. 2020. *Political Economies of Energy Transition: Wind and Solar Power in Brazil and South Africa*. Cambridge University Press.

Course Outline (tentative)

Week 1: What is the role of business in (climate) politics?

- Hacker, Jacob S., and Paul Pierson. “Business power and social policy: Employers and the formation of the American welfare state.” *Politics & Society* 30, no. 2 (2002): 277-325.
- Hersh, Eitan, and Sarang Shah. “Who Wants Stakeholder Capitalism? Public and Elite Perceptions of the Role of Business in Politics.” Working Paper (2023).
- Kraft, Michael E., and Sheldon Kamieniecki, eds. *Business and environmental policy: Corporate interests in the American political system*. MIT Press, 2007. Chapter 1
- Breetz, Hanna, Matto Mildenerger, and Leah Stokes. “The political logics of clean energy transitions.” *Business and Politics* 20, no. 4 (2018): 492-522.

Week 2: Voluntary environmentalism and environmental self-governance

- Prakash, Aseem and Matthew Potoski. *The Voluntary Environmentalists: Green Clubs, ISO 14001, and Voluntary Environmental Regulations*. Cambridge University Press, 2006. Chapter 1.
- Vogel, David. *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility*. Brookings Institution Press, 2005. Chapters 1 and 5.
- Prakash, Aseem. “Green marketing, public policy and managerial strategies.” *Business Strategy and the Environment* 11, no. 5 (2002): 285-297.

- Newell, Peter. “Civil society, corporate accountability and the politics of climate change.” *Global Environmental Politics* 8, no. 3 (2008): 122-153.
- Clark, Cynthia E., and Elise Perrault Crawford. “Influencing Climate Change Policy: The Effect of Shareholder Pressure and Firm Environmental Performance.” *Business & Society*, 51 no. 1 (2012): 148-175.
- Green, Jessica F. “Private Standards in the Climate Regime: The Greenhouse Gas Protocol.” *Business and Politics* 12, no. 3 (2010): 1-37.
- Hsueh, Lily. “Corporations at a crossroads: How multilevel governance interactions shape participation and effort in private governance regimes.” *Governance*. 32, (2019): 715–760.
- Pulver, Simone and Ben Manski. “Corporations and the Environment.” In B. Schaefer Caniglia et al. (eds.), *Handbook of Environmental Sociology, Handbooks of Sociology and Social Research*. Springer, 2021.

Week 3: Obstructionism & cooperation in climate agreements and politics

- Colgan, Jeff, Jessica Green, and Thomas Hale. “Asset Revaluation and the Existential Politics of Climate Change.” *International Organization* 75, no. 2 (2021): 586–610.
- Clapp, Jennifer and Jonas Meckling. “Business as a Global Actor.” In Robert Falkner (ed.), *The Handbook of Global Climate and Environment Policy*. Wiley, 2013.
- Vormedal, Irja. 2011. “From Foe to Friend? Business, the Tipping Point and U.S. Climate Politics.” *Business and Politics* 13 (3): 1–31.
- Mildemberger, Matto. *Carbon Captured: How Business and Labor Control Climate Politics*. MIT Press, 2020. Chapters 1 and 2.
- Stokes, Leah. *Short Circuiting Policy: Interest Groups and the Battle Over Clean Energy and Climate Policy in the American States*. Oxford University Press, 2020. Chapters 1 and 5.
- Meckling, Jonas. *Carbon Coalitions: Business, Climate Politics, and the Rise of Emissions Trading*. MIT Press, 2011. Chapters 1 and 4.
- Genovese, Federica. “Market Responses to Global Governance: International Climate Cooperation and Europe’s Carbon Trading.” *Business and Politics* 23, no. 1 (2021): 91–123.

For further reference:

- Falkner, Robert. *Business Power and Conflict in International Environmental Politics*. Palgrave Macmillan London, 2007.
- Newell, Peter, and Matthew Paterson. *Climate capitalism: global warming and the transformation of the global economy*. Cambridge University Press, 2010.

- Victor, David. *Global Warming Gridlock: Creating More Effective Strategies for Protecting the Planet*. Cambridge University Press, 2011.
- Hughes, Llewelyn, and Johannes Urpelainen. “Interests, institutions, and climate policy: Explaining the choice of policy instruments for the energy sector.” *Environmental Science & Policy* 54 (2015): 52-63.
- Grumbach, Jacob M. “Polluting Industries as Climate Protagonists: Cap and Trade and the Problem of Business Preferences.” *Business and Politics* 17, no. 4 (2015): 633–59.
- Karapin, Roger. *Political Opportunities for Climate Policy: California, New York, and the Federal Government*. Cambridge University Press, 2016.
- Downie, Christian. “Business actors, political resistance, and strategies for policymakers.” *Energy Policy* 108 (2017): 583-592.
- Bernstein, Steven, and Matthew Hoffmann. “Climate politics, metaphors and the fractal carbon trap.” *Nature Climate Change* 9 (2019): 919–925.
- Michaël Aklin, and Matto Mildemberger. “Prisoners of the Wrong Dilemma: Why Distributive Conflict, Not Collective Action, Characterizes the Politics of Climate Change.” *Global Environmental Politics* 20, no. 4 (2020): 4–27.
- Hsu, Angel, et al. “A research roadmap for quantifying non-state and subnational climate mitigation action.” *Nature Climate Change* 9, (2019): 11-17.
- Victor, David, Frank Geels, and Simon Sharpe. *Accelerating the low carbon transition, The case for stronger, more targeted and coordinated international action*. Brookings Institution, 2019.
- Hale, Thomas, and David Held. 2012. “Gridlock and Innovation in Global Governance: The Partial Transnational Solution.” *Global Policy* 3 (2): 169–81

Week 4: Strategic behavior of firms and climate lobbying

- Green, Jessica. *Rethinking Private Authority: Agents and Entrepreneurs in Global Environmental Governance*. Princeton University Press, 2014. Introduction and Chapter 1 (pp. 1-53).
- Malhotra, Neil, Benoit Monin, and Michael Tomz. “Does Private Regulation Preempt Public Regulation?” *American Political Science Review* 113, no. 1 (2019): 19–37.
- Meckling, Jonas. “Oppose, support, or hedge? Distributional effects, regulatory pressure, and business strategy in environmental politics.” *Global Environmental Politics* 15, no. 2 (2015): 19–37.

- Green, Jessica, Jennifer Hadden, Thomas Hale and Paasha Mahdavi. “Transition, hedge, or resist? Understanding political and economic behavior toward decarbonization in the oil and gas industry.” *Review of International Political Economy* 29, no. 6 (2021): 2036–63.
- Lerner, Michael, and Iain Osgood. “Across the Boards: Explaining Firm Support for Climate Policy.” *British Journal of Political Science* 53, no. 3 (2023): 934–57.
- Kennard, Amanda. “The enemy of my enemy: When firms support climate change regulation.” *International Organization* 74, no. 2 (2020): 187–221.
- Federica Genovese. “Sectors, Pollution, and Trade: How Industrial Interests Shape Domestic Positions on Global Climate Agreements.” *International Studies Quarterly* 63, no. 4 (2019): 819–836.
- Bayer, Patrick. “Foreignness as an Asset: European Carbon Regulation and the Relocation Threat among Multinational Firms.” *Journal of Politics* 85, no. 4 (2023): 1291-1304.

For further reference:

- Kim, Sung Eun, Johannes Urpelainen, and Joonseok Yang. “Electric utilities and American climate policy: lobbying by expected winners and losers.” *Journal of Public Policy* 36, no. 2 (2016): 251–275.
- Genovese, Federica and Endre Tvinnereim. “Who opposes climate regulation? Business preferences for the European emission trading scheme.” *The Review of International Organizations* 14, no. 3 (2019): 511–542.
- Cheon, Andrew and Johannes Urpelainen. “How do competing interest groups influence environmental policy? The case of renewable electricity in industrialized democracies, 1989–2007.” *Political Studies* 61, no. 4 (2013): 874–897.
- Hale, Thomas. “Transnational Actors and Transnational Governance in Global Environmental Politics.” *Annual Review of Political Science* 23, no. 1 (2020): 203-220.
- Cory, Jared, Michael Lerner, and Iain Osgood “Supply chain linkages and the extended carbon coalition.” *American Journal of Political Science* 65, no. 1 (2021): 69–87.
- Perlman, Rebecca. *Regulating Risk: How Private Information Shapes Global Safety Standards*. Cambridge University Press, 2023.
- Bayer, Patrick and Jonas Bunte. “Emissions, Carbon Disclosure, and the U.S. EXIM Bank.”
- Toenshoff, Christina. *Hiding in the Crowd: Business Climate Lobbying in the Age of Stakeholder Pressure*. Book manuscript.
- Mariano, Nathan. “Net Zero for Whom? Private Regulation as a Political Strategy.”

Week 5: Fossil economies and extractive resource politics

- Ross, Michael L. *The Oil Curse: How Petroleum Wealth Shapes the Development of Nations*. Princeton University Press, 2012. Chapters 1-2.
- Manley, David, James Frederick Cust, and Giorgia Cecchinato. “Stranded nations? The climate policy implications for fossil fuel-rich developing countries.” OxCarre Policy Paper 34 (2017).
- Andreas Goldthau, Kirsten Westphal, Morgan Bazilian, Michael Bradshaw. “How the energy transition will reshape geopolitics.” *Nature* 569 (2019): 29-31.
- Guy, Johnathan, Esther Shears, and Jonas Meckling. “National models of climate governance among major emitters.” *Nature Climate Change* 13 (2023): 189–195.
- Blondeel, Mathieu, and Michael Bradshaw. “Managing transition risk: Toward an interdisciplinary understanding of strategies in the oil industry.” *Energy Research & Social Science* 91 (2022): 102696.
- Supran, Geoffrey, and Naomi Oreskes. “Assessing ExxonMobil’s climate change communications (1977–2014).” *Environmental Research Letters* 12, no. 8 (2017): 084019.

Weeks 6-7: Industrial Policy and State-led Development

- Allan, Bentley, Joanna I. Lewis, and Thomas Oatley. “Green industrial policy and the global transformation of climate politics.” *Global environmental politics* 21, no. 4 (2021): 1-19.
- Meckling, Jonas. “Making Industrial Policy Work for Decarbonization.” *Global Environmental Politics* 21, no. 4 (2021): 134-147.
- Meckling, Jonas, and Jonas Nahm. “When do states disrupt industries? Electric cars and the politics of innovation.” *Review of International Political Economy* 25, no. 4 (2018): 505-529.
- Nahm, Jonas. *Collaborative Advantage: Forging Green Industries in the New Global Economy*. Oxford University Press, 2021. Chapters 1, 2.
- Hochstetler, Kathryn. *Political Economies of Energy Transition: Wind and Solar Power in Brazil and South Africa*. Cambridge University Press, 2020. Chapters 3, 6.
- Mahdavi, Paasha. *Power Grab: Political Survival through Extractive Resource Nationalization*. Cambridge University Press, 2020. Chapter 7.

For further reference:

- Meckling, Jonas, Joseph E. Aldy, Matthew J. Kotchen, Sanya Carley, Daniel C. Esty, Peter A. Raymond, Bella Tonkonogy, Charles Harper, Gillian Sawyer, and Julia Sweetman. “Busting the myths around public investment in clean energy.” *Nature Energy* 7 (2022): 563–565.

- Brusseler, Melanie. “Transitioning Systems?” *Commonwealth Perspectives* May 18 2023.
- Manley, David and Patrick R. P. Heller. *Risky Bet: National Oil Companies in the Energy Transition*. Natural Resource Governance Institute report, 2021.
- Aggarwal, Vinod K., and Evenett, Simon J. “Industrial Policy Choice During the Crisis Era.” *Oxford Review of Economic Policy* 28, no. 2 (2012): 261–283.

Week 8: Politics of “Net Zero”

- Rogelj, Joeri, Oliver Geden, Annette Cowie, and Andy Reisinger. “Three ways to improve net-zero emissions targets.” *Nature* 591, no. 7850 (2021): 365-368.
- Fankhauser, Sam et al. “The meaning of net zero and how to get it right.” *Nature Climate Change* 12 (2022): 15–21.
- Hale, Thomas, Stephen M. Smith, Richard Black, Kate Cullen, Byron Fay, John Lang and Saba Mahmood. “Assessing the rapidly-emerging landscape of net zero targets.” *Climate Policy* 22, no. 1 (2022): 18-29.
- Green, Jessica F. and Raúl Salas Reyes. “The history of net zero: can we move from concepts to practice?” *Climate Policy* 23, no. 7 (2023): 901-915.
- Van Coppenolle, Hermine, Mathieu Blondeel, and Thijs Van de Graaf. “Reframing the climate debate: The origins and diffusion of net zero pledges.” *Global Policy* 14, no. 1 (2023): 48–60.
- Ko, Inhwan, Nives Dolšak, and Aseem Prakash. “Have renewable energy leaders announced aggressive emission reduction goals? Examining variations in the stringency of country-level net-zero emission pledges.” *PLOS Climate* 1, no. 11 (2022): e0000094.

Week 9: Carbon Pricing and Climate Markets

- Harrison, Kathryn. “International Carbon Trade and Domestic Climate Politics.” *Global Environmental Politics* 15, no. 3 (2015): 27–48.
- Green, Jessica F. “Beyond carbon pricing: Tax reform is climate policy.” *Global Policy* 12, no. 3 (2021): 372-379.
- Stokes, Leah, and Matto Mildenerger. “The Trouble with Carbon Pricing.” *The Boston Review* (2020).
- Jessica Green. “Does Carbon Pricing Reduce Emissions? A Review of Ex-Post Analyses.” *Environmental Research Letters* 16 (2021): 043004.
- Mahdavi, Paasha, Cesar B. Martinez-Alvarez, and Michael L. Ross. “Why Do Governments Tax or Subsidize Fossil Fuels?” *The Journal of Politics* 84, no. 4 (2022): 2123-2139.

- Cullenward, Danny, Grayson Badgley, and Freya Chay. “Carbon offsets are incompatible with the Paris Agreement.” *One Earth* 6 (2023): 1085-1087.

For further reference:

- Layzer, Judith A. “Deep Freeze: How Business Has Shaped the Global Warming Debate in Congress.” In Michael Kraft and Sheldon Kamieniecki (eds.) *Business and Environmental Policy: Corporate Interests in the American Political System*. MIT Press, 2007. Chapter 4.
- Mildenerger, Matto. *Carbon Captured: How Business and Labor Control Climate Politics*. MIT Press, 2020. Chapters 4 and 5.
- Cullenward, Danny, and David G. Victor. *Making Climate Policy Work*. Polity, 2020.
- Cael, Raphael, Jonathan Colmer, Antoine Dechezleprêtre and Matthieu Glachant. “Do Carbon Offsets Offset Carbon?” Centre for Climate Change Economics and Policy Working Paper No. 398 ISSN 2515-5709. November 2021.
- Cael, Raphael, Antoine Dechezlepretre, and Frank Venmans. “Policing Carbon Markets.” Centre for Climate Change Economics and Policy Working Paper No. 425 ISSN 2515-5709. September 2023.
- Green, Jessica F. “The False Promise of Carbon Offsets.” *Foreign Affairs* 20 Nov 2023.

Week 10: What is the future of business in the politics of the energy transition?

- Vormedal, Irja, and Jonas Meckling. “How foes become allies: the shifting role of business in climate politics.” *Policy Sciences* (forthcoming): <https://doi.org/10.1007/s11077-023-09517-2>.
- Karapin, Roger, and David Vogel. “Federal Climate Policy Successes: Co-Benefits, Business Acceptance, and Partisan Politics.” *Business and Politics* (2023): 1–26.
- Victor, David G and Emily K. Carlton. “Technology to solve global problems: an emerging consensus for green industrial policy?” *Environmental Research Letters* 18 (2023): 091006.
- Liu, Huchen, Sijing Wei, and Jiarui Zhang. “Corporate Lobbying and ESG Reports: Patterns among US Companies, 1999–2017.” *Business and Politics* 25 (2023): 293-314.
- Im, Joanne. “The Climate and Financial Consequences of Fossil Fuel Power Plant Divestitures in the US.” https://github.com/joanneim/jobmarket/blob/main/JMP_ImJoanne.pdf.