

EU emissions trading: initiation, decision-making and implementation, by Jon Birger Skjærseth and Jørgen Wettestad, Aldershot, Ashgate, 2008, xiii + 216 pp., index, £55.00 (hardback), ISBN 978-0-7546-4871-0

The European Union Emissions Trading Scheme (EU ETS) has become the cornerstone of the emerging global carbon market. It comprises around 70% of the CO₂ traded in carbon markets and provides the principal demand in the next largest market, the Clean Development Mechanism. Emissions Trading (ET) systems are now proliferating around the world, and many of these are modelled on the EU scheme and are designed to be able to link up to it. The successor to Kyoto currently being negotiated will almost certainly contain some sort of ET mechanism.

So understanding the political dynamics of the pioneer system, the EU ETS, is crucial. Skjærseth and Wettestad provide us with an admirable resource with which to do this. While much has already been written about it, this book is the first to ask properly explanatory questions – why did the ETS emerge, why did it take the form it did, and why has it been implemented in the way it has?

The authors' response to these questions comes from three well-known conceptual frameworks: intergovernmentalist analyses which argue that member states are the principal drivers of EU policy; institutionalist ones which give much more autonomy to EU institutions (particularly the Commission) and emphasise the roles of non-state actors; and regime theory in International Relations, which suggests that the international climate regime would play a role in shaping EU policies. These three perspectives, and the hypotheses they generate, are evaluated systematically across the three main analytical chapters (chapters 4–6), which are organised in terms of the three phases of the policy-making cycle suggested by the book's subtitle.

While this tight structure and rather formulaic application of a conceptual framework make for fairly dry reading, the depth of the research and the richness of the material easily compensate for this. The attention to detail is exceptionally strong, and for this alone it should easily be established as the standard source on its subject. No one can claim to have interviewed as many participants in the process or laboured through as many turgid EU documents as the authors, and we owe them a debt for their patience and rigour in this regard.

There are few major surprises in the argument itself. Perhaps one concerns the role played by the international climate regime in structuring the EU ETS. As they show, it stimulated the initial development of an ETS, helped structure the design of the system, and provided the EU with an opportunity to demonstrate its leadership on climate change once Bush pulled the US out of Kyoto in 2001. As the authors suggest, the literature on the EU frequently ignores the roles of international regimes in structuring EU decisions. For the other two perspectives, they lean more towards the institutionalist accounts than the intergovernmentalist ones – member states played only a minor role in initiating the ETS, which instead was driven by a personnel and cultural

change within DG Environment (particularly through the development of what they nicely call the 'Bureaucrats for Emissions Trading' group). The Commission stayed in the driving seat in the design of the system, the linkages to Kyoto, and even in some aspects of implementation. The Commission adapted to member state preferences (less industry, NGOs or the European Parliament) but it remained the central actor driving the EU ETS along. This argument is highly convincing, but sits well within the common sense of those familiar with the EU ETS.

The principal value of the book is thus in the detail and the demonstration rather than a highly original argument. The book will nevertheless be core reading for all those wishing to understand the emerging market-led response to climate change. It should therefore have a substantial audience, and it is a surprise that it is only available in hardback – the publishers would be missing a trick not to make it available in paperback.

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The theory of environmental agreements and taxes: CO₂ policy performance in comparative perspective, by Martin Enevoldsen (New Horizons in Environmental Economics; Series Editors Wallace E. Oates and Henk Folmer), Cheltenham, Edward Elgar Publishing Inc., 2005, x + 284 pp., index, £69.95, ISBN 1-84376-880-1

In the uncertain world of post-Kyoto climate change policy development, the task of designing and implementing CO₂ reduction strategies has become a high stakes endeavour. Valuable political and economic capital have been wagered on the ability of scholars and decision-makers to correctly assess the national and sub-national factors that may enable or inhibit effective action on climate change. This assessment has yielded a plethora of regulatory strategies, which have been met with widely varying levels of success. As such, it has become imperative to enhance our understanding of the uncertain and highly complex interactions between political and social institutions, energy intensive industries, and economic system dynamics.

In this book, Martin Enevoldsen expertly crafts a rational institutionalist analysis of CO₂ regulation in Austria, Denmark and the Netherlands. Using as his foundation the Berlin school of environmental governance, with its theories of the structural institutional conditions necessary for successful environmental management, and rational choice theory, blending collective action, Pigouvian externality theory and welfare economics, Enevoldsen constructs a framework for considering the variation in policy effectiveness present in three states with very similar basic institutional and structural conditions.