

# Domestic constraints on leadership performance in international climate negotiations\*

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## 1. Introduction

During the last couple of years, leadership ambitions have flourished in climate change rhetoric. With its front-runner strategy of unilateral commitments and implementation of a full-fledged emissions trading scheme (even before the first Kyoto period commenced), the EU has since long been hailed as an international leader on climate change. In 2008, during Barack Obama's presidential campaign, the EU was promised competition for the title when Obama repeatedly announced his ambition "to make the United States a leader on climate change" by re-engaging with the UN Framework Convention on Climate Change (UNFCCC) and invigorating the Major Economies effort.<sup>1</sup> In September 2009, even China was added to the list after a speech by Chinese President Hu Jintao at the UN in which he announced "a sweeping climate change package that some here claim may elevate China to a leadership position on climate change".<sup>2</sup>

While there seems to be no lack of leadership *ambition* among world leaders, leadership *capacity* seems to come in short supply. So far, leadership ambitions have had no practical implications for the development of a new international climate agreement originally intended to be opened for signature at the 15<sup>th</sup> Conference of the Parties (COP-15) in Copenhagen in December 2009. On the contrary, at a meeting of the Asia Pacific Economic Cooperation (APEC) in November 2009, state leaders acknowledged that the aim of reaching a legally binding climate agreement at COP-15 was unrealistic and declared their support for a "two-

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\* Please note that this is an extremely preliminary draft. The research cut-off date for this draft was 25 November 2009.

<sup>1</sup> Obama Campaign 2008. "Barack Obama and Joe Biden: New Energy for America", retrieved 16 November 2009 from [http://my.barackobama.com/page/content/newenergy\\_campaign](http://my.barackobama.com/page/content/newenergy_campaign).

<sup>2</sup> *ClimateWire* 22 September 2009: "CHINA: President Hu Jintao to unveil 'suite' of voluntary emissions targets", by Lisa Friedman. Retrieved 16 November 2009 from <http://www.eenews.net/climatewire/print/2009/09/22/1>.

step” process where the aim for the Copenhagen meeting should be a “binding political agreement”, followed up by the actual signing of a new legally binding agreement 6 to 12 months later.

The lack of effective leadership in the climate negotiations – in the sense that no leadership has been provided with potential to break the negotiation deadlock that has characterized these negotiations for so long – amply demonstrates that even when there is a willingness, the actual provision of effective leadership is constrained by a number of factors. In this paper, we focus on constraints linked to domestic politics.

## 2. Leadership defined

The concept of leadership was introduced in the late 1980s/early 1990s in the study of international regimes to describe the role negotiating parties sometimes would take on to craft agreement. Underdal has defined leadership as “an asymmetrical relationship of influence, where one actor guides or directs the behavior of others towards a certain goal over a certain period of time” (1991: 140). Three main modes of leadership have been suggested: *Power-based* leadership is exercised by altering other parties’ incentives directly, by adding benefits and/or costs to wanted and unwanted policy options (respectively) (Underdal 1994). To succeed, power-based leadership requires some level of control over events important to others. Leadership by *unilateral action* (also referred to as directional leadership) is exercised by altering other parties’ incentives indirectly, either by making the first move, thus reducing the costs for other parties to follow, or by providing new information that alters other parties’ cost-benefit calculations. To succeed, leadership by unilateral action requires a dominant position in the system in question (Underdal 1994). Finally, *entrepreneurial* leadership involves “the finding [of] means to achieve common ends” and primarily requires certain substantive and political skills to succeed (ibid.: 189). Whereas entrepreneurial leadership primarily is exercised by individuals, power-based leadership and leadership by unilateral action is exercised by states, although all modes of leadership may require individual skills to transform a leadership potential into actual influence (see also Young 1991; Malnes 1995).

As discussed in Skodvin and Andresen (2006), it is difficult to identify core features that can serve as indicators to distinguish leadership behaviour from other modes of bargaining behaviour. In particular, definitions are ambiguous with regard to what it means that leaders should exercise “positive influence”; at what point in time assessments about “positive influence” should be made; and what role self interest plays in an actor’s pursuit of a leadership role. For the purpose of this analysis, however, we adopt a relatively simple and undemanding definition. Our point of departure is Underdal’s definition, cited above, with emphasis on two key features: To qualify as leadership, the behaviour has to 1) generate followers and 2) be directed towards enhanced international coordination of state actions to mitigate a collective problem. Thus, if efforts to perform leadership functions fail to generate followers, it does not qualify as leadership. Further, as long as the behaviour contributes to

enhance international coordination of state actions to mitigate a collective problem, it would qualify as leadership behaviour even if the coordinated behaviour falls short of what is seen as “effective” mitigation in economic and/or scientific terms.<sup>3</sup>

### 3. Domestic constraints on leadership performance: In theory

Leadership theory is to a large extent based on the unitary rational actor model. According to this perspective, states “are in full control over ‘their’ societies” (Underdal 1998: 7) and bargaining positions can be assumed to be based on assessments of which strategies that maximise net *national* gain regardless of how that gain is distributed in society (ibid.). According to this perspective, therefore, states could be assumed to (try to) take on a leadership role whenever they control the required capabilities, and the provision of leadership functions (is believed to) maximise net national gain (in the short or long term).

In contrast, Putnam argues that international negotiation is a “two-level game” where the “chief negotiator” negotiates with his international counterparts (Level I) and his domestic constituents (Level II) *simultaneously* (1988). Negotiations at Level II are significant because any agreement reached at Level I requires ratification at Level II to be effectively implemented. “Ratification” in this context refers “to any decision-process at Level II that is required to endorse or implement a Level I agreement, whether formally or informally” (ibid.: 436). This implies that bargaining behaviour in international negotiations cannot simply be seen as a function of assessments of what maximises national welfare, but rather reflects welfare maximisation for Level II constituents that are in veto positions (see also Underdal 1998). The perspective thus has significant implications for the conditions under which leadership can be assumed to be provided in international negotiations.

First, the interests of Level II constituents determine the scope of available bargaining strategies and positions at Level I. In contrast to the assumption made in the unitary rational actor model, the two-level game approach suggests that the societal distribution of costs and benefits associated with international agreements may be of significant importance for states’ capacity to take on a leadership role. Specifically, domestic (veto) players would not allow the pursuit of a leadership role at Level I that was not in line with their interests. This implies that even if a leadership role might be beneficial in terms of maximising net national welfare, it is still politically infeasible if the provision of leadership does not correspond with the interests of key constituents at Level II.

Second, the interests of Level II constituents not only determine the extent to which states can *take on* a leadership role, they are also significant for the extent to which states can *follow* someone else’s lead. Leadership is often exercised by altering other parties’ incentives

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<sup>3</sup> It is also important to emphasise that enhanced coordination (resulting from leadership behaviour) may be temporary. What may be seen as leadership behaviour at point T, may not be assessed in these terms at point T1.

directly (power-based) or indirectly (unilateral action). Whether this is sufficient for altering other parties' behaviour, however, again depends on the societal distribution of the costs and benefits (prospective) leadership brings about. To succeed, leadership behaviour has to be directed at altering the incentives of opponents' Level II constituents that are in veto positions. If (prospective) leaders' actions do not significantly affect the cost-benefit distribution among key Level II constituents of opposing parties, the leadership effort will likely fail to generate followers even if the national welfare of opponents is increased.

#### **4. Domestic constraints on leadership performance: In practice**

Given the U.S.'s dominant position in world politics in general and in the activity systems linked to climate change in particular, the U.S. undoubtedly controls the resources required to provide both power-based leadership and leadership by unilateral action in this issue area. There is also an expressed demand for U.S. leadership on climate change in the international community. In this sense, the time for U.S. leadership on climate change seems more than ripe.

During his presidential election campaign, Barack Obama repeatedly issued warnings of "a planet in peril" and pledged his ambition and willingness to make the U.S. a leader on climate change. In the run-up for the Copenhagen meeting, however, the U.S. has not featured itself as a leader in the process. What is stopping him?

While the U.S. Constitution provides the president with the power to negotiate international treaties, he can only do so "with the Advice and Consent of the Senate" and "provided two-thirds of the Senators present concur" to the provisions of the treaty (Article II, section 2 of the U.S. Constitution) (Skodvin and Andresen 2009). Thus, 34 senators can block U.S. ratification of an international treaty. While getting an international treaty ratified by the Senate in many cases is a tall order, once treaties *are* ratified, they are subjected to a strict implementation regime. When ratified, international commitments are given the same status as federal legislation – as "the supreme Law of the Land" (Article VI, U.S. Constitution). U.S. law enforcement includes vast opportunities to use the judicial system to ensure that treaties are actually implemented (Lowi and Ginsberg 1998). This provision implies that the Senate is reluctant to ratify international treaties unless their commitments already are established as federal law.<sup>4</sup>

Since Obama's inauguration in January 2009, the U.S. Congress has worked intensively to adopt federal climate legislation that would allow the president to pursue a pro-active and ambitious bargaining strategy at the Copenhagen meeting in December 2009. The House of Representatives adopted the "American Clean Energy and Security Act of 2009" in a close

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<sup>4</sup> Which, paradoxically, also would make it less crucial to acquire U.S. ratification, since the U.S. then would implement the policy anyway.

vote (219-212) in May 2009. The Senate version of the bill, the “Clean Energy Jobs and American Power Act” passed the Environment and Public Works (EPW) committee in November, but has since been stalled in the Senate. To be able to put the bill to a vote on the Senate floor, the Democratic leadership has to mobilise 60 votes to beat a filibuster certain to be mounted by the bill’s Republican opponents.

*Environment & Energy Daily* closely monitors senators’ positions on the climate change bill.<sup>5</sup> According to *E&E*’s analysis (updated 6 November 2009), 41 senators will likely support and 32 senators will likely oppose either a cloture to end filibuster or final passage of a comprehensive bill on climate change. *E&E* identifies a group of 27 senators that constitutes the “fence sitters”.<sup>6</sup> This group, which includes 17 Democrats and 10 Republicans, are not prepared to vote in favour of the EPW-passed climate bill. This group, therefore, constitutes the Level II constituents that are in a position to determine the scope of available U.S. bargaining strategies in the international climate negotiations. A pro-active U.S. leadership is not within the scope of bargaining strategies they can endorse, at least not in the short term (Copenhagen meeting). During the Kyoto negotiations, the Clinton Administration gambled on its ability to subsequently convince the Senate to support the Kyoto agreement even if the Senate could not support the agreement at the time it was signed in Kyoto. This strategy failed and the Kyoto agreement was never submitted to the Senate for ratification. The Obama Administration does not want to make the same mistake.

Domestic politics thus seems to represent a key constraint in the realisation of Obama’s campaign promise to make the U.S. a leader on climate change. But could the U.S. be induced to follow someone else’s lead?

The EU has pursued a leadership role since the climate issue surfaced on the international political agenda in the early 1990s (see, e.g., Hovi et al. 2003). The U.S. defection from the Kyoto agreement in 2001 provided the window of opportunity the EU needed to (try to) realise its ambition.<sup>7</sup> In December 2008, the EU adopted a climate-energy legislative package to implement its climate policy ambitions for the post-Kyoto period (after 2012), including a unilateral target of 20 percent reduction in GHG emissions from 1990 levels by 2020. In addition, the EU has pledged to increase its reduction target to 30 percent from 1990 levels by

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<sup>5</sup> *E&EDaily*, “Senate climate debate: The 60-vote climb”. Retrieved 19 November 2009 from [www.eedaily.com](http://www.eedaily.com). The vote count was updated 6 November 2009.

<sup>6</sup> It is interesting to note that according to *E&E*’s count, the number of fence sitters has increased from 21 in July to 27 in November 2009.

<sup>7</sup> Whether EU behaviour indeed qualifies as leadership behaviour is a relevant discussion that we are unable to delve into here. On the one hand, some observers maintain that EU “leadership” has not resulted in very many followers and is thus disqualified as leadership behaviour. On the other hand, it is also observed that the EU’s implementation of a cap-and-trade system indeed is emulated by key actors in the international community, including U.S. federal legislation currently subject to discussion in the Congress.

2020 provided that other developed countries undertake similar emissions reductions. Could this strategy pertain to a leadership that the U.S. could be induced to follow?

Preliminary cost calculations from ongoing work at the University of Oslo and CICERO indicate (unsurprisingly) that, compared to a world with no commitments beyond 2012 and without taking into consideration the environmental benefits of GHG mitigation, even modest reductions in the U.S.'s own GHG emissions (stabilisation at 2000 levels by 2020) generate an economic welfare loss (Underdal et al 2008). In fact, the calculations indicate that the "best case" scenario for the U.S. in economic terms is one where the EU cuts its emissions by 30 percent while the U.S. continues its business as usual. This is because the U.S. benefits from carbon leakage from Europe to the U.S.

The preliminary findings of Underdal et al., however, indicate that if environmental benefits are included and "if the EU can credibly make its commitment to reduce by 30 [percent] *contingent* on U.S. cooperation", the cost-benefit calculation may change (ibid.: 18). "U.S. cooperation" in this context implies a commitment by the U.S. to reduce its emissions by 10 percent from 2000 levels by 2020. In this scenario, the distance between business-as-usual and the cooperative option for the U.S. is likely to be reduced (although the model calculations done by Underdal et al. do not allow determination of the size of the effect). The calculations further indicate that the EU's welfare loss can be expected to be higher with a 20 percent target *without* U.S. cooperation than with a 30 percent target *with* U.S. cooperation (ibid.: 20).

An EU reduction target of 30 percent made contingent on U.S. cooperation would qualify as leadership by unilateral action in the sense that the EU's actions would serve to reduce the U.S.'s abatement costs. But would it be enough to induce the U.S. to follow the EU's lead? Probably not, because while the U.S.'s abatement costs were reduced by EU action, lack of action by major developing countries like China, would make the U.S. vulnerable to carbon leakage. Thus, while the U.S. benefits from carbon leakage resulting from a unilateral EU target, it would itself become vulnerable to carbon leakage vis-à-vis major developing economies such as China if it accepts unconditional GHG emissions reduction commitments. Carbon leakage and resulting loss of competitiveness vis-à-vis China has been a major concern in the U.S. policy debate for more than a decade. Indeed, this concern was one major motivation for the Senate's adoption of the 1997 Bird-Hagel Resolution in which the Senate unanimously declared that it would not ratify an international climate agreement that did not include major developed countries. Whereas eventual gains acquired from EU action would be broadly distributed across the U.S. economy, the costs associated with unconditional emissions reduction measures in the U.S. (carbon leakage) would be concentrated to a much smaller group of U.S. Level II constituents in veto positions. Due to domestic politics, therefore, the U.S. would be unable to follow a lead by the EU unless EU actions also were followed by similar actions by major developing economies like China.

## 5. Prospects for the future

There are courses of behaviour the U.S. can pursue that do not require short term Level II ratification. At the international level, for instance, the U.S. has sponsored several meetings in the Major Economies Forum on Energy and Climate. An initiative originally taken by the Bush Administration in 2007, the Major Economies Forum creates an arena with limited participation for discussing climate change mitigation strategies. Although the meetings do not seem to have resulted in substantive compromises, the initiative has been acknowledged as a trust-building exercise that allows a free exchange of ideas and viewpoints between opponents (Skodvin and Andresen 2009).<sup>8</sup> Further, and more importantly, the U.S. has initiated bilateral meetings with both China and India. In November 2009, the U.S. and China announced bilateral agreements aimed at boosting renewable energy, energy efficiency and the use of electric vehicles as well as the launch of a U.S.–China clean energy research centre.<sup>9</sup> Political agreements were supplemented by joint ventures between U.S. and Chinese companies to develop and deploy clean coal technologies and explore China’s potential to develop shale gas resources.<sup>10</sup> Similar agreements have been made between the U.S. and India.<sup>11</sup> With these agreements, the U.S. (together with China and India) may seem to be paving the way for a different type of agreement in Copenhagen than the one originally envisaged by most participating parties. Notably, an agreement that is more focused on policy actions than quantified emissions reduction targets. According to a proposal originally made by Australia, all countries would provide a “national schedule” of programmes to reduce GHG emissions. These programmes would be entered into an international agreement as commitments and would have “the force of domestic law, but would not be subject to international sanctions”.<sup>12</sup> According to the *Telegraph*, the U.S. supports this approach in wanting “different countries to propose their own targets that are agreed by the rest of the world but enforced by domestic – not international – law in a system known as ‘pledge and review’”.<sup>13</sup> Given that the proposed policy actions should have the force of domestic law,

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<sup>8</sup> *ClimateWire*, 29 April 2009: “Climate negotiators engage in trust building”, by L. Friedman. Retrieved 20 May 2009 from <http://www.eenews.net/climatewire/print/2009/04/29/4>.

<sup>9</sup> *Greenwire*, 17 November 2009: “U.S., China announce sweeping joint clean-tech initiatives”, by K. Ling. Retrieved 18 November 2009 from <http://www.eenews.net/Greenwire/print/2009/11/17/2>.

<sup>10</sup> *Greenwire*, 17 November 2009: “U.S., China ventures target ‘clean coal’, shale gas”, by K. Howell. Retrieved 18 November 2009 from <http://www.eenews.net/Greenwire/print/2009/11/17/3>.

<sup>11</sup> E&E News PM, 24 November 2009: “U.S.–India partnership ‘one step closer’ to Copenhagen deal – Obama”, by S. Samuelsohn. Retrieved 25 November 2009 from <http://www.eenews.net/eenewspm/print/2009/11/24/1>.

<sup>12</sup> *Economist*, 26 September 2009: “Avoiding a crash at Copenhagen”, p. 18.

<sup>13</sup> *Telegraph*, 9 November 2009: “Copenhagen climate change deal could be two separate treaties”, by L. Gray. Retrieved 16 November 2009 from <http://www.telegraph.co.uk/>

however, even these policies would require Level II ratification at one point or another, which brings us back to domestic constraints on U.S. leadership in this issue area.

The question is, moreover, whether this can be interpreted as leadership behaviour. On the one hand, the strategy the U.S. currently pursues, looks very much like a ‘soft-law’ approach, not very different from the approach the U.S. pursued under President Bush (Skodvin and Andresen 2009). Even with an undemanding definition of leadership, few would acknowledge this approach as leadership behaviour. On the other hand, a main challenge in international negotiations on climate change mitigation is the resolution of contingent positions, particularly between the U.S. and China. An international treaty that does not include emissions reduction commitments for China is politically infeasible in the U.S. China, however, is not willing to make emissions reduction commitments unless and until the main developed countries, notably the U.S., have demonstrated both willingness and capacity to reduce their GHG emissions first. To the extent that the bilateral agreements made with China and India, and similar efforts, can help the U.S. Congress to adopt federal climate legislation, these agreements, in the long term, could amount to the actions needed to escape the deadlock in the international process. For the time being, however, it is too early to tell whether these initiatives indeed have “leadership potential”.

Adoption of federal climate legislation by the Congress, therefore, remains *the* key factor in a realisation of Obama’s promise to make the U.S. a leader on climate change. With the postponement of the finalisation of a legally binding climate agreement, Obama, U.S. decision-makers, and international negotiators have bought themselves some more time. In the meantime, a U.S. leadership is blocked by domestic politics.

## **Conclusion**

Putnam’s two-level game approach to international negotiations has significant implications for the conditions under which leadership can be assumed to be provided. In contrast to the unitary rational actor model, Putnam’s approach suggests that states’ capacity to provide leadership depends on the domestic distribution of costs and benefits associated with the bargaining strategy, and that states can only provide leadership when the bargaining strategy corresponds with the interests of Level II constituents that are in veto positions.

Our brief analysis indicates that domestic politics currently prevents the U.S. from pursuing a leadership role as well as from following someone else’s, notably the EU’s, lead. The key factor in a realisation of Obama’s leadership ambition is the adoption of U.S. federal climate legislation. The APEC declaration that a legally binding agreement on climate change will not be reached at the Copenhagen meeting gives Obama and U.S. decision-makers more time to complete the climate bill that is currently discussed in Congress. In the meantime, U.S. leadership and indeed major progress in the international climate negotiations is constrained by U.S. domestic politics.

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