

# Climate Crisis and Policy Inaction in Indonesia

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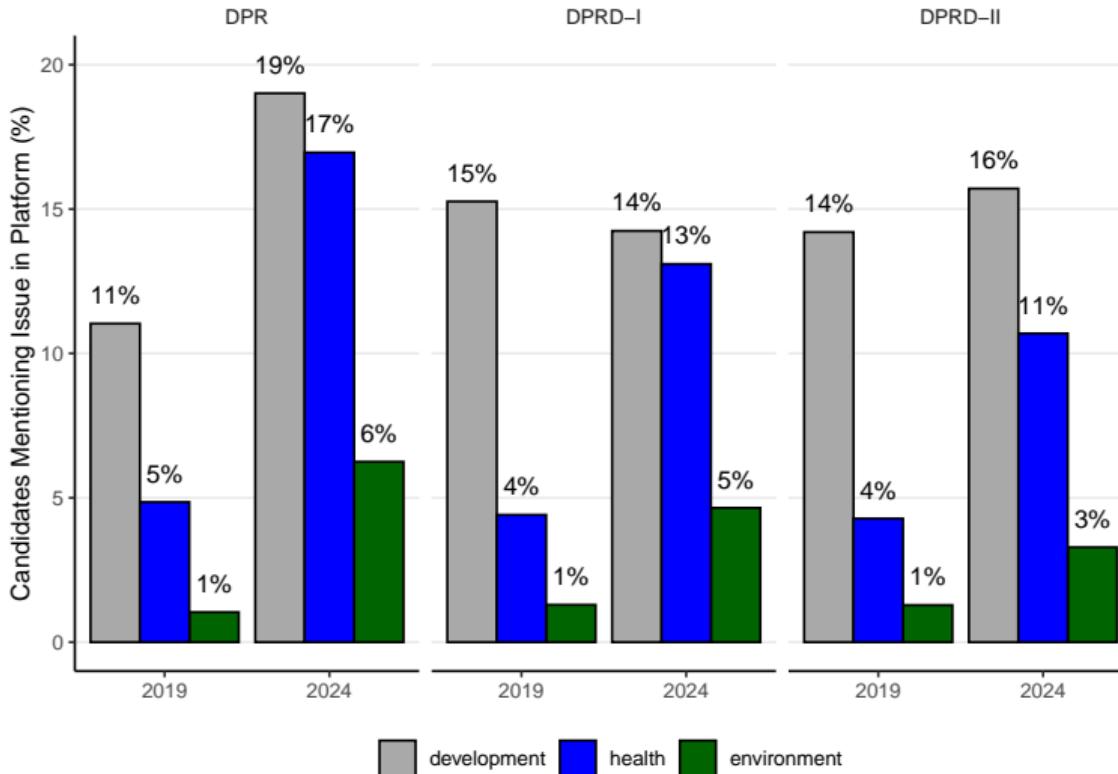




## Indonesia faces environmental crisis

- But policy inaction persists
- Continued resource-driven development
  - Widespread deforestation
  - Large-scale nickel mining
  - National fossil fuel subsidies

# With little mention of environmental policy



# This paper

## **What explains policy inaction on environmental issues?**

- ① Measurement of policy preferences
- ② Informational experiment with politicians
- ③ Frictions for policy action

# Measurement

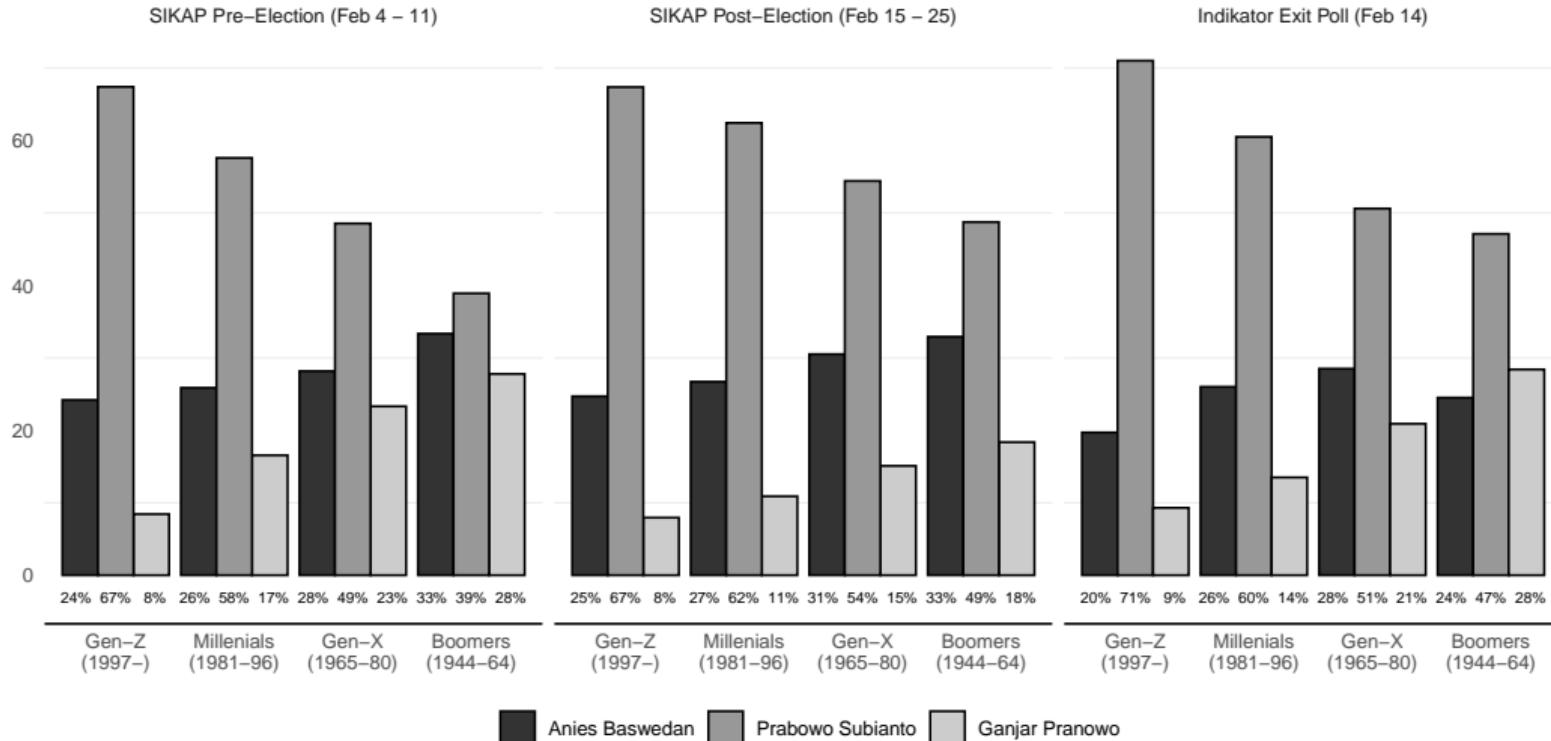
## New national survey data

- ① **Voter surveys** in Dec 2023 and Aug 2024 (N = 6,886)
- ② **Candidate surveys** in Nov 2023, Jan 2024, and Apr 2024 (N = 800)
- Leading up to Indonesian general election in Feb 2024

## Voter survey

- Surveys on Indonesians' Knowledge of and Attitudes on Politics (SIKAP)
  - Online surveys conducted by Cint/Lucid
- Quota sampling ensuring representation by region, age, and gender

# Validation: alignment with election outcomes

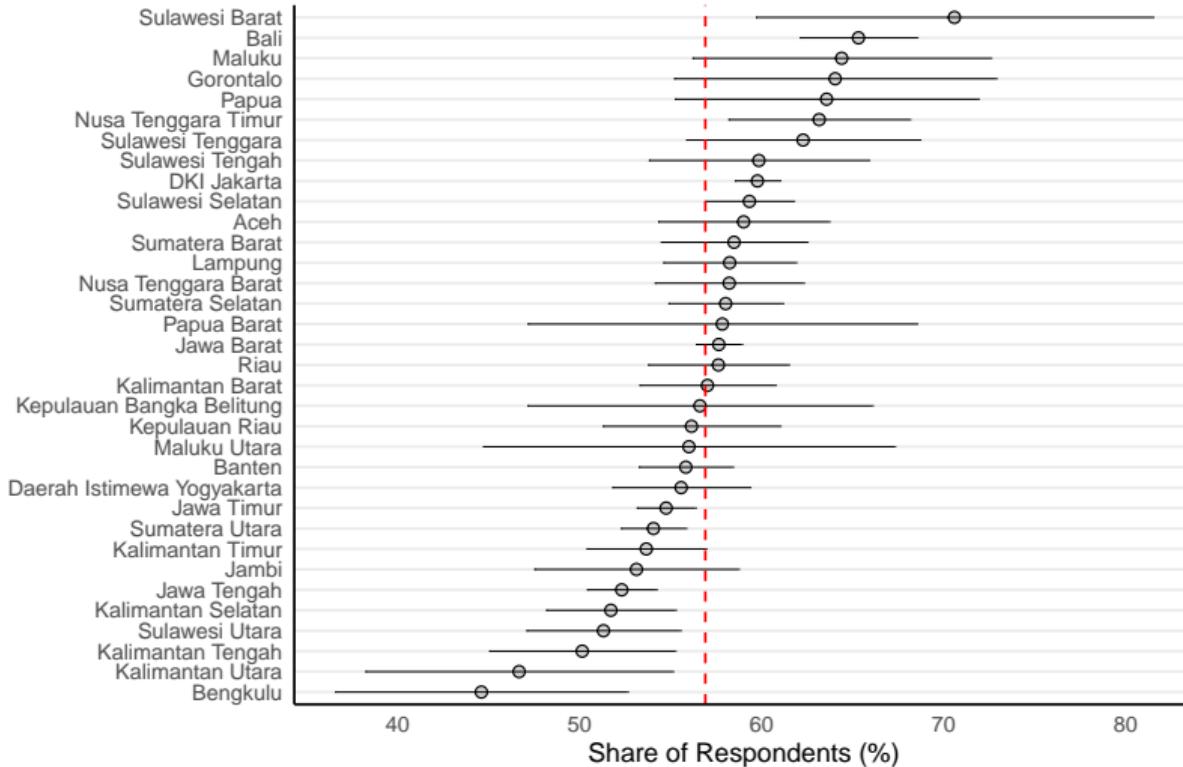


## Measuring preferences

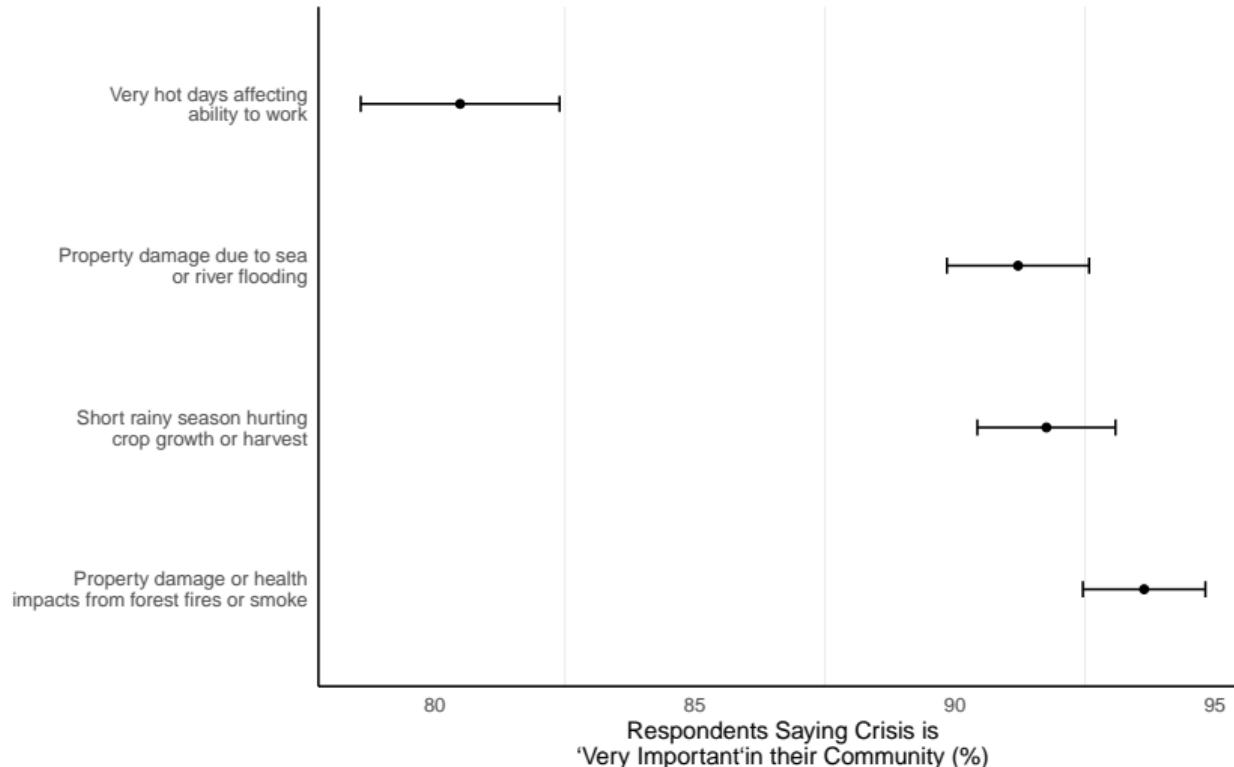
Below are several issues or problems that Indonesia is currently facing. How important or unimportant do you think the following issues are?

Issues: (1) health, (2) education, (3) civil rights, (4) **pollution**, (5) minority rights, (6) **climate change**, and (7) the economy

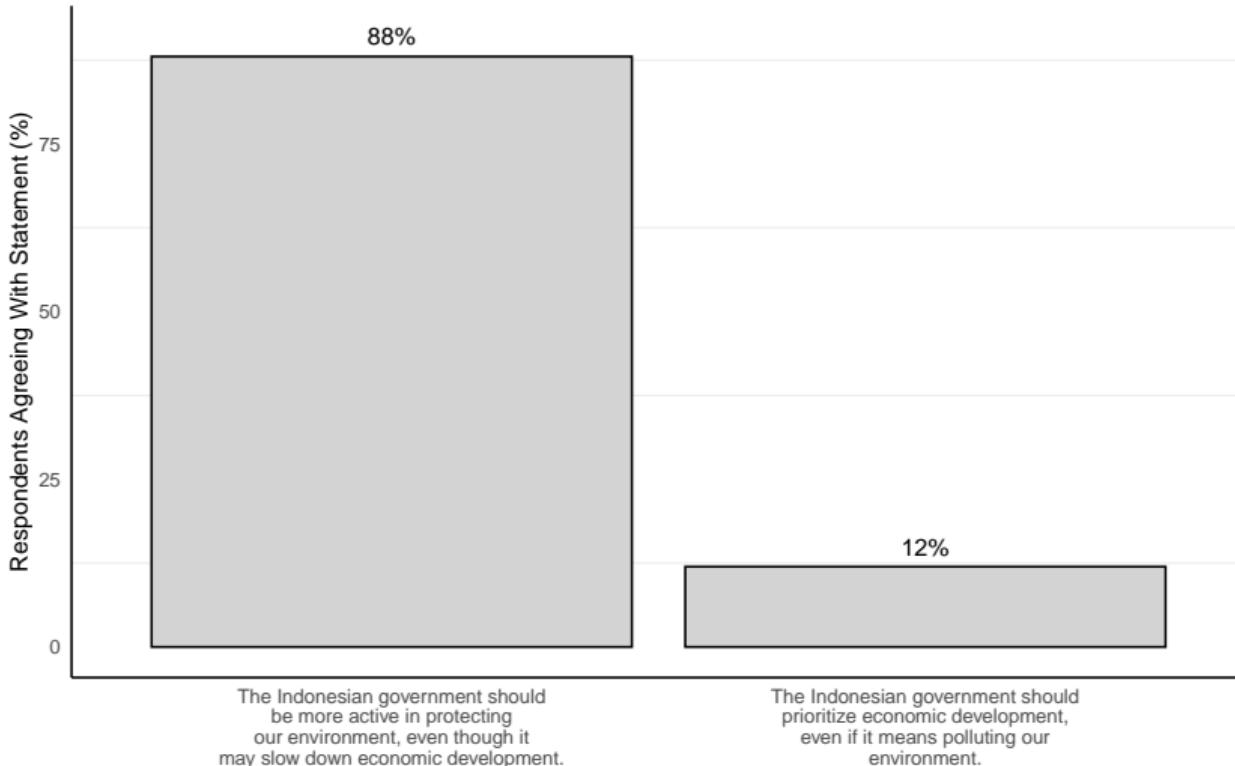
# Voters say climate issues are “very important”



## Especially for concrete issues



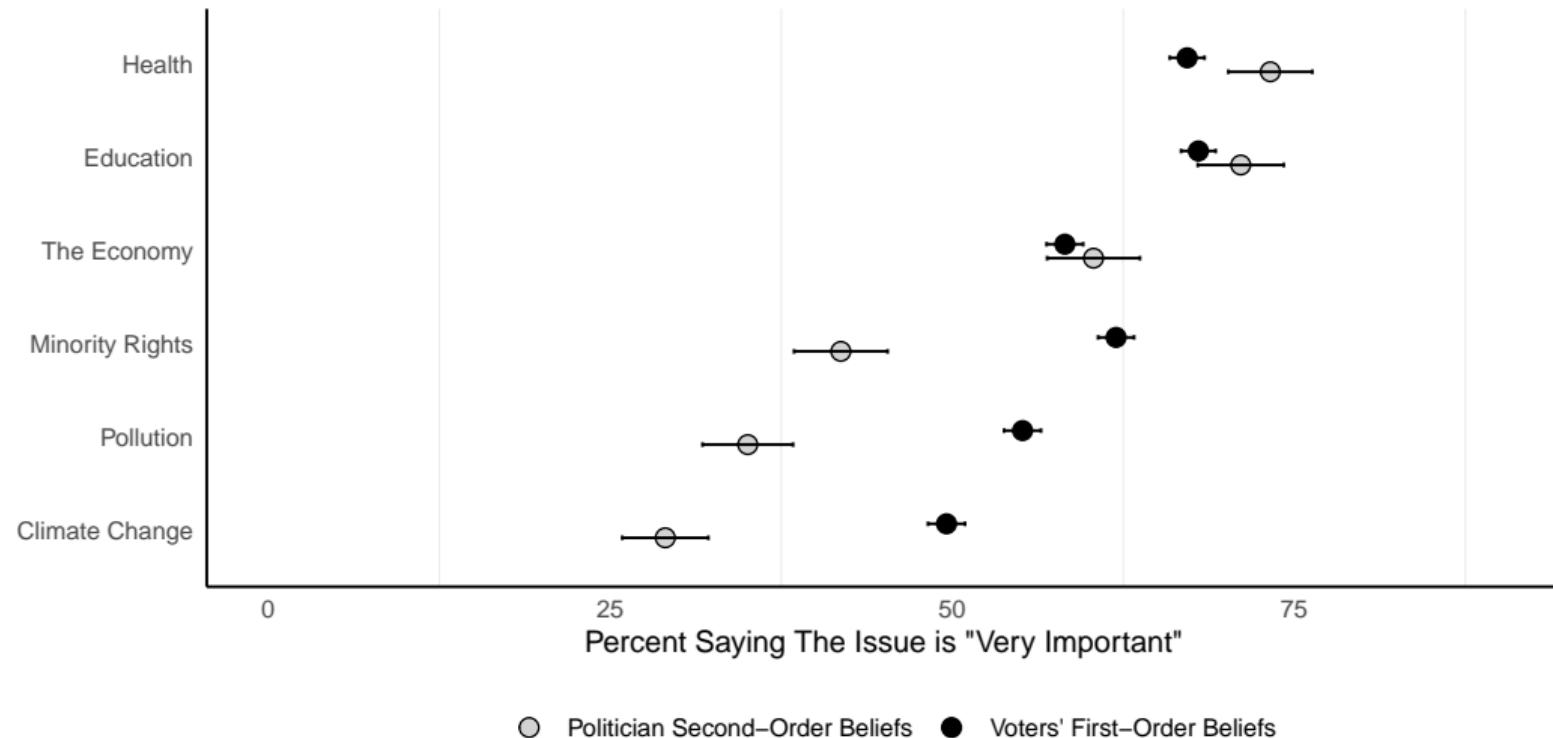
# Including at economic cost



## Candidate survey

- Local legislative candidates (*DPRD-II*)
- Randomly sampled 80 districts, then 10 candidates in each
  - Candidates from top 3 polling positions and top 10 parties
  - Initial contact rate was 80%; re-contact rate was 92%

# Politicians underestimate environmental concerns

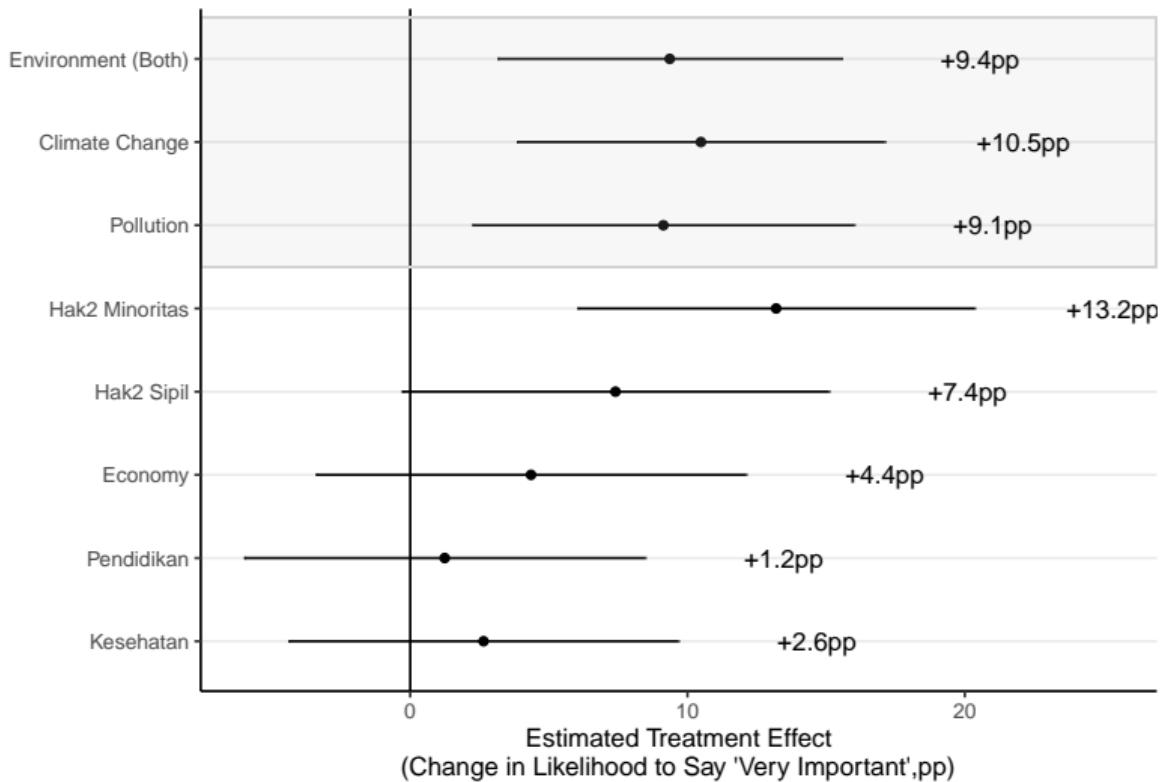


# Experiment

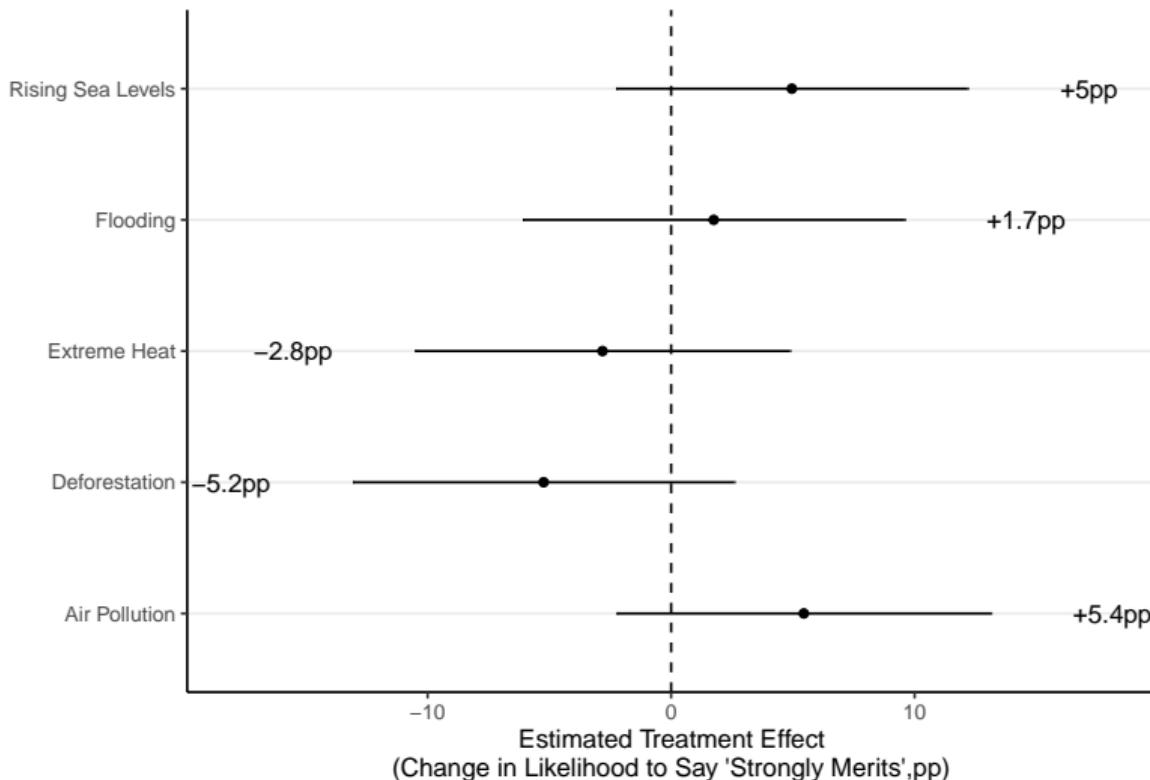
## Informational intervention

- We randomly communicate voter preferences directly to politicians
  - Voter survey report on voter preferences and politician perceptions
  - On all issues, not just environmental
- We measure impacts on reported
  - Urgency of policy action: extreme heat, flooding, rising sea level, deforestation, pollution
  - Support for specific policies: carbon tax, deforestation ban

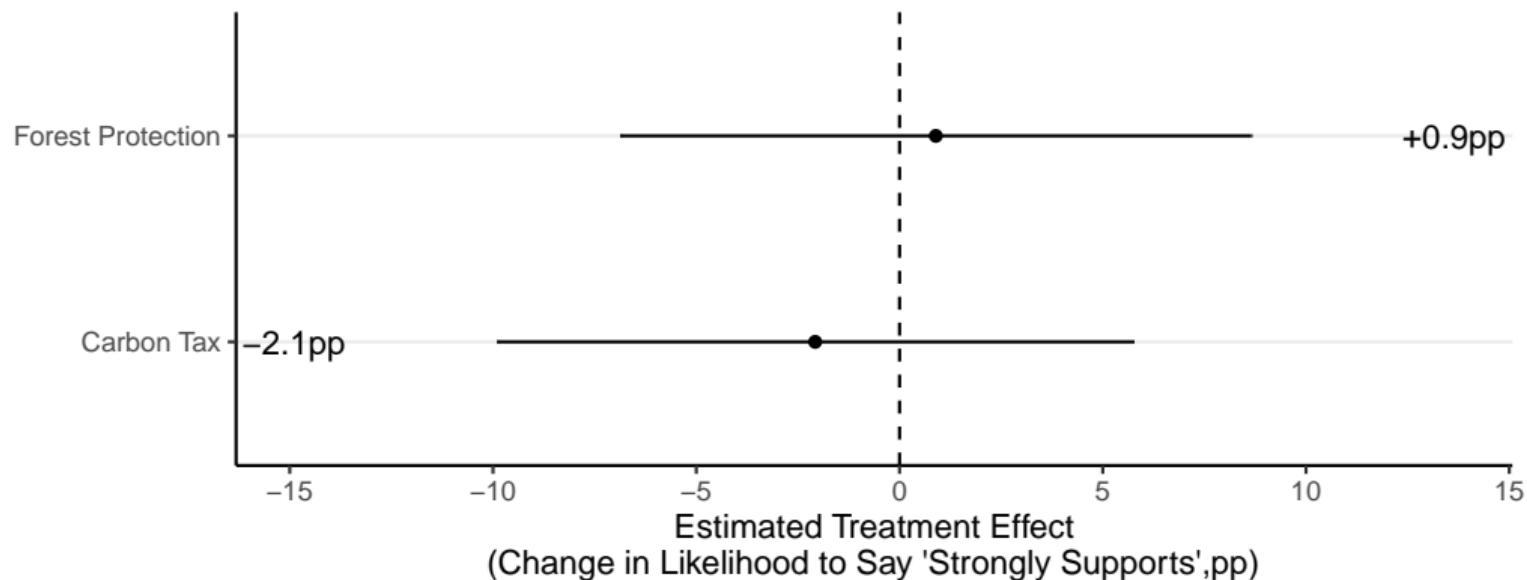
# Politicians learn and update perceptions



## But no greater urgency of action



And no greater support for action



# Frictions

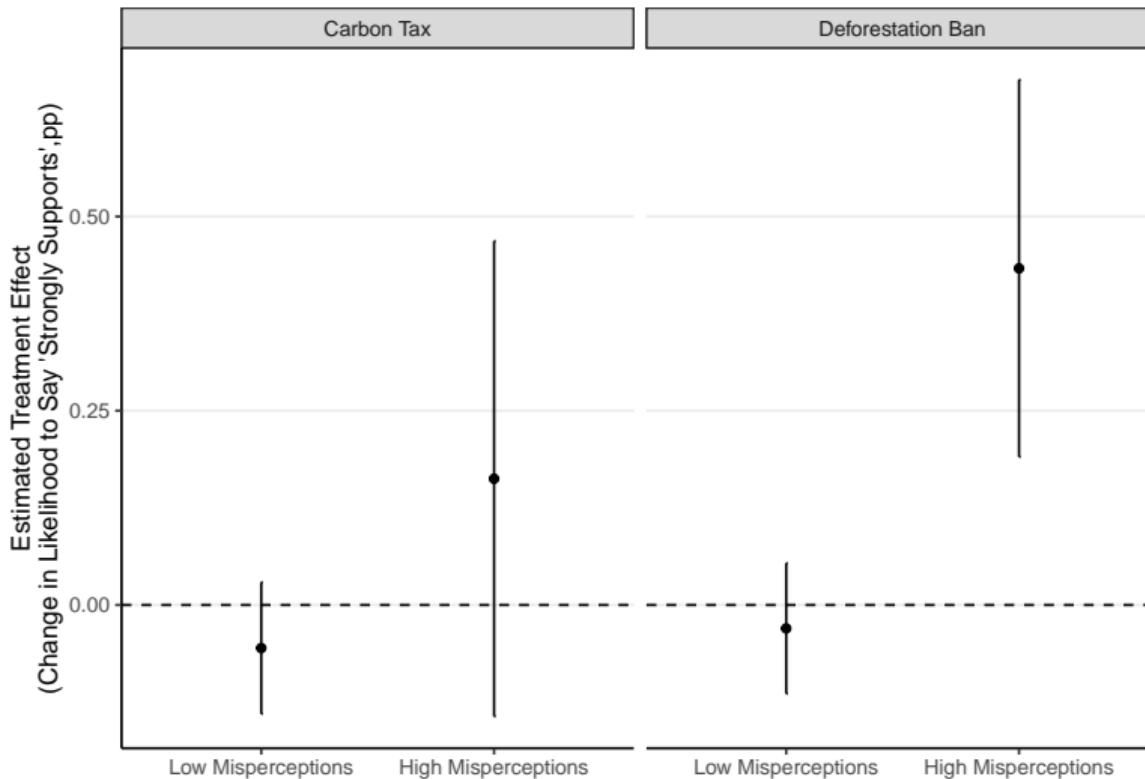
## Voter preferences do not translate into policy action

- ① Fixed costs of policy action
- ② Elite capture
- ③ Voters prioritize other issues

## 1. Fixed costs of policy action

- Switching costs to update policy platforms
- Generates stickiness in policy action
  - Even as politicians receive new information

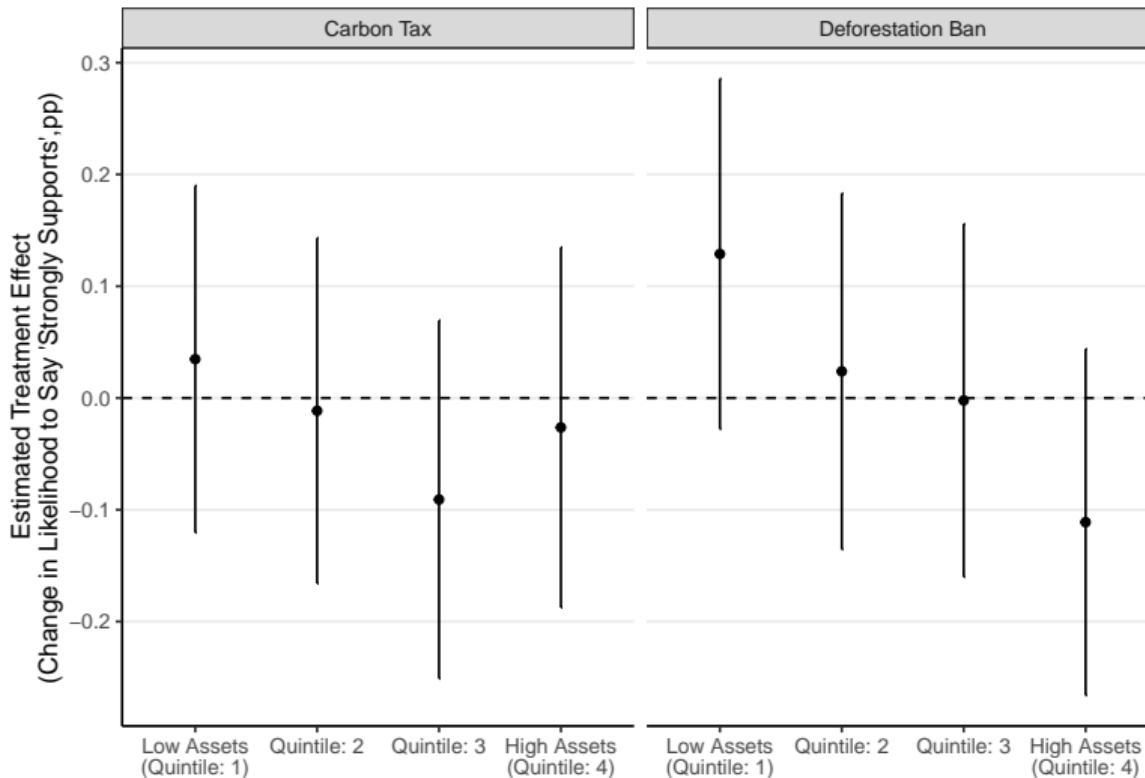
# Policy action only when initial misperceptions are large



## 2. Elite capture

- Local elites benefit from environmental exploitation
  - And may capture politicians through campaign finance or bribes
- Measure of elite capture by district
  - KPK e-LHKPN system requires public officials to report assets each year
  - Standardized index of assets for top 20 officials in each district
  - High assets → elite captured

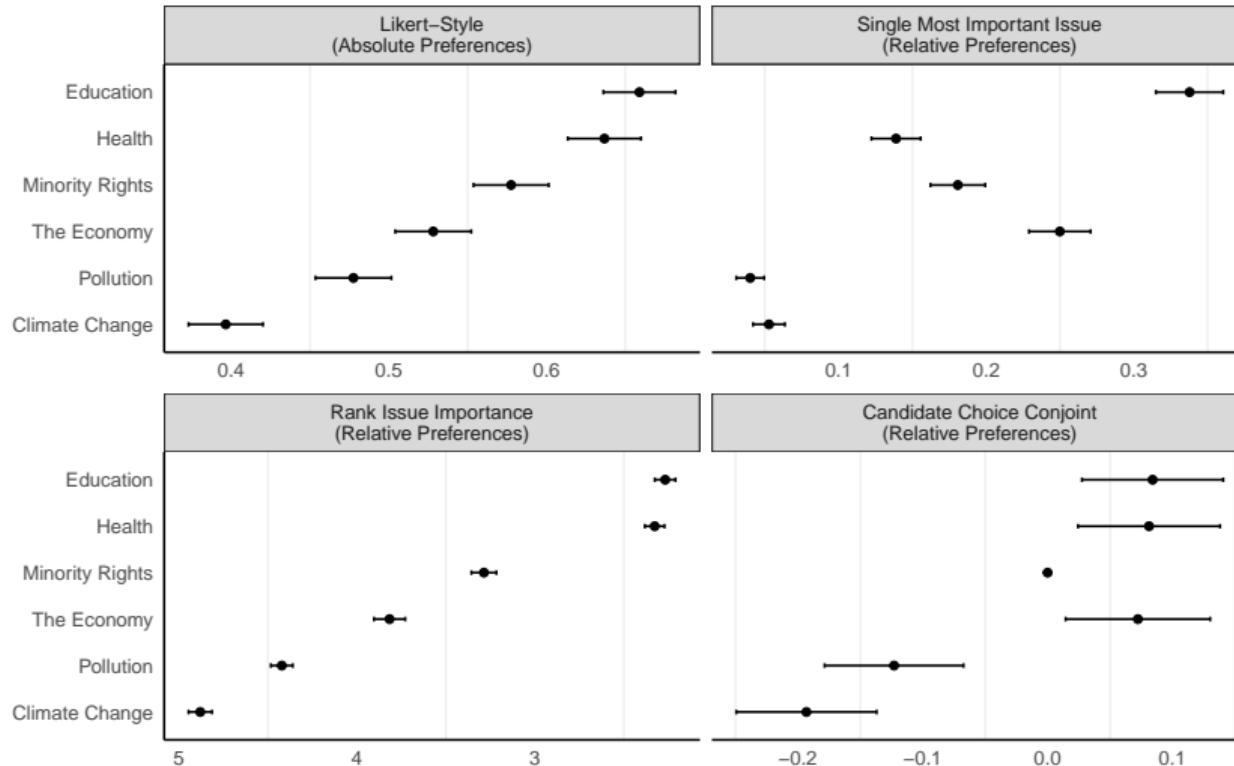
# Policy action only when politicians are not captured



### 3. Voters prioritize other issues

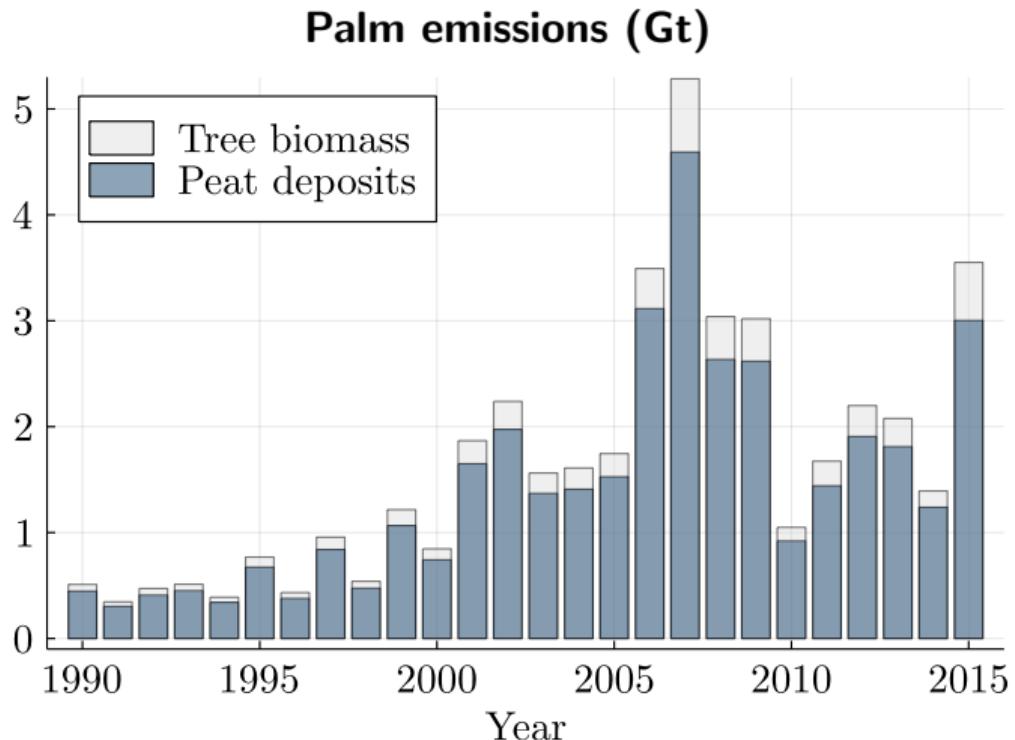
- Preferences are relative to other issues, not in isolation
  - Policy action has opportunity costs
- We ask voters to
  - ① Report their single most important issue
  - ② Rank the various issues
  - ③ Choose among politicians with randomized platforms

# Environmental issues rank lower

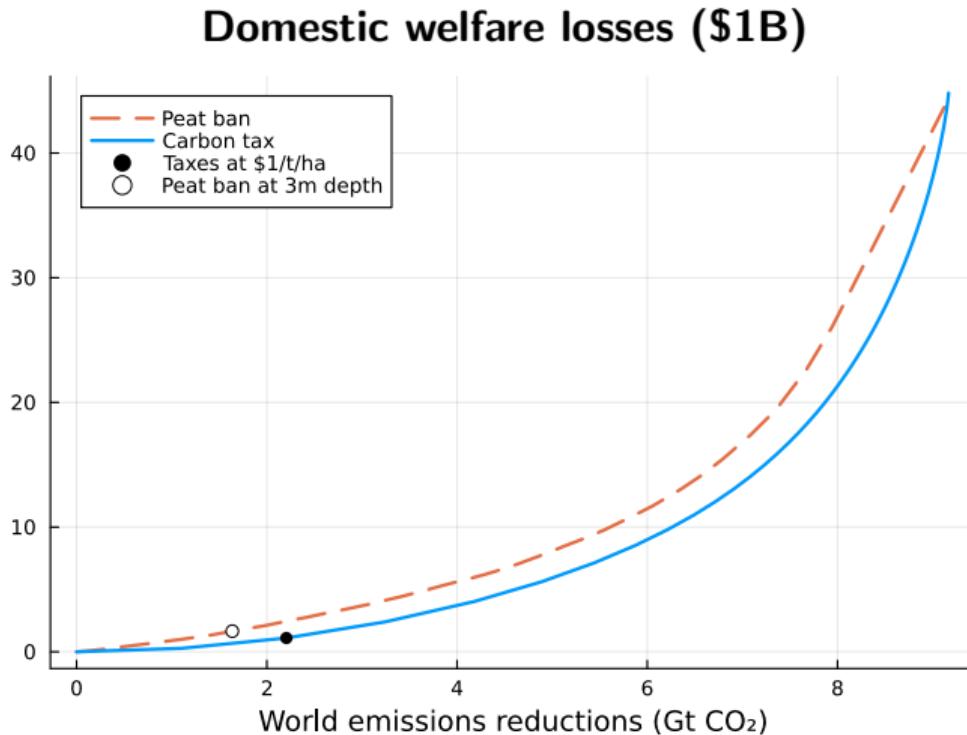


Political economy matters

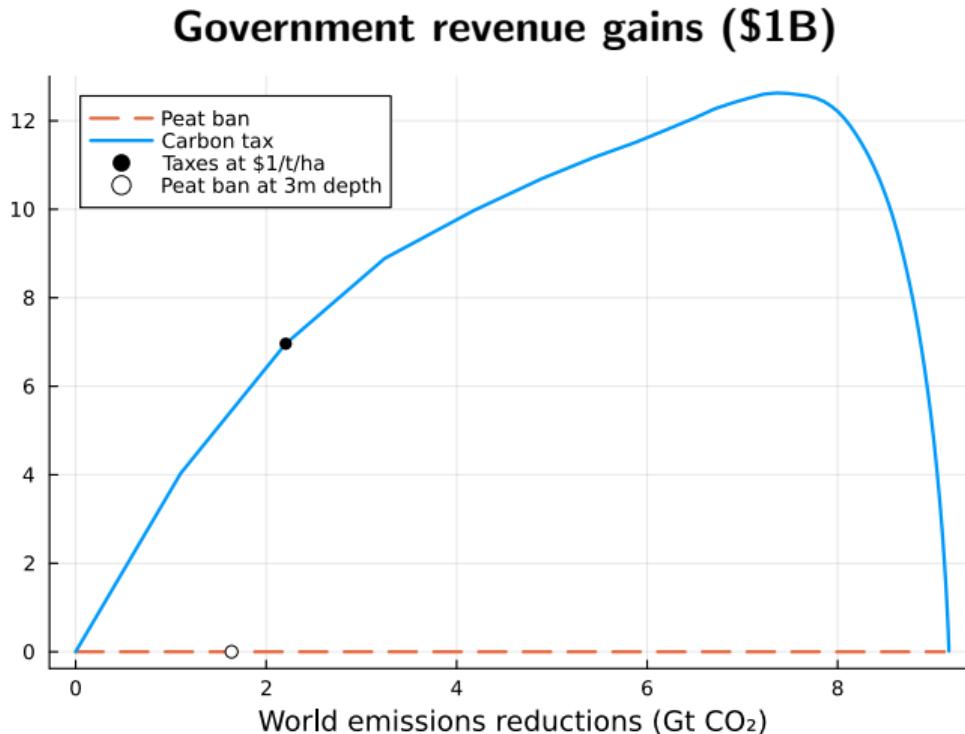
# Peat (with Burgess, Olken, and Salazar-Restrepo)



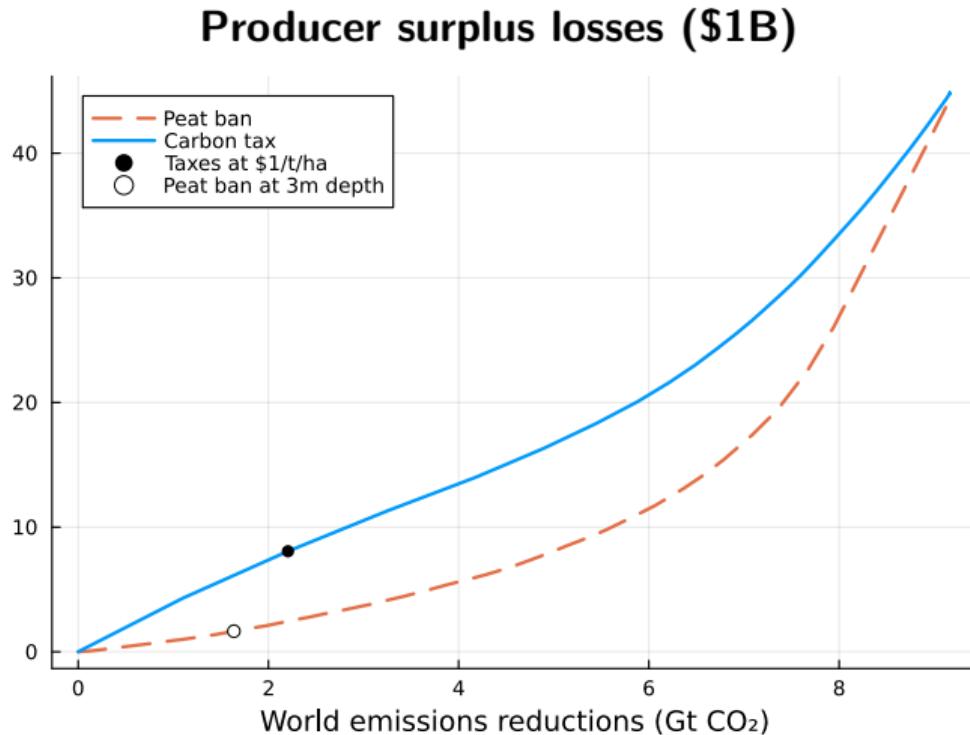
# Policymakers have used peat bans, not carbon taxes



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# Political economy of distributional effects

- Producers lobby against profit losses
  - Even if a carbon tax is welfare-dominating
- Bans allow cleaner producers not to pay taxes
  - But complicated if emissions are heterogeneous
  - And if private profits are unobserved
  - Especially if low-cost production has high emissions

# Conclusion

# Summary

- Politicians underestimate voter concern
- Informing politicians induces learning
  - But not support for concrete policies
- Many frictions stand between preferences and policy