

Governance Concerns and Government Capacity: The Case of Shale Gas

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NRC Workshop on Risks of Unconventional Shale Gas Development

August 15, 2013

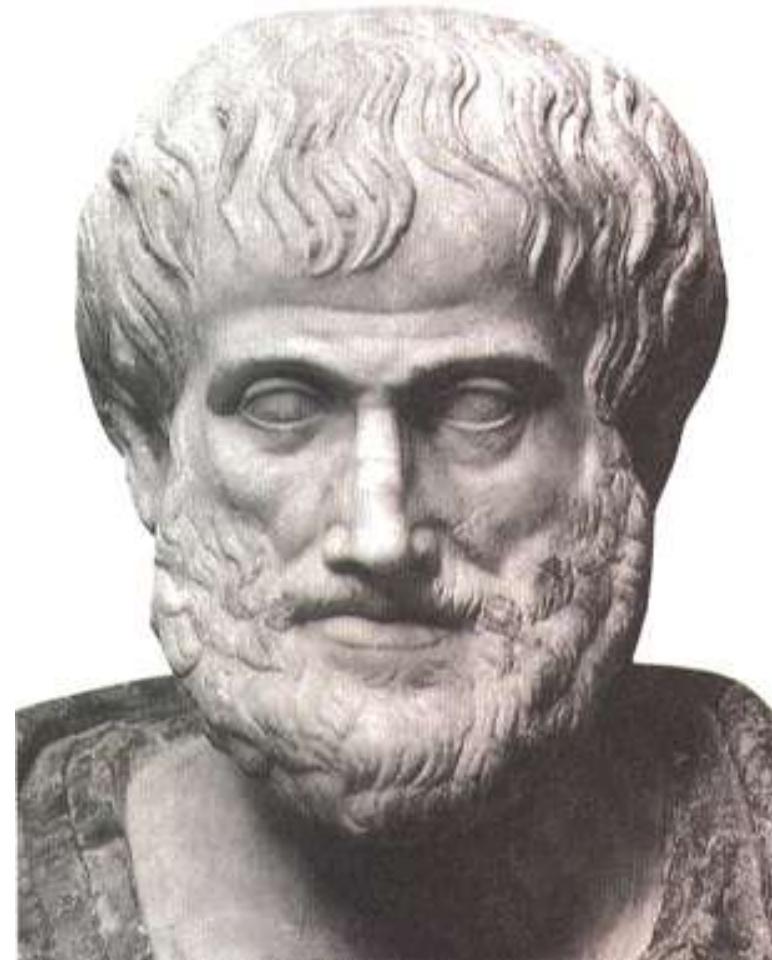
A Charge from Aristotle on Governance

- Three seemingly simple questions:

1) Who governs?

2) How do they govern?

3) What are the results of their governance?



Governance Options in a Federal System

	Federal	
	<u>High</u>	<u>Low</u>
<u>High</u>	Contested Federalism	State Domination
<u>Low</u>	Federal Domination	Symbolic

Federal and State Shale Gas Policy Engagement

		Federal	
		<u>High</u>	<u>Low</u>
		<u>Contested Federalism</u>	<u>State Domination</u>
State	High	What is federal role? <ul style="list-style-type: none">• Statutory exemptions• New statute? (BREATHE, FRESH...)• Revisit existing law?	28-36 States largely on their own <ul style="list-style-type: none">• Legacy policies• Proliferation of new statutes?
	Low	<u>Federal Domination</u>	<u>Symbolic</u>

Consequences of Decentralized Governance

- What are the results if governance remains largely devolved to individual states and localities—as opposed to a federal set of rules and regulations?
- One View: Would states race to the bottom?
 - Resource extraction trumps environmental protection: export problems, out-bid neighbors, create as cozy a governance setting as possible
 - Captured institutions/processes

Another view: Would States Race to the Top?

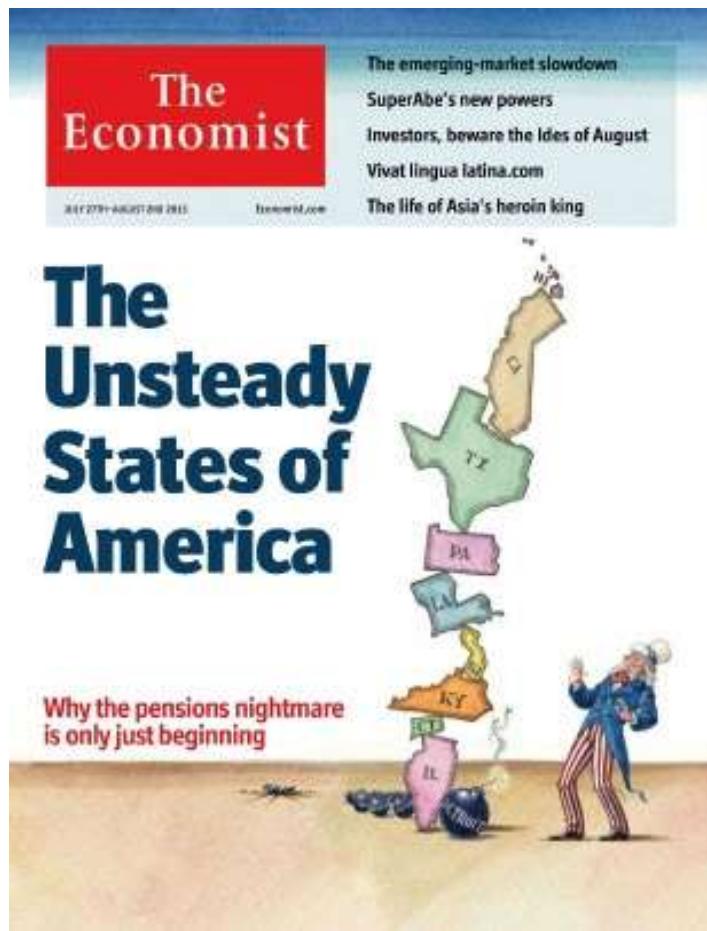
- The “Next Generation,” the “3rd Epoch,” the “Resurgence of the States”....
- States on the frontier of innovative governance:
 - Cross-media integration
 - Transparency and public engagement
 - Performance metrics
 - Policy tool innovations: Markets, voluntarism
 - Cross-state collaboration (regionalism)
 - Cross-agency collaboration
 - Local government engagement/collaboration

So which view prevails for shale?

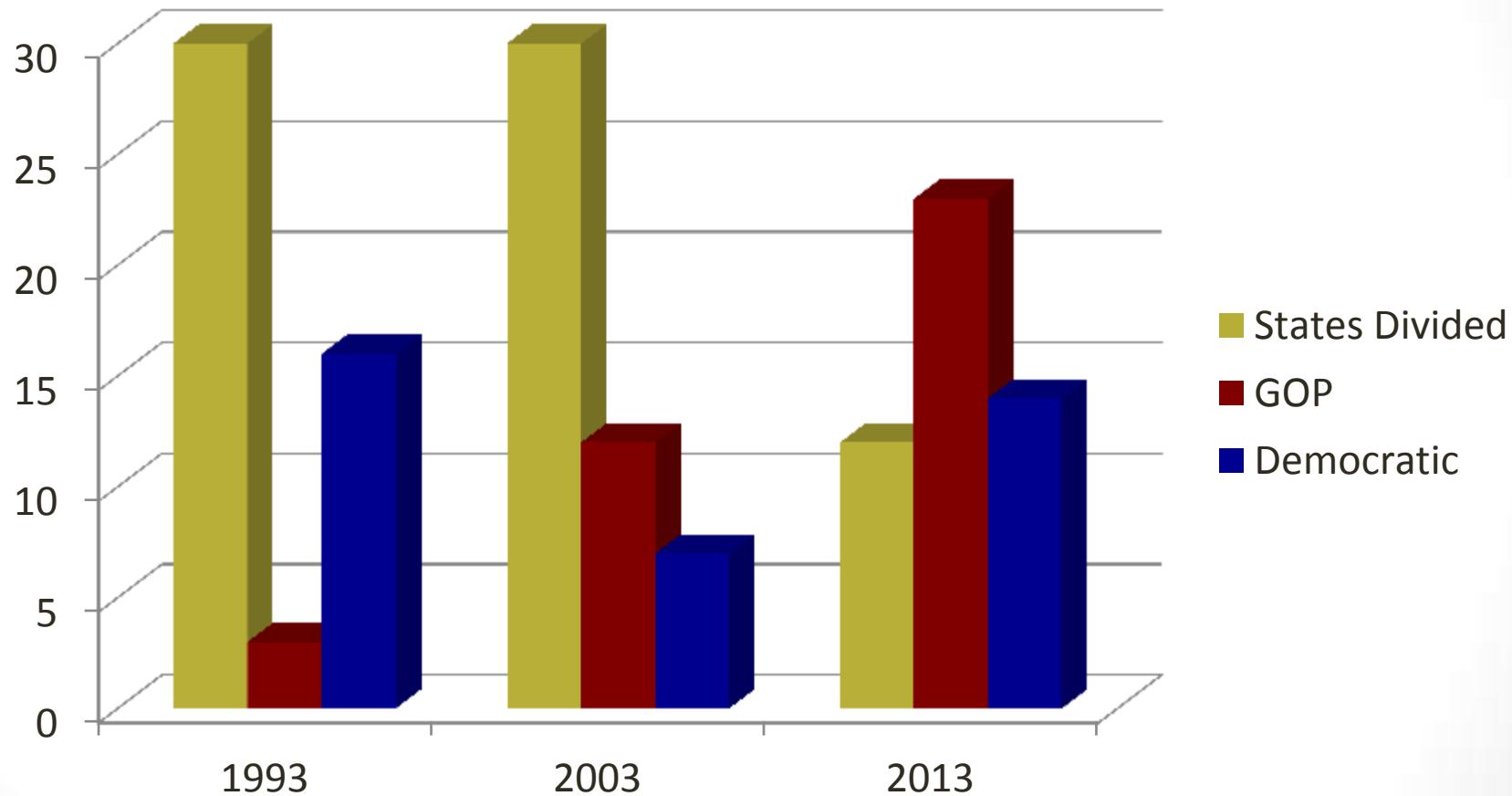
- 1) Current Context: Capacity of State and Local Governments in the 2010s
- 2) Shifting Trends in Partisan Control of State Governments
- 3) Expanding Role of State Legislatures in Fashioning New Shale-Focused Statutes
- 4) Diffusion vs. Heterogeneity in Policy Development for Shale Gas

State/Local Capacity

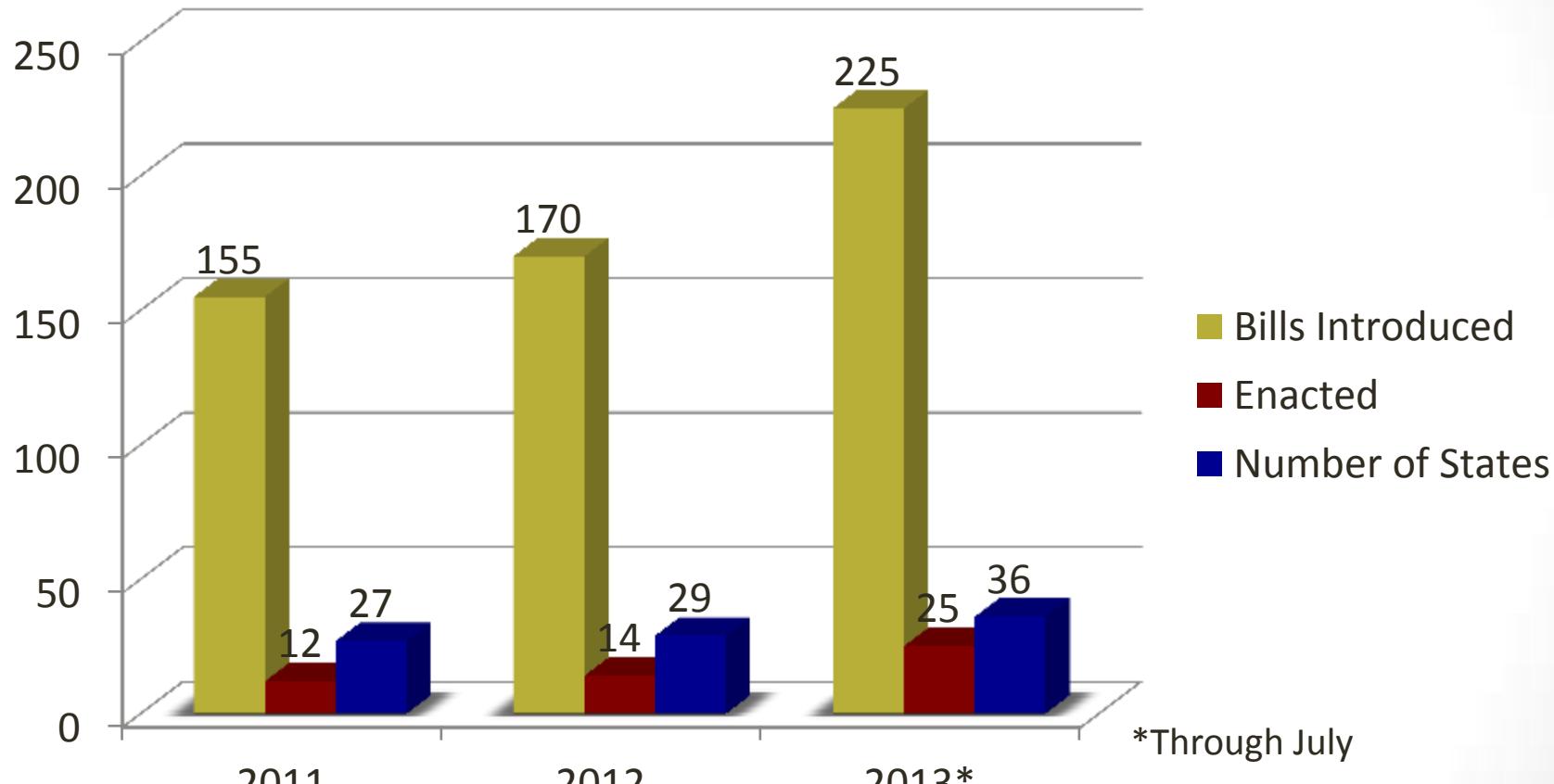
- “Steepest drop in the last 50 years”: Rockefeller



Decline in Shared Partisan Control of States



Enter the Legislatures



Source: National Conference of State Legislatures

Diffusion vs. Heterogeneity

Tale of Two States and Mega-Legislation



Looking Ahead

- Does this diversity reflect geological tailoring—or other factors?
- How do we define governance “best practice”?
- Are all states “world-class” or, at least, “above average” (with apologies to Garrison Keillor)?
- How do we address cross-border issues?
- Borrowing from Aristotle. . .What will be the results of this emerging approach to shale gas governance?