

Abstract

A common claim is that nations should cooperate in environmental policy making. However, there is little empirical support that noncooperative decision making results in too low environmental standards and taxes. We develop a theoretical model and show that if the median voter cares sufficiently for the environment, she has an incentive to delegate policy making to a politician that cares more for the environment than she does herself. By doing so, she mitigates the 'race to the bottom' in environmental taxes. In contrast, if environmental policies are determined cooperatively with other countries, the median voter has an incentive to delegate policy making to a politician that cares less for the environment than she does herself, so as to free ride on international environmental agreements.