Can Path Dependency Analysis Help Climate Finance 'Ratchet down' Emissions in Time? Brainstorming Distributional Approaches for Triggering a Low Carbon Economy

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Outline

- Review climate as a "super wicked problem" identified by Levin, Cashore, Bernstein and Auld (2007, 2012)

- Identify "path dependency analysis" is one way to proceed

- Illustrate how path dependency has explained past policy trajectories
- Reflect on how it might be applied forward
  - Climate finance
  - Distributional allocation of climate finance resources
- NOTE:
  - Paper focuses on only one part of the broader review Daniel led
  - This will also inform a Saturday morning workshop for further brainstorming

Context: Reversing Commitments

• Last 30 years has witnessed vacillating Canadian approaches to the global climate crisis

- •Chretien signs Kyoto, Harper removes support, Trudeau promotes Paris

• Today, there is now a national intergovernmental consensus that:

- •Canada has a responsibility for addressing global climate emissions
- •Climate finance mechanisms are emerging as a central component

• Two (of three) elephants in the room:

- •What is stopping this latest trend from being **reversed**?
- •Will climate finance be enough to achieve 1.5/2 degrees targets?

What are 'Super Wicked' Problems?

- ➢ Time is running out – irreversibility
- ➢ No central authority
- ➢ Those seeking to end the problem are also causing it
  - ➢Texting, smoking, web surfing
- ➢ Policies discount the future irrationally

A tragedy

- Even though we collectively recognize the need to act now to avoid future catastrophic impacts

- the immediate implications of required behavioral changes overwhelm the ability of the political and policy systems at multiple levels to respond.

- The battles we are waging is against ourselves

Traditional Policy Analysis Techniques Insufficient

- **"Single step" linear analysis**
- **"Set it and Forget it": Daniel Rosenbloom**
  - "Often lead to policy solutions that either
    - fail in the political system
    - succeed, but are weak and subject to reversal
- **Cost-Benefit Analysis**
  - Useful information
  - But can't address factors that must be included
    - Norm changes, coalition building
    - Changing preferences

Durability Assumed or Ignore

- **Yet many solutions are short lived**
  - Effects of NGO Boycott of Home Depot 25 years ago

  - Boreal forest accord among Canadian forest products industry and NGOs appears to be loosing momentum

  - Tasmania Forestry Accord among NGOs and industry reversed by newly elected government
- **However some are durable**
  - BC's protected area designations of 25 years ago

- **Need to better theorize to uncover policy solutions that have potential for durability**
  - Can't wait 25 years for the "evidence based approach"
  - Too late for super wicked problems

Path Dependency Analysis

- **Lock-in**
  - Immediate stickiness
- **Self-reinforcing**
  - costs of reversing rise over time
- **Increasing returns**
  - benefits increase over time
- **Positive feedbacks**
  - expanding populations and reinforcing original support
  - (avoids niche approaches)

Three Diagnostic questions

- DQ1: What can be done to create stickiness making reversibility immediately difficult?

- DQ2: What can be done to entrench support over time?

- DQ3: What can be done to expand the population that supports the policy?

Recent evidence: Obamacare

- **Provision that health plans must cover all children ages 26 and under**
  - Initiated as 'easy to pull lever' inside legislative committees
  - Hard to change owing to threat of political mobilization

- **Two distinct steps with different logics**
  - Cause of the the lever: ability to tinker with policy settings
  - Cause of durability is different: threat of political mobilization

Resource allocation tinkering: Washington State

- **Logging on State Forest Lands**

  - Revenues from harvesting are allocated to **public education** creating a "Bootleggers and Baptists" coalition.

  - Reinforces production over conservation goals, since well funded education relies on maintaining logging.

Brainstorming Tools: Coalitions

•**Can strategic interests be harnessed towards collective outcomes?**

- Bootleggers and Baptists coalitions

- California effect: "relatively highly regulated companies see it in their strategic self interest to align with environmental groups to focus on increasing regulations on less regulated competitors"

Brainstorming Tools: Norm generation

- **Norm generation key**
  - Slavery, gay marriage, smoking all durable because of norm changes, not just rules
- **Leigh's work all on this is central**
  - Leigh has worked on this significantly including: Raymond, Weldon, Daniel Kelly, Arriaga, Clark "Making Change Norm-Based Strategies for Institutional Change to Address Intractable Problems <u>Political Research Quarterly</u>
- **Hard to do but lessons emerge for strategic intervention**
  - Routinization
  - Policy learning among stakeholders

Examples of Climate Policy Triggers in Practice?

- **Carbon tax British Columbia**
    - Broad coalitions of support were generated by distributing resources to municipalities and tax payers
    - Fostered norm generation elsewhere?

- **Feed-in Tariffs in Europe**
    - Created long-term self interest for participants
    - Expanded to new communities as more wanted to participate for normative and strategic reasons

Implications for Climate Finance Distributional Tinkering

- Not just about policy design

- Need to reflect on durability and norm change

- Are there undiscovered ideas that might triggering one or more path dependent sequences?
  - Similar to the Washington state teacher's examples?

- Answering this questions requires collective brainstorming
  - the purpose of Saturday's workshop

- Must be linked back to the super wicked problem in question
  - Must be done in a way that does not lock-in 5 degrees, but 1.5/2 degrees