



Market vs Public Policy Approaches to Climate Change Governance

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Introduction

- Increasing concentrations of greenhouse gases (GHGs) in the atmosphere are unequivocally (95% certainty) linked to the rise of industrial capitalism (van Asselt 2014; IPCC 2014).
- Contemporary emissions are fueled by globalized patterns of production, consumption and trade (Bäckstrand & Lövbrand 2015).
- The Intergovernmental Panel on Climate Change (IPCC) stipulates that we are currently on the path to reach a 4-6°C warming of the globe on average by 2100 (IPCC 2014).



Introduction

- A 3.5 degrees C increase would render the planet uninhabitable for humans due to collapsing the food chain at the level of oceanic plankton and triggering temperature extremes that would severely limit terrestrial vegetation
- Humans have never lived on a planet with temperatures 3.5 degrees Celsius above baseline, and many scientists believe it would be impossible to do so.
- However, while the cognitive recognition of climate change and the moral imperative to respond to it are present in popular discourse, **the adjustments in actions to conform to this norm are not.**



Responses to Climate Change

- The key to reducing the risks of climate change is to reduce global emissions of greenhouse gases, in addition to preparing to adapt.
- Reducing emissions requires the cohesive action of the international community, particularly those countries responsible for most of the emissions.
- The United Nations Framework Convention on Climate Change (Convention) is the guiding agreement that governs most multilateral negotiations to address the threat of climate change.
- However, while many commitments to reduce emissions have been made under the Convention, emissions continue to rise, causing greenhouse gases to accumulate in the atmosphere.



Political Economy of Climate Change, La Riviere,

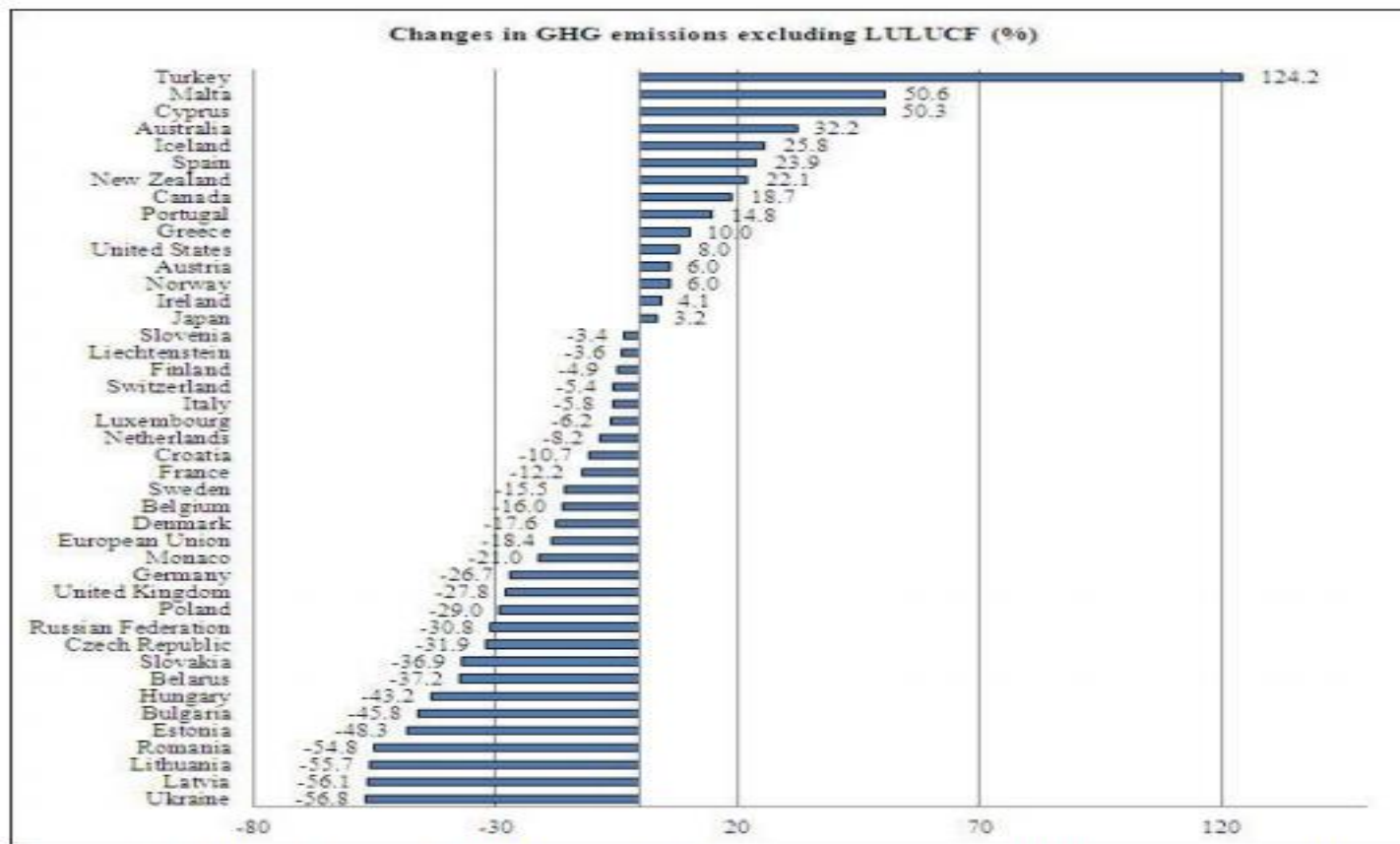


Figure 1. This figure, released by the UNFCCC, shows the “changes in total aggregate emissions of individual Annex I Parties” from 1990–2011. In particular this figure excludes activities in the Land Use, Land-Use Change and Forestry sector, such as reforestation and afforestation.²²



Responses to Climate Change

- In fact, the collective Kyoto target was met five years before the Protocol was signed:
- Emissions in industrialized countries had already dropped to approximately 7% below 1990 levels by 1992.
- However, this decline reflected the collapse of certain economies in transition (EITs) to a market economy, e.g. countries formerly in the Soviet Union, whose emissions in 2012 remained at approximately 38% below 1990 levels.
- On the other hand, emissions from fully industrialized countries (excluding the EITs) rose by approximately 11% between 1990 and 2007 before falling during the 2008 recession.

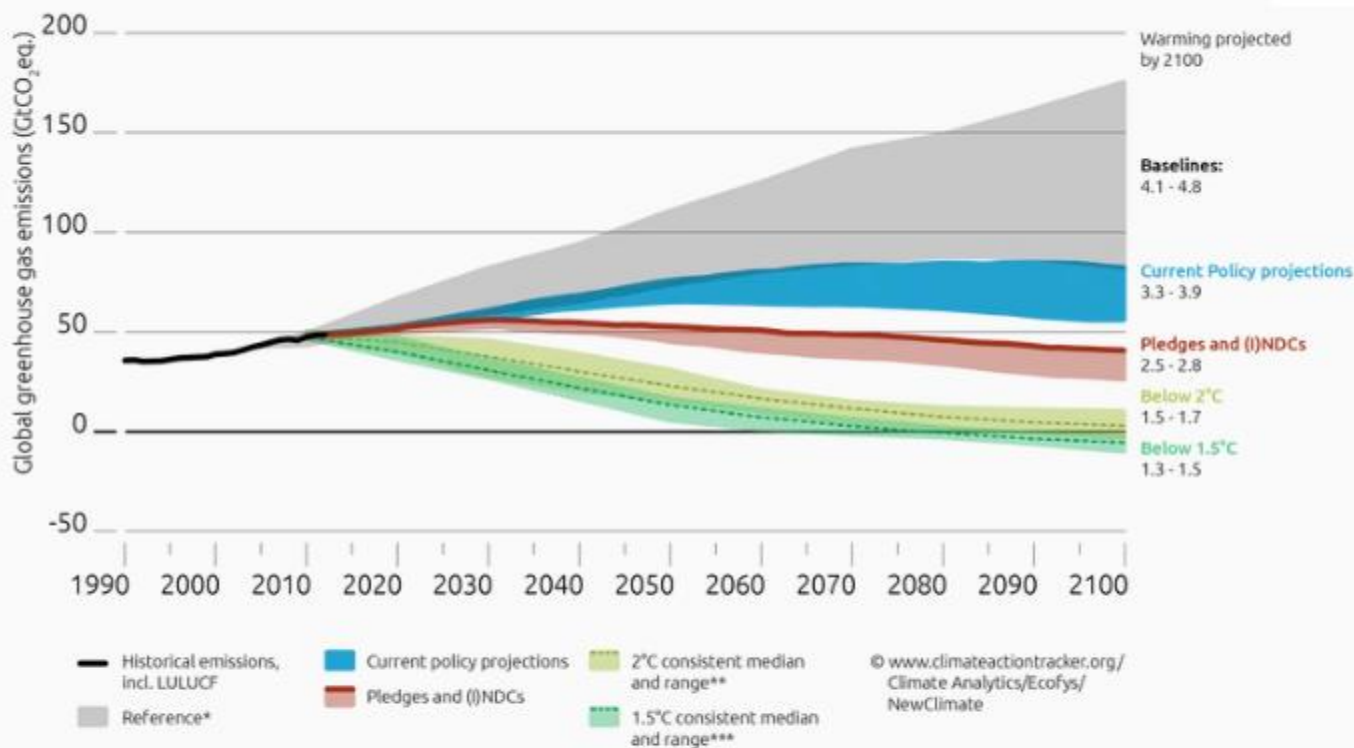


Responses to Climate Change

- Urgent action is required to meet the 2°C threshold, but progress at the UNFCCC negotiations **HAS NOT** reflected this urgency
- The global emissions reductions pledged under the Paris Agreement, would slow the rate of growth in global emissions. However, emissions would continue to rise
- Also, current fossil fuel infrastructure investments will lock in associated future emissions for decades.



PROJECTIONS OF GLOBAL GREENHOUSE GAS EMISSIONS



- * 5%-95% percentile of AR5 WGIII scenarios in concentration category 7, containing 64% of the baseline scenarios assessed by the IPCC
- ** Greater than 66% chance of staying within 2°C in 2100. Median and 10th to 90th percentile range. Pathway range excludes delayed action scenarios and any that deviate more than 5% from historic emissions in 2010.
- *** Greater than or equal to 50% chance of staying below 1.5°C in 2100. Median and 10th to 90th percentile range. Pathway range excludes delayed action scenarios and any that deviate more than 5% from historic emissions in 2010.

Source: Climate Action Tracker



Responses to Climate Change

- Clearly, both the Kyoto Protocol and the Copenhagen Accord have seen only marginal success (e.g. compared to the Montreal Protocol).
- The Paris Agreement does not promise much more.
- How then, do we explain this failure of global climate governance?
- And where do we go from here?



Issue	Dominant approach	New political economy
Policy process	Linear, informed by evidence	Complex, informed by ideology, actors and power relations
Dominant scale	Global and inter-state	Translation of international to national and sub-national level
Climate change science and research	Role of objective science in informing policy	Social construction of science and driving narratives
Scarcity and poverty	Distributional outcomes	Political processes mediating competing claims for resources
Decision-making	Collective action, rational choice and rent seeking	Ideological drivers and incentives, power relations

Thomas Tanner and Jeremy Allouche, 2011



Market and Public Policy in Climate Response

- Using this framework, focusing on the policy process, I posit that the failure of global climate governance reflects privileging of market as opposed to public policy instruments to address climate change
- I also contend that those public policy instruments that have been adopted are equally problematic
- I conclude, after Mamdani (2012) that what is required is not how the State can regulate the Market (Stiglitz 2012), but how society can regulate both the State and the Market



Market Failure

- Economists have depicted climate change as a market failure (Stiglitz, 2012).
- It is the market's inability to price or put a value on clean air that underlies man-made climate change (Thomas, 2017).
- If the damage from climate change—for instance, from the increasing frequency and severity of climate-related floods, storms, droughts, and heatwaves—was directly proportional to a country's own emissions, countries would be swift to tackle climate change. But the asymmetry between the two, that is, the gulf between one's own contribution to the problem and the damages it faces, is part of the reason why valuing clean air is so difficult, and why there must be international agreement.



Market Failure

Stiglitz (2012) proposed three solutions to market failure

1. Government needs to bridge the gap between social returns and private returns, both to encourage socially necessary investment (as in agriculture) and to discourage socially undesirable investment (as in real estate speculation).
2. Second, the government may set up specialized development banks (to balance against private banks).
3. Finally, Professor Stiglitz cautions against liberalizing financial and capital markets as advised by the Washington Consensus.



Market failure

- Polanyi (1944) observed that markets have coexisted with different kinds of economies and societies – capitalist, feudal, slave-owning, communal.
- In all previous eras, markets were embedded in social systems (i.e. societies have always regulated markets , set limit on their operation, and thus set limits on both private accumulation and widespread impoverishment).
- Market fundamentalism seeks to dis-embed markets from all forms of social regulation, and subjugate society to the logic of markets.
- A consequence of this development has been gross enrichment of a few alongside mass poverty.



Market Regulation

- Free markets are not a solution for poverty; they are one cause of modern poverty
- Regulation is now seen as the task of the state, and not of society. That solution is rapidly turning into a problem.
- State sovereignty is not a guarantor of freedom; it threatens to undermine social freedom. The challenge is not how the state can regulate the market, but how society can regulate both the state and the market.



Regulation Failure (Africa)

- The political class in Africa is weak.
- Often, its vision is clouded by a single-minded preoccupation with the question of its own political survival.
- The result is a singular lack of imagination, marked by a tendency to borrow solutions from the West.
- But the market is also weak, and equally dominated by uneven articulation into global markets



Regulation Failure (Global)

- Liberal democracy is in crisis everywhere.
- The last US election is been the most striking manifestation of democracy's crisis, but it is not exceptional
- Authoritarian populists are on the rise around the world, from America to Europe, and from Asia to Australia.



Towards a Solution

what is required is not how the State can regulate the Market, but how society can regulate both the State and the Market

- Invest in a strong evidence based African narrative (Science, research, policy interface)
- Invest in informed societies, participating in shaping the narrative
 - In the lead up to the Bonn COP 23, there was growing sentiment that it was perhaps time for a new climate governance, from below. growing movement of initiatives from subnational entities and non-state actors through coalitions like the Global Covenant of Mayors for Climate & Energy and the Under2 Coalition
- Strengthen capacities of the state

ASANTE SANA!



It's time to..... ACT!

Africa Climate Talks:

Democratizing global climate change governance and
building an African consensus towards 1.5⁰C