"What stands in the way becomes the way." | 1

Countries around the world are struggling with the political and policy challenges of developing effective tools to reduce greenhouse gas emissions and decarbonize their economies. (See coverage <u>here</u> for Canada, and <u>here</u> for Australia.) Moreover, even these policy proposals are as of yet inadequate to accomplish the goals of limiting climate change to below two degrees Celsius, as outlined in the Paris Agreement. How will countries move towards the increasingly stringent climate policies required to address the threats of climate change this century? Much of the economics and policy literature has focused on what kinds of policies are most economically efficient to achieve our climate policy goals, but the most economically efficient policy is not an effective policy choice if it only remains a theoretical policy that is politically infeasible.

A promising approach is to think about climate policy in a dynamic manner, as a tool that can be used to increase political feasibility over time. A team of German and American economists, political scientists and legal scholars (of which I am a part) just published an article laying out a theoretical framework that undergirds this kind of dynamic approach. We identify the concept of using climate policy today to reduce or eliminate barriers to more stringent climate policy in the future—what we call policy sequencing. We then identify at least four categories of barriers and ways in which those barriers might be reduced or eliminated: cost (both due to the cost of new forms of decarbonization technology, and due to the economic costs of more or less efficient policy choices); distributional effects (the winners and losers of any specific climate policy choice); institutions and governance (where capacity limits and veto points might prevent the enactment of more stringent policy) and free-riding concerns (where some jurisdictions may not adopt climate policies fearing that other countries will free-ride on their costly policy efforts. We draw on the examples of Germany and California - two leaders in global climate policy - to provide specific examples of how sequencing works. In essence, policy sequencing is an approach in which the barriers to future, more stringent climate policy guide current policy choices to the end of overcoming these barriers over time. Or as the Roman emperor and philosopher Marcus Aurelius put it: "the impediment to action advances action. What stands in the way becomes the way."

A link to our article in the latest issue of Nature Climate Change is available here: <u>https://rdcu.be/70ix</u> We are excited about this new approach, and look forward to extending it, developing it in more detail, and applying it to a range of climate policy problems.