PAYMENT FOR ECOSYSTEM SERVICES IN AGRICULTURAL LANDSCAPES: NAVIGATING NEOLIBERALISM AND MYTHOLOGY TO ADVANCE OUTCOME-BASED CONSERVATION POLICY

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Outline

• Multifunctional agricultural landscapes
• Neoliberalism primer (2 minute version)
• Agrienvironmental policy (AEP)
• Outcome-based conservation, a.k.a. Payment for Ecosystem Services (PES)
  • US & EU
• Making sense of contemporary patterns of institutional innovation and institutional lock-in
Critical institutional analysis

“...identifying the various institutional mechanisms by which economic activity is coordinated, with understanding the circumstances under which these various mechanisms are chosen, and with comprehending the logic inherent in different coordinating mechanisms.”

Hollingsworth and Boyer, *Contemporary Capitalism*, 1997
Social Arrangements/Institutions

STATE

MARKET

COMMUNITY
Modes of governance (institutional orders)

Love       Fear       Money

Community   Govt./state   Market

Collective   Public   Private
The Neoliberal Regime in the Agri-Food Sector
Crisis, Resilience, and Restructuring

Edited by
Steven A. Wolf and Alessandro Bonanno
Neoliberalism, a brief history (credit: Larry Busch)

• Colloquium organized in Paris in 1938 by philosopher of logic and mathematics, Paul Rougier

• Walter Lippman, F. Hayek, Ludwig von Mises, M. Polanyi and others

• Response to Nazism, Fascism, Communism, and the growing state-led economies in the US, France and Britain

• “Positive program of laissez faire”

• The Road to Serfdom (1944), F. Hayek
Neoliberal tenets

• Recognition of the limits of human knowledge: *no one person, organization, or government can know enough to plan adequately*

• *Only the market, as theorized in economics, can arrive at an optimum solution in which freedom is equated with free exchange*

• *Governments must be reshaped to positively support the formation of (quasi)markets and to encourage competitions of all sorts*

• *Reconstruction of the self as an isolated, calculating entrepreneur*
Institutional stickiness

- Economics, Science, and History matter

- Institutional orders are defended
  - Interests (i.e., resources, status, power)
  - Relational ties vital to stability

- Cognitive and material structures
  - Discourses
  - Justifications
  - Science and knowledge base
  - Administrative procedures (laws and rules)

- Switching costs and risks are real
Agrienvironmental policy (AEP)

- National policies structuring agriculture-environment interface
- Extensive margin
  - land retirement
  - set aside
- Intensive margin
  - farming systems
- State-centered, politically structured bureaucratic governance
Critical history of AEP in US and UK (Potter and Wolf)

“AEP is the major source of funding for environmental management on private lands. These programs are classic examples of the second-best, politically compromised arrangements that policymakers and those who lobby them invent in order to address a range of policy problems.”

- environmental degradation
- support of farmers’ incomes
- overproduction of agricultural commodities
Conservation Reserve Program (CRP)

- 1985-
- “Retire” ~10% crop base
- 10 year leases
- ~$2,000,000 yr
Targeting conservation - CRP

• Critique
  • First come, first served enrollment of acreage
  • cost effectiveness
  • geographic targeting

• Response
  • Environmental Benefits Index
  • Next generation – CMT in CSP

Science-in-service-to-bureaucracy
## FACT SHEET
### CRP Sign-Up 45 Environmental Benefits Index

February 2013

<table>
<thead>
<tr>
<th>Table 1 – Cover Practices (CP) for the N1a Criteria</th>
<th>Point Score</th>
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<tbody>
<tr>
<td><strong>CP1 – Permanent introduced grasses and legumes</strong>&lt;br&gt;Existing stand of one to three species or planting new stand of two to three species of an introduced grass species&lt;br&gt;Existing stand or planting mixture (minimum of four species) of at least 3 introduced grasses and at least one forb or legume species best suited for wildlife in the area.</td>
<td>10</td>
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<tr>
<td><strong>CP2 – Establishment of new permanent native grasses and legumes</strong>&lt;br&gt;Existing stand (minimum of one to three species) or planting mixed stand (minimum of three species) of at least two native grass species and at least one forb or legume species beneficial to wildlife.&lt;br&gt;Existing stand or planting mixed stand (minimum of five species) of at least 3 native grasses and at least one shrub, forb, or legume species best suited for wildlife in the area.</td>
<td>20</td>
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<tr>
<td><strong>CP3 – Tree planting (general)</strong>&lt;br&gt;Southern pines (softwoods) – Solid stand of pines/softwoods (existing, according to state developed standards, or planted at more than 550 trees per acre).&lt;br&gt;Northern conifers (softwoods) – Solid stand of conifers/softwoods (existing, according to state developed standards, or planted at more than 850 trees per acre).&lt;br&gt;Western pines (softwoods) – Solid stand of pines/softwoods (existing, according to state developed standards, or planted at more than 650 trees per acre).&lt;br&gt;Southern pines (softwoods) – Pines/softwoods existing or planted at a rate of 500 to 550 per acre depending upon the site index (state-developed standards) with 10 to 20 percent openings managed to a CP4D wildlife cover.&lt;br&gt;Northern conifers (softwoods) – Conifers/softwoods existing or planted at a rate of 750 to 850 trees per acre depending upon the site index (state-developed standards) with 10 to 20 percent openings managed to a CP4D wildlife cover.&lt;br&gt;Western pines (softwoods) – Pines/softwoods existing or planted at a rate of 550 to 650 per acre depending upon the site index (state-developed standards) with 10 to 20 percent openings managed to a CP4D wildlife cover.</td>
<td>10</td>
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<tr>
<td><strong>CP3A – Hardwood tree planting</strong>&lt;br&gt;Existing or planting solid stand of nonmast producing hardwood species.&lt;br&gt;Existing or planting solid stand of a single hard mast producing species.&lt;br&gt;Existing or planting mixed stand of two hardwood species best suited for wildlife in the area.&lt;br&gt;Existing or planting mixed stand (three or more species) of hardwood species best suited for wildlife in the area.&lt;br&gt;Existing or planting stand of Longleaf pine or Atlantic white cedar - Planted at rates appropriate for the site index.</td>
<td>10</td>
</tr>
<tr>
<td><strong>CP4B – Permanent wildlife habitat (corridors), noneasement.</strong>&lt;br&gt;Existing stand or planting mixed stand (minimum of four species) of either grasses, trees, shrubs, forbs, or legumes planted in mixes, blocks, or strips best suited for various wildlife species in the area. A wildlife conservation plan must be developed and approved by the local FSA.</td>
<td>40</td>
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</tbody>
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**Note:**
- CP1 and CP2 are for permanent practices that benefit wildlife.
- CP3 and CP3A focus on tree planting, with varying criteria for pines, softwoods, and hardwoods.
- CP4B involves creating habitat corridors for wildlife, requiring a wildlife conservation plan.
Contemporary moment for AEP

**Policy context**
- Accountability pressure
  - Effectiveness
  - Efficiency
  - Equity
- Competing demands on landscapes and policy
- Re-legitimation

**Responses**
- Talk of evidence/outcome-based instruments
  - market discipline
- Talk of geographic targeting
  - spatial rationalization
- Talk of reinforcing the knowledge base
  - justification and technique
PES - what is new?

- Paying for practice
- Paying for outcome

- Conditionality

- Market discipline
  - Landowners and the service providers
  - Public agencies and staff
  - Private purchasers of ecosystem services

- Efficiency and effectiveness

- Private investment?
### Institutional collision?

#### Traditional AEP
- Voluntarism
- Standardization
- Solidarity

#### PES
- Transactional
- Outcome-based
- Competition
Outcome-based AEP?
PES – barriers to implementation

- Data and knowledge gaps
- Transaction costs
- Particular history of AEP
  - Policy network well defended
  - Willingness to discipline farmers
  - Organizational culture
  - Conservation payments as entitlements

- Private willingness to pay
Science-policy interface

Policy window (openings)  Scientific consensus (closures)
Modeling and data-rich management

- Capturing variance of effectiveness of agrienvironmental practice
  - Geographic targeting
  - Eligibility criteria
  - Selection and design of interventions
  - Determine levels of payment
  - Evaluation of productivity of investments
PES discourses

1. Solid gold

2. Fool’s errand

3. Naked pragmatism

- Need to focus debate and research on particular contexts, not the virtues and deficiencies of ES in the abstract
Concluding questions

• How is market logic implicated in reform and redesign of AEP?

• How does the case of AEP inform our understanding of neoliberalism and institutional change?