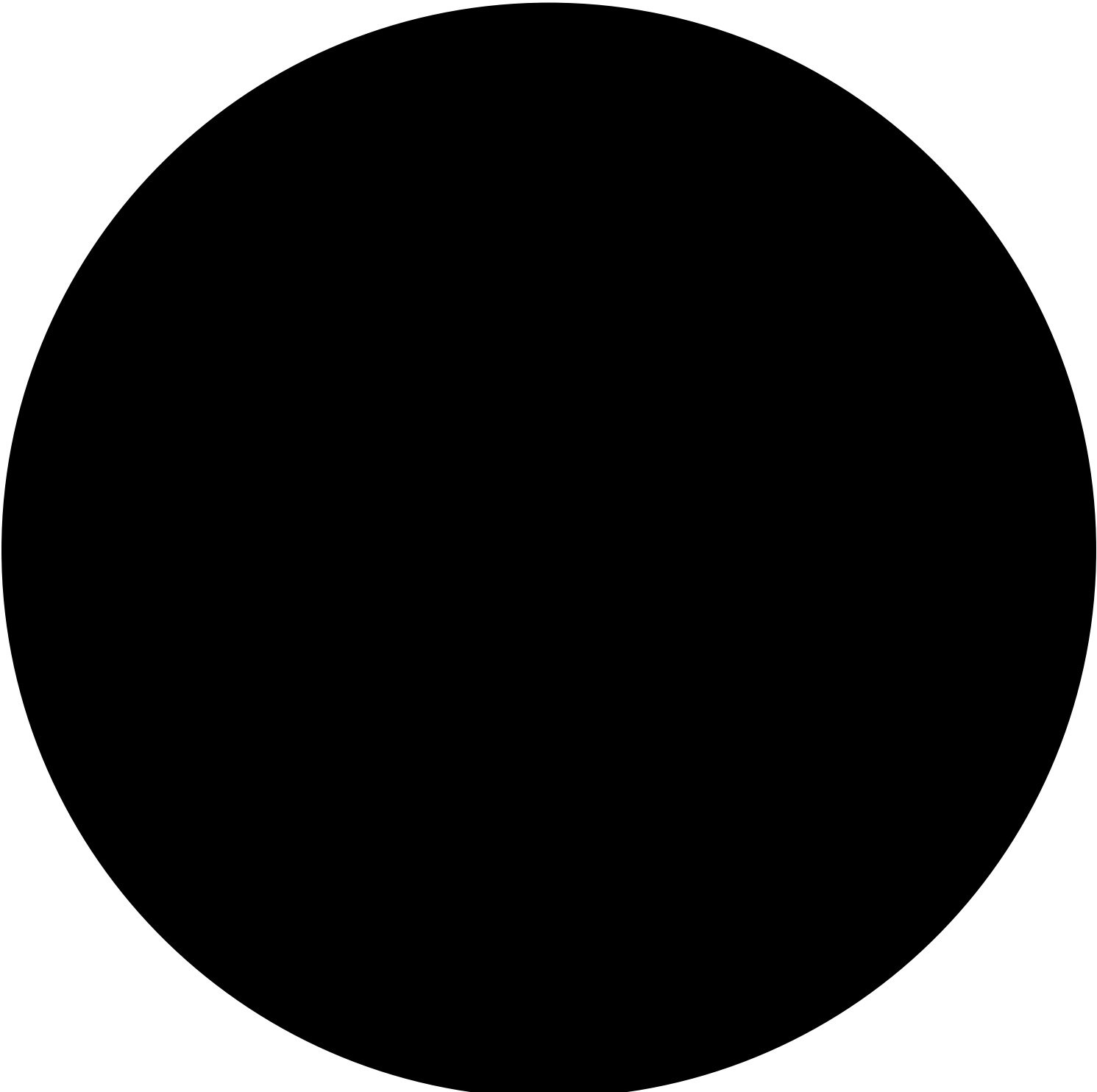


ADAPTING OUR SYSTEM TO NEW ENVIRONMENTAL CHALLENGES

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The market generally fails when it comes to taking into account the costs of the environmental impacts of our economy, as well as the value ([not only economic](#)) of nature and the [services](#) that it provides us . An old familiar dilemma – although key to understanding the unsustainability of our system – is based on the inability of the market economy to **integrate and account for externalities**. A negative externality is understood as the costs not assumed by a person or company, while these are transferred to others or to society in general. In other words, **negative externalities are those activities that affect others without the precursors of these paying for the damage done.**

Externalities are more common in the presence of [public goods](#) – those goods that are available to all and of which use by one person does not subtract from use by another. Examples of public goods in the environmental field include **clean air and soil, biodiversity, or climate stability**. Just as anyone can have access to and enjoy public goods, they can also be contaminated, depleted or affected.

The big problem with our system is that the market economy does not integrate or account for negative externalities related to public goods. Externalities are, therefore, **a system failure**, since

they allow people or companies to benefit at the cost of harming others, or society in general.

Over the last decades, mechanisms and solutions have been created to address the problem of externalities (see [examples](#)). These, however, **have not been shown to be effective** in creating a more environmentally sustainable economy. The difficulties of carrying out these solutions successfully are several, where it is usually difficult to determine who is responsible for a negative externality (who has caused the damage?), the ownership of the damaged public good (who owns it?), or simply the measurement and valuation of the good itself.

The market economy does not integrate externalities into its system for a simple reason: **intervention to protect public goods can present contradictions with economic development.** Is it possible, therefore, to carry out a sustainable management of environmental public goods, so necessary for our survival and well-being?

The American entrepreneur, environmentalist and journalist [Peter Barnes](#), in his [< a href="http://www.plancanada.com/capitalism3.pdf">Capitalism 3.0 book](http://www.plancanada.com/capitalism3.pdf), shows us a first step towards a possible solution: the creation of **a new sector economic and social that protects, values and provides property to public assets**. Environmental public goods (clean air, a forest with high biodiversity) would become the property of an authority, an independent institution that would be responsible for regulating and managing them in a sustainable manner. Said institutions would be **public-private “hybrid” entities**, which would not be at the mercy of the private interests of companies and corporations, nor of corruption and the need to please their voters of political parties. Public goods would then possess independent **“ownership”** at the local level, thus internalizing externalities and integrating them into the system in order to protect public goods.

Of course, there would be doubts about the creation of these institutions; for example, related to how corruption of the members that manage them could be avoided, or who would establish (and how) the prices of public goods. In any case, this step would constitute a further step towards sustainability, where **the creation of a new sector whose institutions have independent ownership and sufficient power to act would help to conserve environmental public goods.**

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