

The distinct logic of economics and ecology

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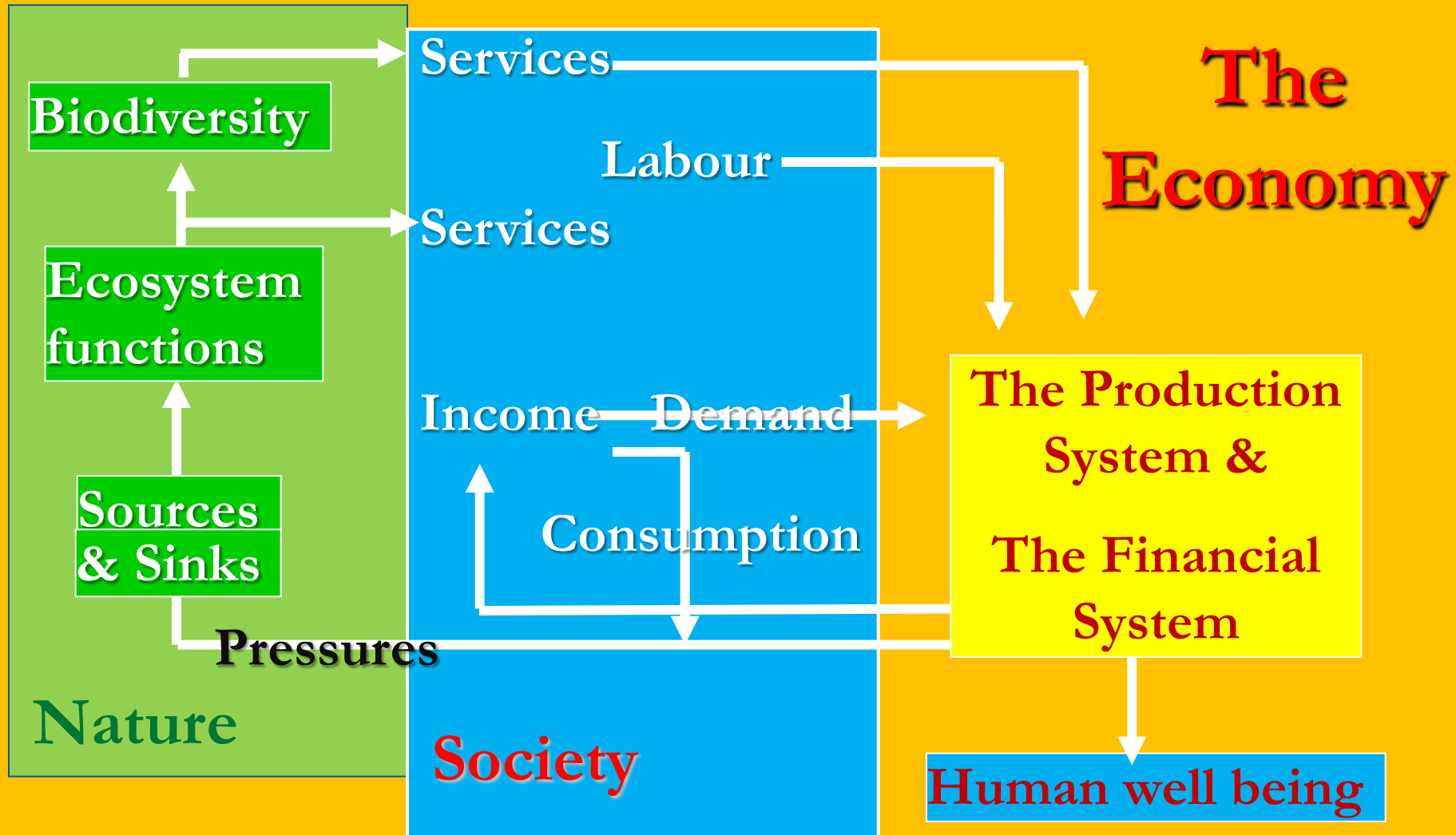
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The World according to environmental economists



Human made capital



Natural capital

Human capital




Social capital



In this view...

- Markets are in equilibrium, providing optimal welfare,
- Scarcities cannot exist, as markets make sure efficiency prevails and substitutes are available,
- Every production factor can be substituted by other ones, most often natural and social capital by man made capital.
- All processes are reversible, capital stocks can be replenished (there are no limits).



Getting the prices right?
("Die Preise müssen die ökologische
Wahrheit sagen")

If the environment is part of the economy...

... commodification of non-market capital stocks is THE solution, as

- then internalising external cost leads to optimal solutions.

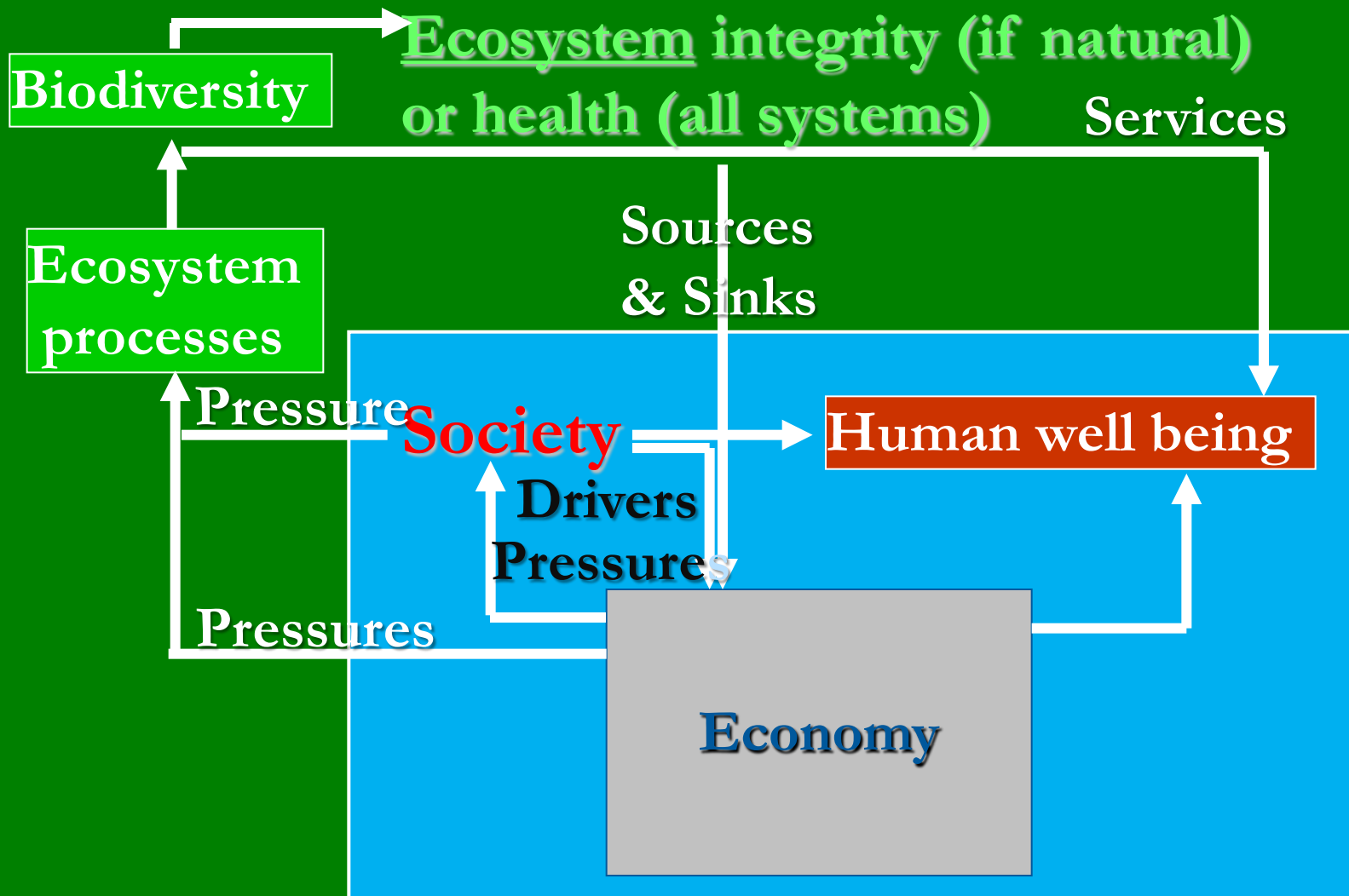
- then pricing it is the solution, and the market will do the rest.

“An ideal instrument for ideal markets in an ideal world” (Potocnik)

“Everything has either a price or a dignity. Whatever has a price can be replaced by something else as its equivalent; on the other hand, whatever is above all price, and therefore admits of no equivalent, has a dignity.”

Immanuel Kant
Foundations of the Metaphysic of Morals
p. 53

The World according to ecological economists



If the economy is part of nature

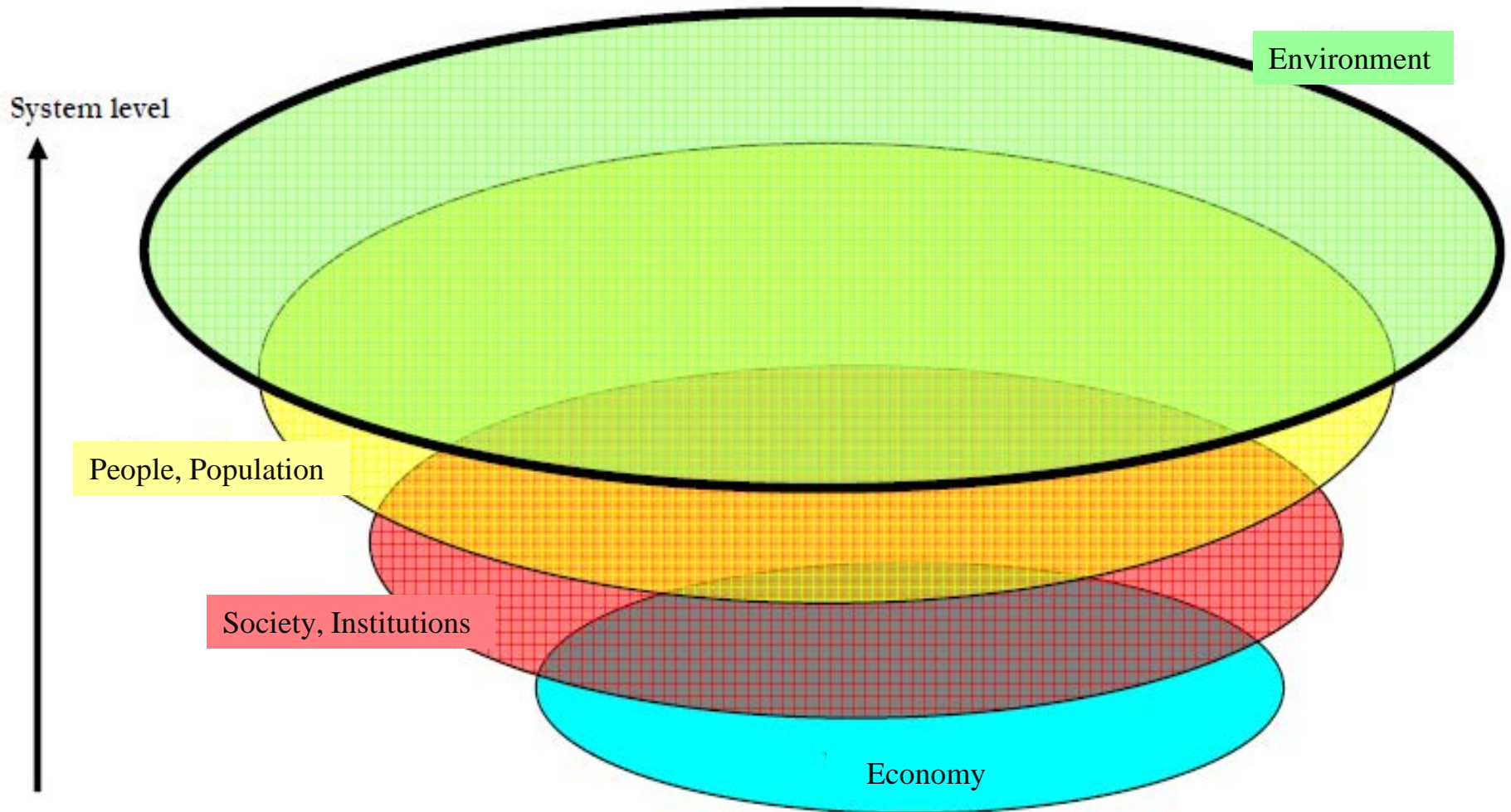
'economic laws' do not necessarily apply:

- there may be no equilibrium,
- supply may not match demand (e.g. for elements of the natural capital),
- the economic optimum may not be ecologically optimal (extinction can be),

but natural laws do:

- entropy accumulates, resources are scarce and run out, search for substitutes may fail, social and eco-systems can collapse, there are tipping points, real processes are not reversible.

Embedded system levels: Disembedding as crisis (Polany)



This ontological dispute.

- determines which kind of policies are recommended,
- is decisive for the kind of green growth policy pursued and the role of **economic instruments only make sense if used to generate incentives triggering innovation and modifying behaviour.**

Market failures must be corrected

The market is a tool and must not be allowed to set targets.

Government must not serve the market, but control, correct and complement it

with social, developmental & environmental targets, and a long-term vision

Politics is responsible for

- distributional justice and social equality;
- gender justice, equity & non-discrimination;
- good work (minimum standards for work quality and salary levels, cooperation with business stakeholders);
- poverty alleviation (hardly attractive for business) and inclusiveness;
- compatibility with social, cultural and political values

The need to re-think thinking

- From the first school day in competition;
- **Narrow minded academic education;**
- **No job where not more income is the reward for good performance, but less work;**
- **Poverty is considered an individual failure;**
- **Sharing is weakness, wealth is strength, nobody wants to pay the price for justice (incl. gender & global justice) to end our parasitism on humans and nature;**
- **We need to free our minds from their neoliberal-capitalist occupation.**



*Thank you for
your attention*

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- “The troubles of the 20th century are not unlike those of adolescence – rapid growth beyond the ability of organizations to manage, uncontrollable emotion, and a desperate search for identity.
- Out of adolescence, however, comes maturity in which physical growth with all its attendant difficulties comes to an end, but in which growth continues in knowledge, in spirit, in community, and in love; it is to this that we look forward as a human race” (Boulding 1973).