

Outline Lecture 6
The Market, Power & the Environment
September 23, 2006

Five Explanations for Environmental Problems:

I. INDIVIDUAL ATTITUDES AND BEHAVIORS

Example: recycling = a free rider problem

II. NEGATIVE EXTERNALITIES: of Firms and individual choices

1. Negative externalities of Firms:

Examples:

- Nitrogen fertilizer & farming
- Love Canal: toxic dumping by chemical firm

2. Negative externalities of individual choices and strategies

Example: Energy choices

- US = 5% of world's population consumes 25% of world's energy
- Depletion of resources = *negative externality for future generations*.
- Solution: affirmative state to *internalize the costs* to future generations

Example: Automotive choices: SUV's impose environmental externalities.

Example: NIMBY movements [NIMBY = not in my back yard].

Result = "environmental injustice": poor people disproportionately bear costs.

III. CORPORATE POWER & THE ENVIRONMENT

Example: Energy Development and Choices

- oil dependency: result of pro-oil government policy, not economic necessity
- nuclear industry: result of government subsidy
- energy subsidies by the government reflect power, not pure market forces

**IV. CULTURAL EFFECTS OF HYPERCAPITALISM:
RELENTLESS CONSUMERISM**

1. Consumption vs leisure bias

2. Under-pricing of natural resources in what we consume

V. MARKET IDEOLOGY BLOCKS SOLUTIONS