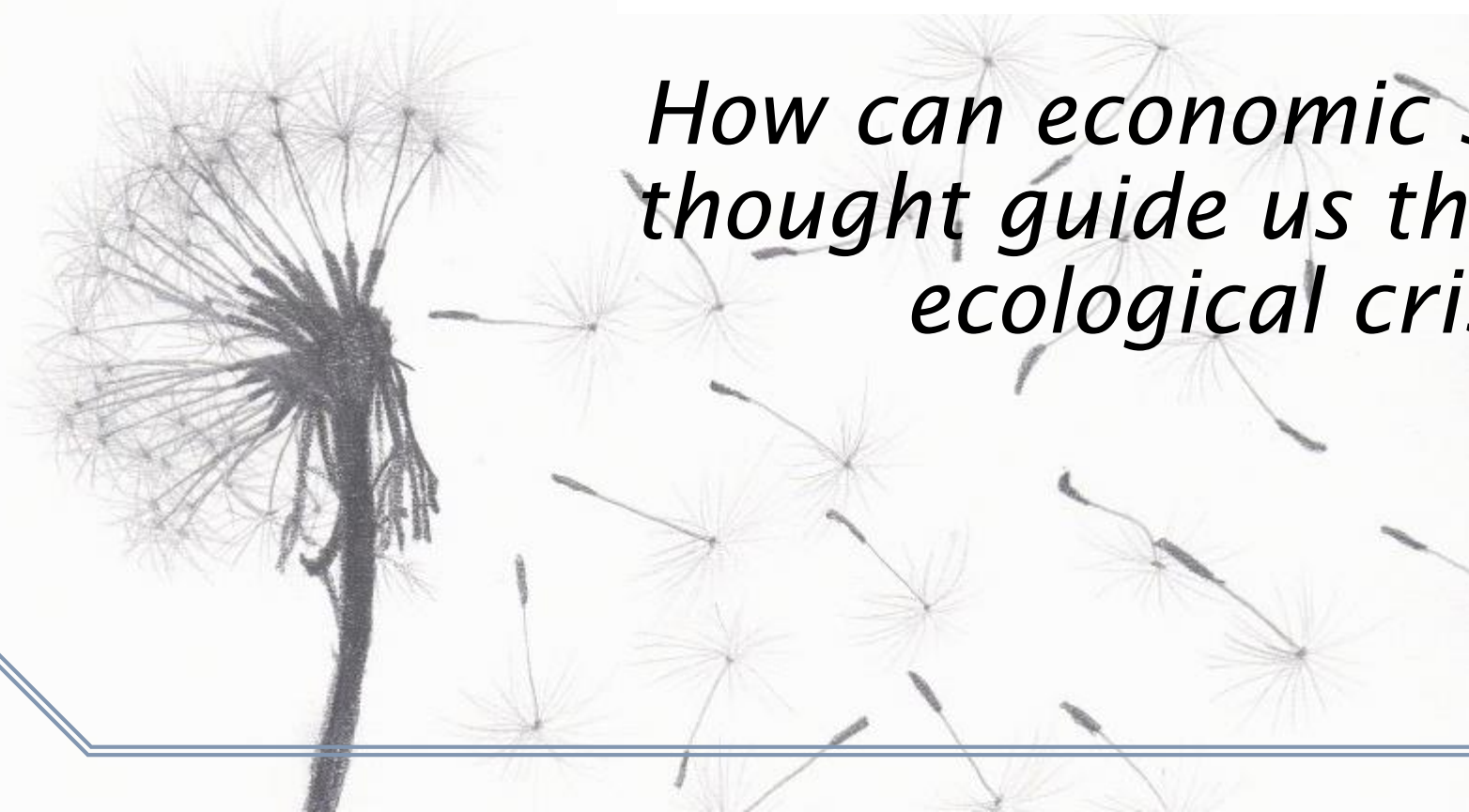


Perspectives on the environment

*How can economic schools of
thought guide us through the
ecological crisis?*



Content

1. Diversity of Perspectives in Economics
2. Embeddedness
3. Path Dependency
4. Care
5. Power
6. State Action
7. Conclusion

Pluralism exists within economics

There are many different theories which can be used to understand economic problems.

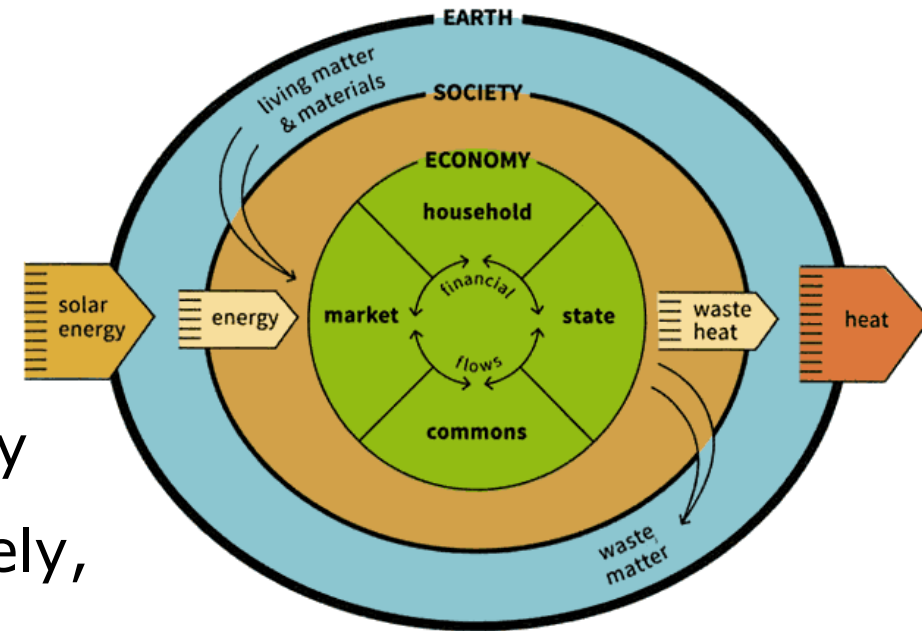
Many of these theories are organized into schools of thought which have shared research topics, methodologies and key concepts.



Ecological Economics is dedicated to understanding the links between economy and the environment.

Ecological Economics considers the economic system is embedded within the ecosphere and society.

→ Social and economic activities are constrained by ecological and biophysical processes and reversely, they have a major impacts on the ecosystems.



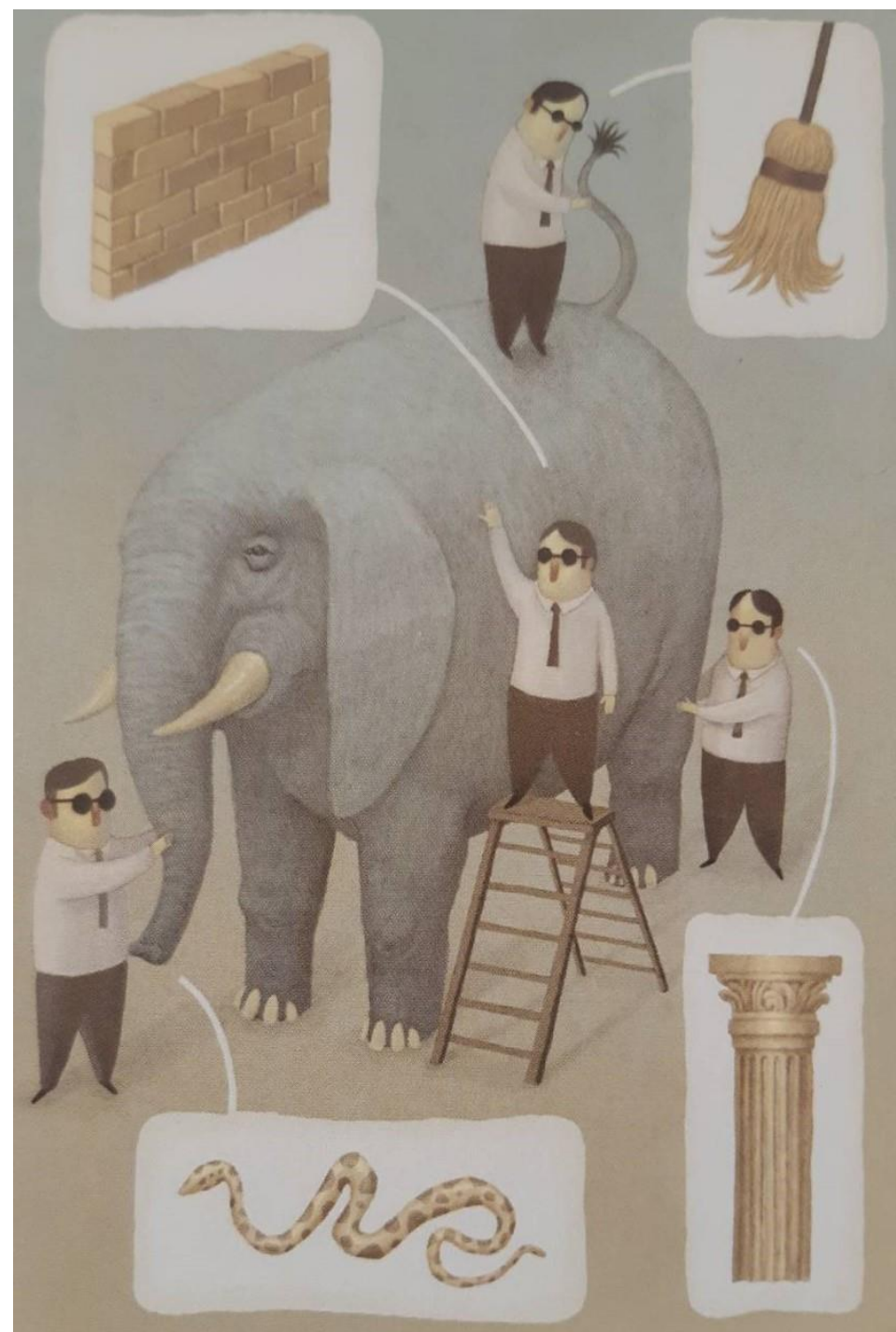
A central question is *how to achieve wellbeing for all, within planetary boundaries?*

Other theories also have important things to say !

We will explore a few concepts from different schools of thought and their relation to the environment and the ecological crisis.

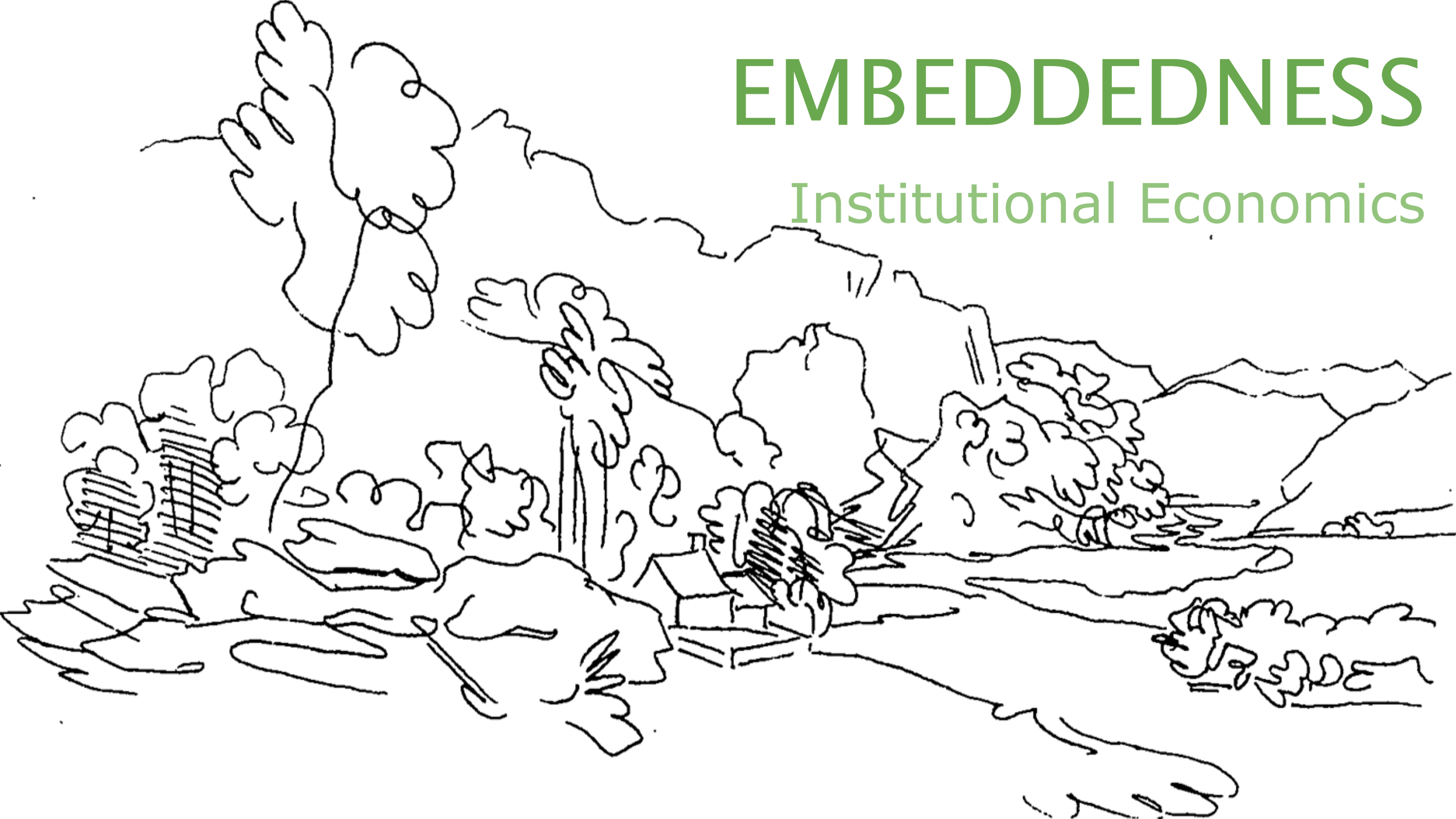


Building from
different perspectives
brings new insights



EMBEDDEDNESS

Institutional Economics



Institutional Economics

- Institutional Economics focuses on understanding how concrete socio-historical factors shape the functioning of the economy.
- An important thinker of Institutional Economics is *Thorstein Veblen* (1857–1929).
- The concept of EMBEDDEDNESS is associated to *Karl Polanyi* (1886-1964).



Examples of EMBEDDEDNESS applied to the environment

In Texas, people owned the minerals under their land and could become billionaires when they found oil. In Norway, the state owned the oil and invested the revenues in public services.



Examples of EMBEDDEDNESS applied to the environment

Many indigenous cultures have kinship ties with the environment, which emphasize the need for regenerative activities.



Activity

✓ Name social or legal institutions, which enable people to protect the environment

✗ Name institutions, which accelerate the destruction the environment



SECTION OF FINE ARTS
FEDERAL WORKS AGENCY - PUBLIC BUILDINGS ADMINISTRATION
"Good News and Bad" by DAVENPORT GRIFFEN
Color Design for Mural in Flora, Illinois, Post Office

PATH DEPENDENCY

Evolutionary Economics



What is PATH DEPENDENCY?

Path Dependency means that events in one period shape the possibilities in the next.

Small changes now can set us down a different path for the future.

Decisions can be “locked in” over time, making them hard or impossible to change.



PATH DEPENDENCY in economics

Because of path dependency,
history matters!

How an economic system
developed is important for knowing
how it might change in the future.

Economists can study processes of
change to understand how the
economy could evolve

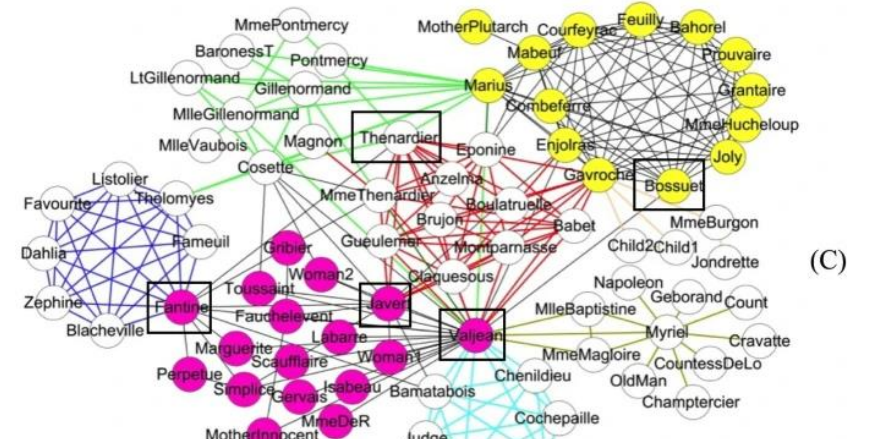
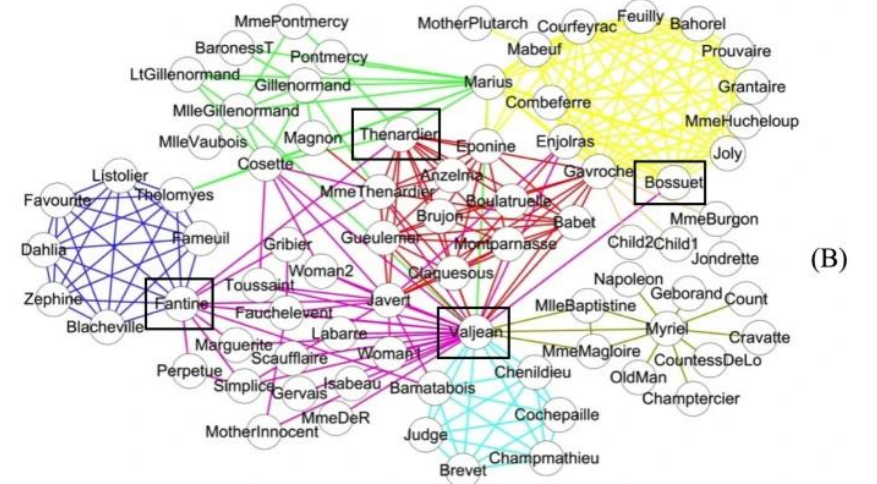
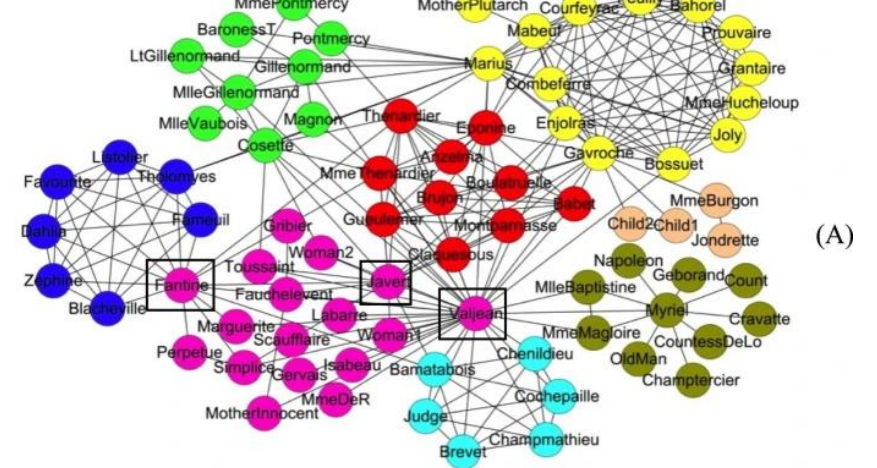


Evolutionary Economics

Evolutionary Economists study how the economic system changes over time.

They are interested in process of innovation, transformation and systemic change.

Path Dependency is a key concept for Evolutionary Economics.



Examples of PATH DEPENDENCY applied to the environment

By building extensive road networks, cars became the easiest mode of transportation in numerous cities.



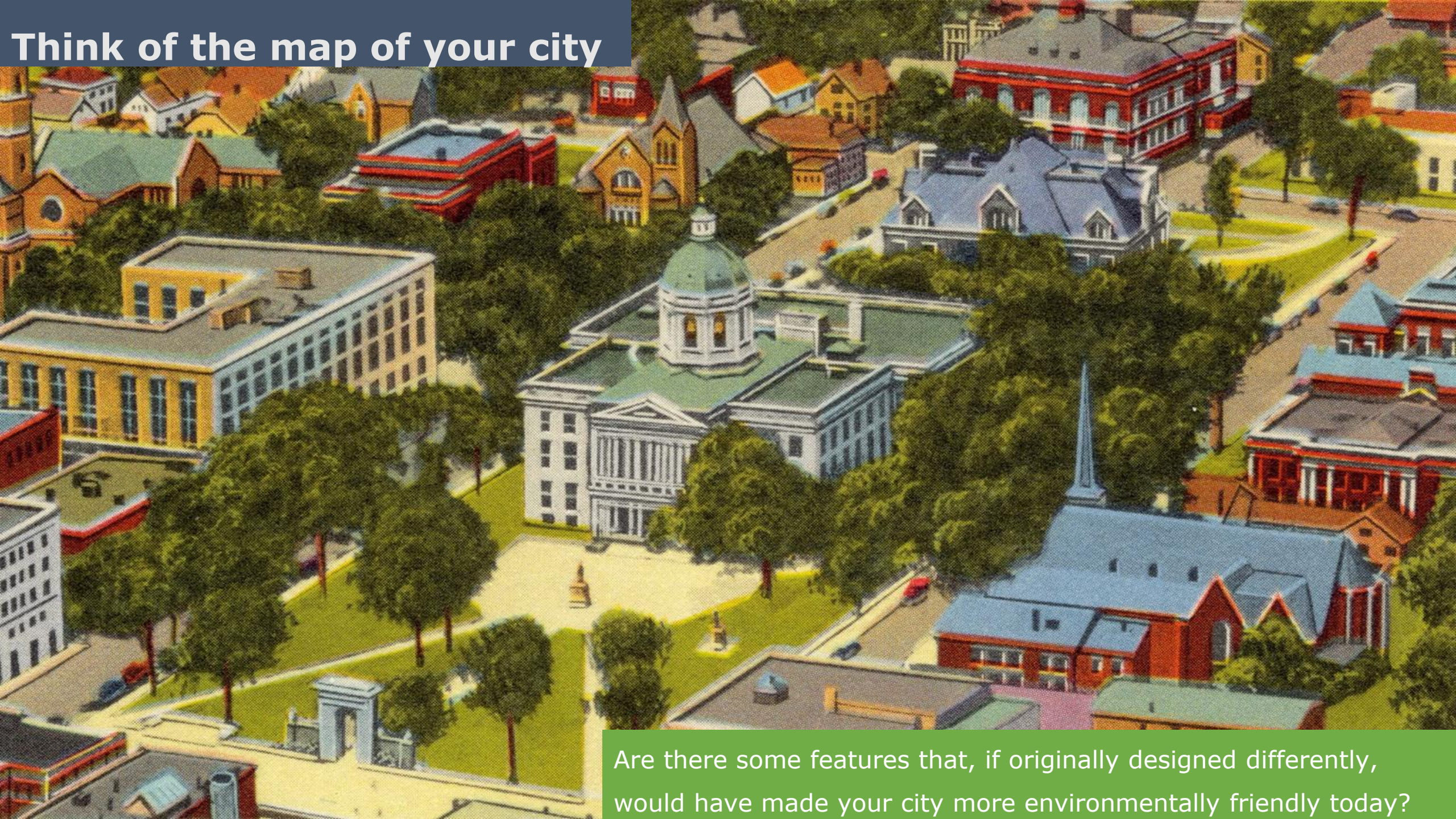
Examples of PATH DEPENDENCY applied to the environment

Big investments in solar energy after the 2008 Global Financial Crisis helped improve the technology so much that it became the main renewable option along with wind.

Other renewable sources, like geothermal, are now relatively more expensive, compared to cheap solar.



Think of the map of your city



Are there some features that, if originally designed differently, would have made your city more environmentally friendly today?

CARE

Feminist Economics



What is CARE?

- Care is relational activity provided by a caregiver to a care receiver.
- It involves emotions and intimacy as well as asymmetrical power relations, limited autonomy, and vulnerability.



Care activities include

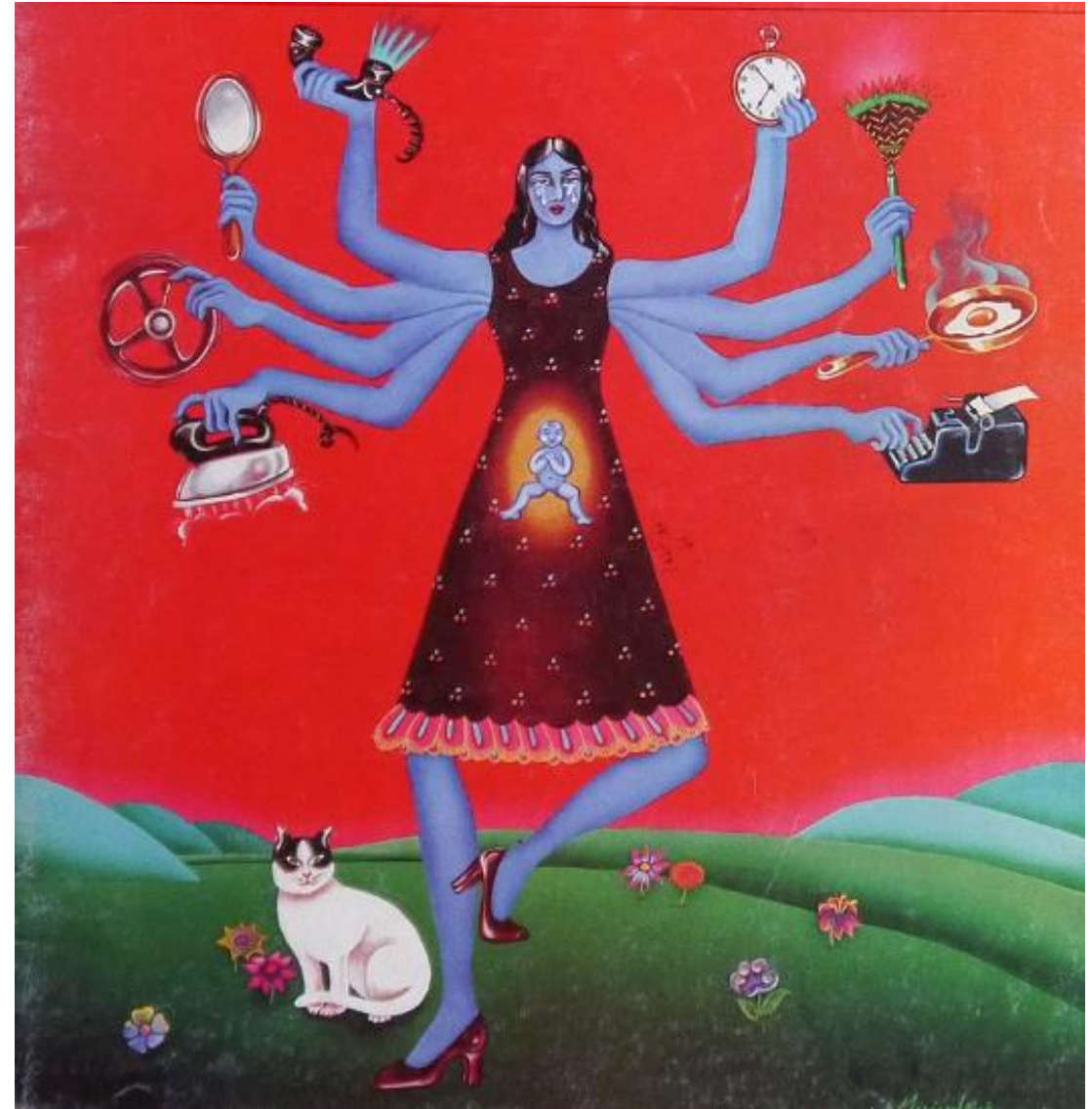
→ Raising children, caring for the elderly, cooking for flatmates or participate in a community garden.

It can be paid like nurse and teacher, but is often unpaid like housework and volunteering.



Feminist Economics

- In the 1970s, economists criticized mainstream models for treating women and their work as accessory 'distortions'. This critique evolved into a new discipline.
- Feminist Economics studies the numerous interrelationships between gender and the economy.
- It recognizes that large part of economic activities occur outside formal markets and paid work.



Examples of CARE applied to the environment



Regenerative activities play an essential role to foster sustainable futures. It includes activities like community involvement and work at community garden.

Caring activities use a relatively small amount of energy and materials inputs.



Activity

- Think about what caring activities you have benefited from this month.
- Identify regenerative care work that you could do to contribute to solving the ecological problem.



POWER

Marxist Economics

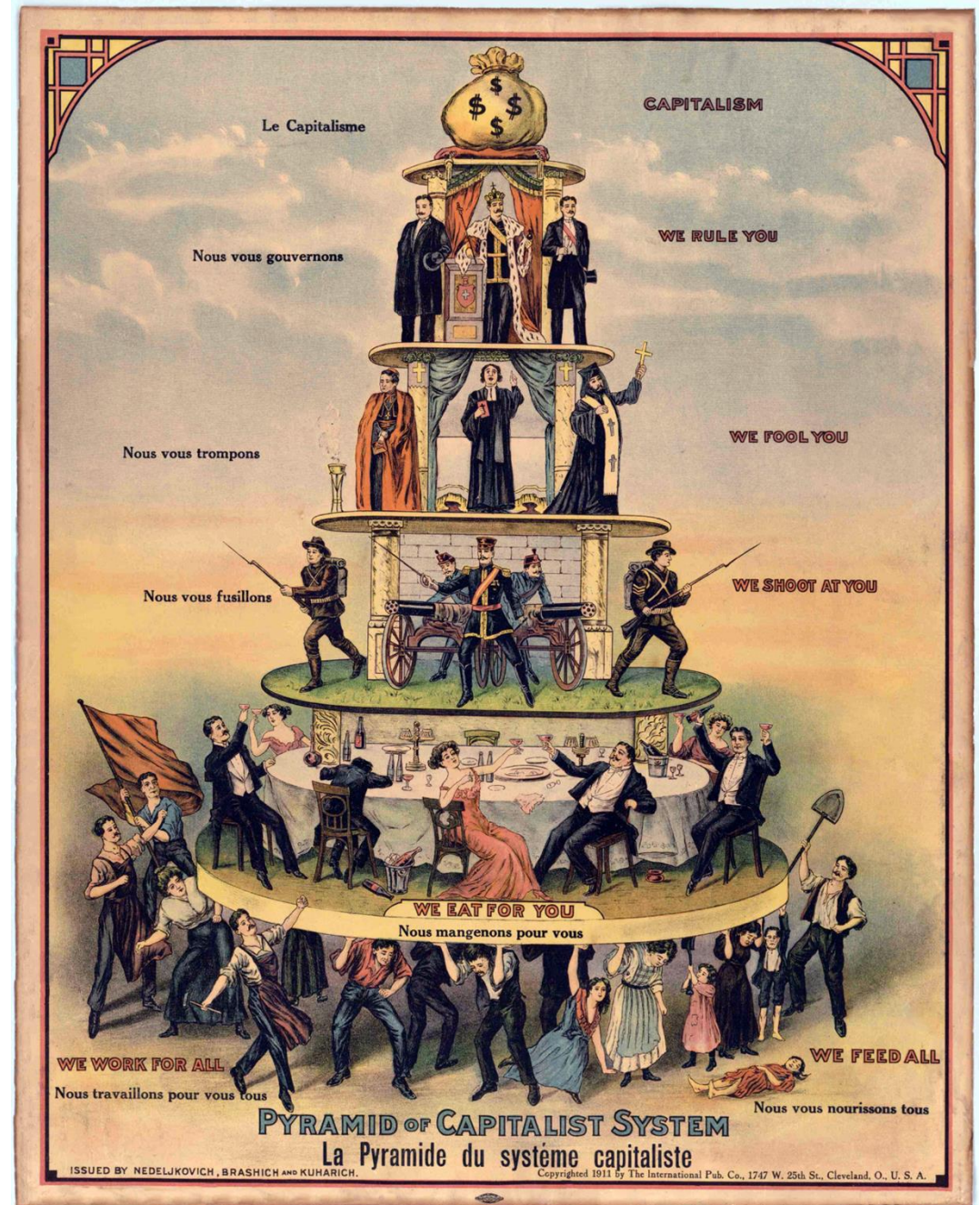


What is POWER?

Power is the ability to control people or things.

Power imbalances are a defining feature of capitalist economies.

To understand an economic system you need to know who controls the money, machines and workers that make that system work.



In economics POWER helps us understand

- What policies are made by governments?
- Who decides what businesses do?
- Where do new factories get built?
- Why are some people vulnerable?
- How much do you get paid?
- Which countries make the rules for trade?

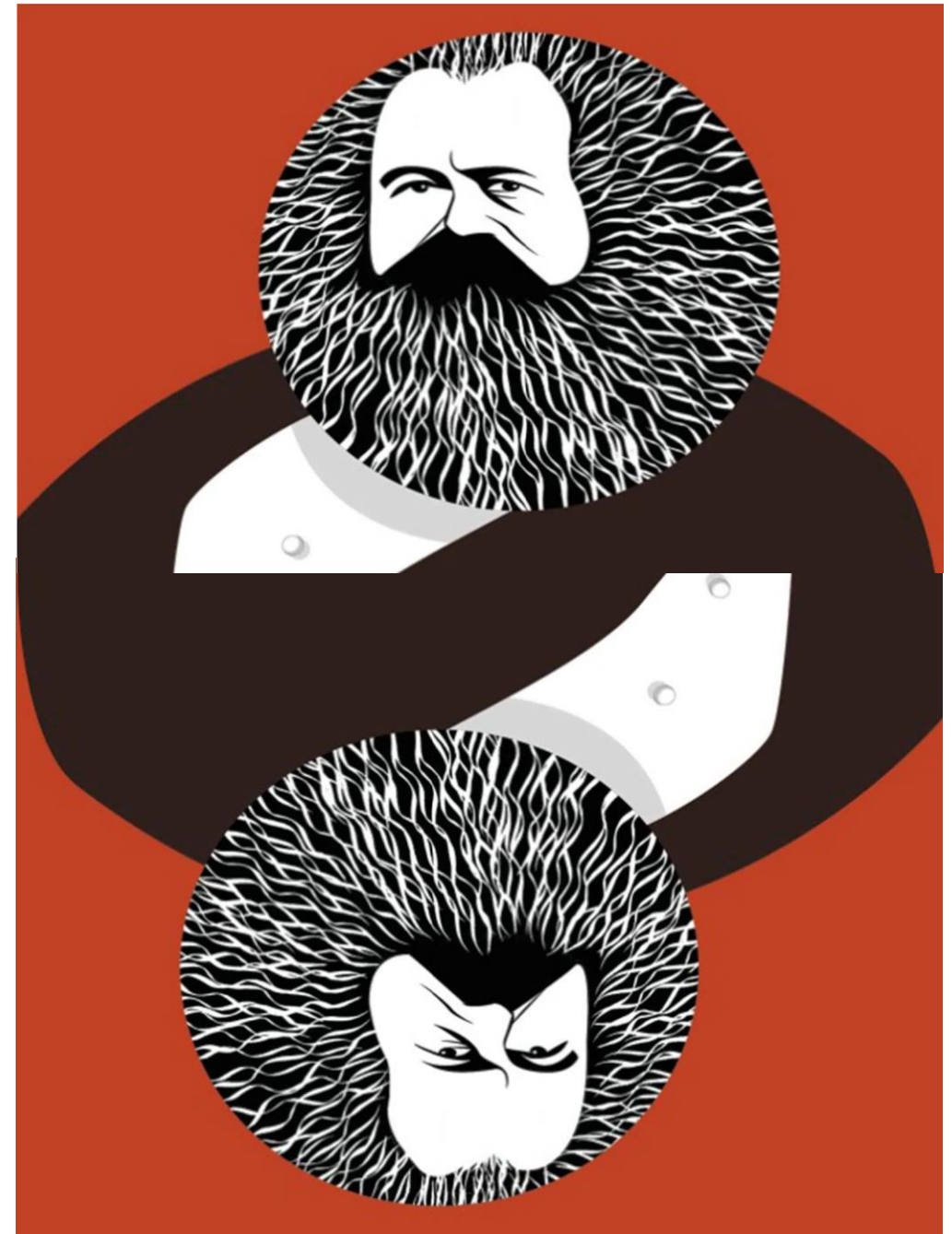


Marxist Economics

Marxist economics is based on the writings of Karl Marx (1818 -1883), which focused on how the Capitalist system worked.

Marx investigated how relationships between workers and capitalists created a system, which was both incredibly productive and incredibly unstable.

Power is a key concept in Marxist economics.



Examples of POWER applied to the environment



- A polluting power plant is built in a poorer neighborhood where residents are less able to resist it.



- An international treaty on carbon emissions sets rules which are more favorable to larger, richer countries than poorer, smaller countries.

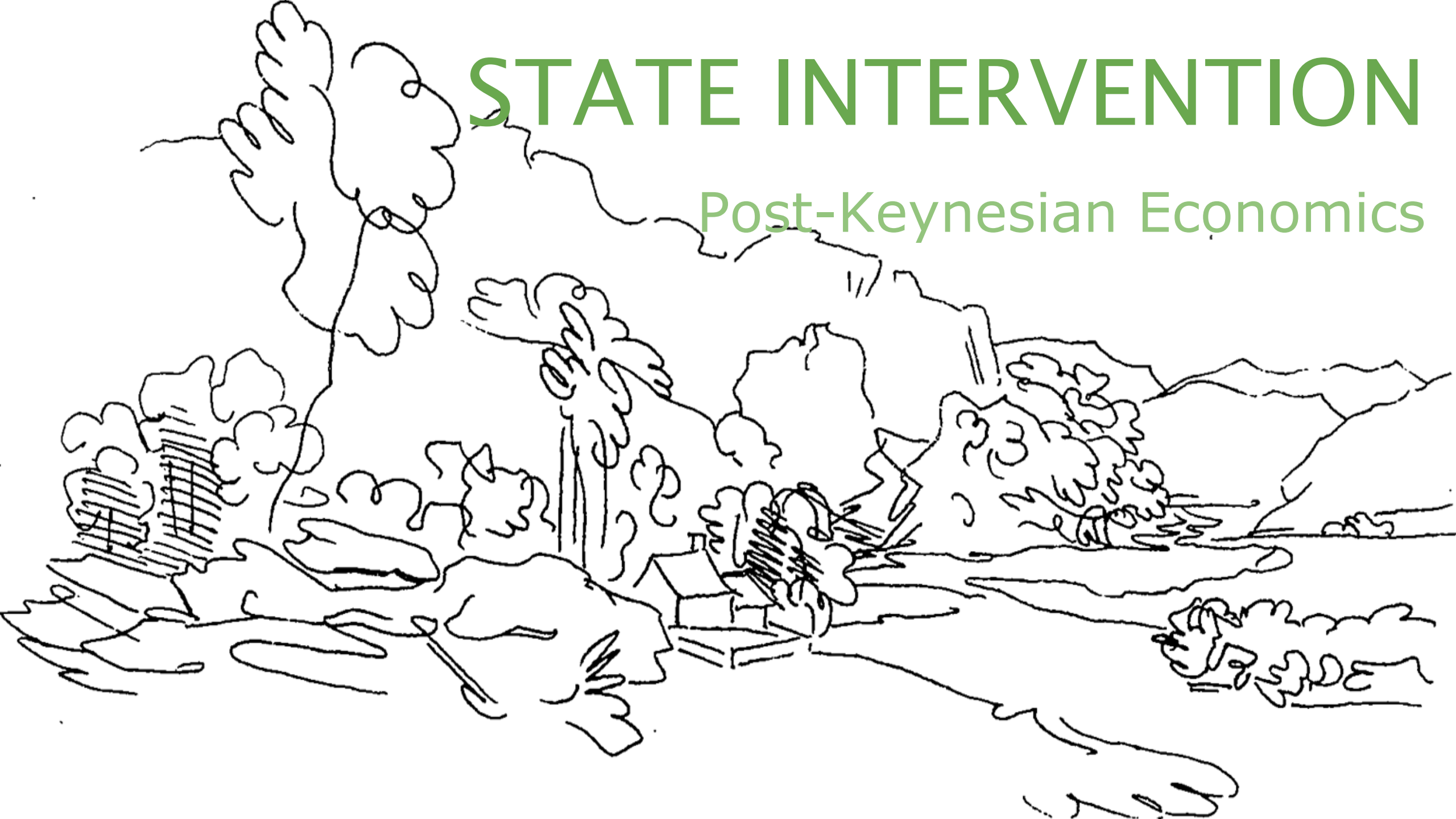
Activity: How does power play a role in the transition away from fossil fuel?



- Who currently has power over how we make electricity?
- In which ways does this power keep change from happening?
- How could changes in who has power allow for something new?

STATE INTERVENTION

Post-Keynesian Economics



What is STATE INTERVENTION?

State Intervention is the idea that governments should be active participants in guiding economies.

Markets are not some natural phenomenon that automatically create certain results, but are human constructs which are shaped by policies and laws.

By managing the economy, governments can solve economic problems like unemployment while balancing social and ecological concerns.



States can boost the economy by spending money

Many economic applications of State Intervention are based on the idea that economies are usually not limited by how much they can produce, but instead by how much people are able to buy.

To create jobs and more growth, governments can spend money and keep the level of demand in the economy high.



The Post-Keynesians

Post-Keynesians have developed from the ideas of British economist John Maynard Keynes (1883-1946).

Post-Keynesians focus on the role of demand in the economy, the way money is created and the instability of the financial system.

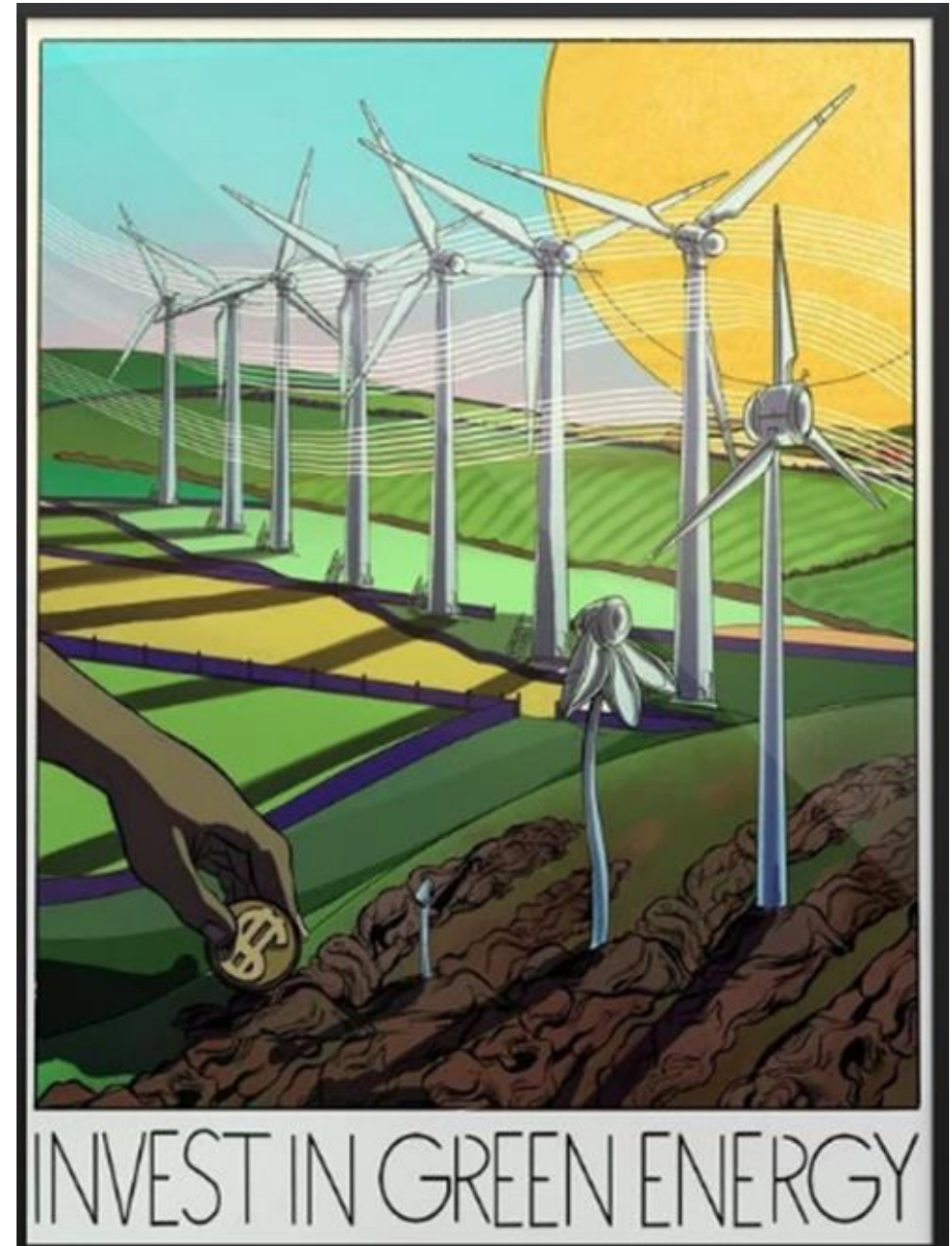
State Intervention is a key conclusion of Post-Keynesian economics, as governments can stabilize and calm an otherwise volatile economic system.



Examples of STATE INTERVENTION applied to the environment

Government creates jobs to replace jobs lost during the energy transition.

Investment in green technology can be made directly by the government in a “Green New Deal”.



Activity: Create your own Green New Deal



- What 5 policies are included?
- What order should the be done in?
- What limits will your plan face?

Optional Homework

Select a concept from one economic school of thought. You should choose a concept that you find relevant to analysis the climate crisis.

Define the concept and discuss its relevance in an academic poster.

You can use the Introduction to Pluralist Economics and the Exploring Economics website to understand better the school of thought.

