

Introducing Environmental Economics with the Use of Customised Relationships

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Abstract

Even though teachers have employed real-world situations in introductory economics classes for more than three decades, students still believe that economics has little bearing on their day-to-day lives. I offer three lesson plans on pollution externalities in an effort to raise students' awareness of their significance and make learning about environmental issues "more helpful for more people." I provide students a fresh, contextually rich problem that enables them to relate personally with regional environmental quality metrics. There are two more modules included. Students are exposed to the interdisciplinary area of environmental justice in the second module.

Keywords: Environmental economics • Customised relationships • Economics

Introduction

The final module illustrates how, in a society with transaction costs, Nobel Prize winner Ronald Coase's influential and contentious idea concerning reciprocal harm can help foster critical thinking about negative externalities. Even though real-world issues are being studied more frequently in undergraduate economics classes, many students today still do not believe that beginning courses are pertinent to the choices they will make in the future. Additionally, students who have historically been discouraged from the area (such as women and members of underrepresented racial and ethnic groups) believe the course is less applicable to their experiences. Many economists contend that as a result, we should put more effort into creating examples that are applicable to students' lives and avoid ignoring crucial facets of the problems being examined. In other words, educators must take advantage of the chance to make economics "more valuable to more people" new context-rich problem formulation and a Nobel Prize winner's [1].

The final lesson demonstrates how students can use concepts from a Nobel Memorial Prize in Economic Science winner to relate to and take into account various economic and societal goals. In particular, Module demonstrates how Ronald Coase's renowned and contentious finding regarding reciprocal harm might aid in fostering critical thinking about negative externalities in a society where transaction costs exist. Students in this scenario think about how the legal system may select liability laws to support various economic and social objectives, such as environmental justice. In summary, Module 3 urges educators to follow Coase's guidance and join the real world, look beyond the famed negotiation result in a world with no transaction costs (also known as the "Coase Theorem"), and take into account issues beyond efficiency. I offer advice for putting each module into practise as I wrap up the post. I've combined and modified one or more modules in the past, observed student reactions, and adjusted them to make the economics principles course activities more relevant for first-year students. Each encounter improved my ability to weigh

tradeoffs and shaped my current recommendations for how teachers might enhance their current method of introducing environmental economics [2].

The theory and applied tools of environmental economics are uniquely positioned to educate and direct decision-makers in addressing environmental challenges across a broad range of issues, including biodiversity loss and fisheries management, sustainable economic development, and the creation of international environmental agreements. The most serious environmental issue currently affecting the planet is climate change, and environmental economics' lessons and techniques are extremely useful for considering and solving this global economic issue. The course will teach you how to analyse, evaluate, and value a variety of environmental issues and policies using economic theories and quantitative methodologies. When applying the theories and methods of environmental economics, you'll start to appreciate how crucial the political-economic backdrop [3].

Description

A branch of economics that focuses on environmental issues is called environmental economics. Environmental Economics is a branch of economics that conducts theoretical or empirical research on the financial impacts of global national or local environmental policy. The costs and advantages of alternative environmental policies to address issues with air pollution, water quality, dangerous compounds, solid waste, and global warming are particular concerns. Market failure is a fundamental notion in environmental economics. Failure of the market to allocate resources effectively is referred to as market failure. When the market does not distribute scarce resources to maximise societal benefit, a market failure occurs. There is a gap between what a private individual performs at market rates and what society may desire them to do. Such a wedge implies waste or inefficiency; resources can be redistributed to benefit at least one individual while causing no harm to anyone else. Externalities, non-excludability, and non-rivalry are examples of common market failures. Although there are some differences, environmental economics and ecological economics are connected. The majority of environmental economists have economics backgrounds. They use economic strategies to solve environmental issues, many of which are connected to situations known as "market failures"-circumstances in which the "invisible hand" of economics is faulty. Resource economics and environmental economics were historically separate disciplines. When the best commercial exploitation of natural resource stocks was the primary interest of scholars, the discipline of natural resource economics was born. However, resource managers and decision-makers eventually started to focus on the greater significance of natural resources. Since the two become linked to sustainability, it is now challenging to identify environmental and natural resource economics as separate fields. The more extreme green economists broke off to develop a different political economy.

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The theories of natural capitalism and environmental finance, which could be considered to be two sub-branches of environmental economics concerned with resource conservation in production and, correspondingly, the worth of biodiversity to humans, were greatly influenced by environmental economics [4,5].

Conclusion

The natural capitalism idea goes beyond conventional environmental economics by imagining a society in which natural services are valued on a level with tangible assets. The more outspoken Green economists reject neoclassical economics in favour of a new political economy that goes beyond capitalism or communism and places more focus on how human society and the environment interact, understanding that "economy is three-fifths of ecology". This method assumes that externalities always cause market failure in the real world. Externalities are market flaws when there is no price for a good or a bad thing. For instance, smoke released from a factory located in a residential area has a negative impact on the residents' health and possessions. In this case, the factory profits at the expense of the residents who must spend more money to maintain their own health and the cleanliness of their homes. Due to negative externalities, which are greater than both the private marginal cost and the social marginal gain, they are social marginal costs. Pigou advocates government intervention to safeguard society's gains by enforcing a pollution tax or providing subsidies to businesses that reduce pollution.

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Conflict of Interest

None.

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