Economics and the Environment

Economists, politicians, and environmentalists came up with the concept of “sustainable growth”—both economic development and environmental protection are considered when producing a development plan for a nation. Some people see the relationship between economics and the environment as strained and getting worse. Others view policies protecting the environment as harmful to economies and ultimately harmful to the environment. The selections below examine these different perspectives.

**A PRIMARY SOURCE**

**Lester R. Brown**

Lester R. Brown is president of the Earth Policy Institute, which researches how to attain an environmentally sustainable economy and assesses current economic programs around the world.

Most decisions taken in economic policy are made by economic advisors. You can see this in the World Bank’s annual development reports where they see the environment as a sub-sector of the economy. However, if you look at it as a natural scientist or ecologist, you have to conclude that the economy is a subset of the earth’s ecosystem. . . .

Many of the problems that we face are the result of the incompatibility of the economy with the ecosystem. The relationship between the global economy, which has expanded sixfold over the last half century, and the earth’s ecosystem is a very stressed one. The manifestations of this stress are collapsing fisheries, falling water tables, shrinking forests, expanding deserts, rising carbon dioxide levels, rising temperatures, melting ice, dying coral reefs, and so forth. Not only is this a stressed relationship but a deteriorating one.

**B PRIMARY SOURCE**

**The Liberty Institute**

The Liberty Institute is based in India and seeks to strengthen individual rights, rule of law, limited government, and free markets.

The market is the natural ally of the environment. Environmental resources, like other economic resources can be most efficiently allocated if these are brought under the discipline of the marketplace. It is ironic . . . [that] rather than creating a market for environmental resources, new restrictions are being imposed on the economy in the name of protecting the environment.

Environmental quality is like a value-added product that becomes economically affordable and technologically viable with economic growth. It is no paradox therefore that the environment is much cleaner and safer in industrially developed countries that adopted a more market-friendly approach. . . .

The market allows the consumer to register his price preference for a particular quality of product, including environmental quality.

**C POLITICAL CARTOON**

**Chris Madden**

Educating through humor, cartoonist Chris Madden illustrates the close connection between the environment and economics. A “ship of fools” is a metaphor for human weakness.

**Document-Based Questions**

1. Compare Sources A and B. Which perspective do you support? Why?
2. In your own words, describe the meaning of the cartoon in Source C.
3. Research an environmental issue facing your community and how economics is a part of the debate. Present your findings to the class.