



**Green Economy and Sustainable Development:  
Bringing Back the Social Dimension  
CONFERENCE**

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**The Social Dimensions of Carbon Trading:  
Contrasting Economic Perspectives**

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# Outline

- **carbon trading & economic perspectives**
- **the **environmental** economic perspective**
- **the **ecological** economic perspective**
- **the **institutional** economic perspective**
- **the **property** economic perspective**
- **conclusions**

# Carbon trading and economics

## ISSUE & APPROACH

- **carbon trading as policy instrument**
- **economic conventional rationale**
- **monolithic vs. pluralistic position**
- **different perspectives ↔ different diagnosis**
- **review of economic perspectives**

# Environmental Economics

## PERSPECTIVE

- **neoclassical framework**
- **externalities, internalisation & monetisation**
- **monetisation limits (complexity, time scales, irreversibility)**
- **ecological boundaries & environmental policies**
- **market as cost-effective env. policy instrument**

# Environmental Economics

## DIAGNOSIS

- **cap & trade principle**
- **rationale: GES reduction at lowest cost**
- **carbon market & commodity creation**
- **emission allowances & offset credits**
- **debated issues**
- **theoretical perspective unquestioned**

# Ecological Economics

## PERSPECTIVE

- **departs from mechanistic epistemology**
- **ecology-economy interactions (biophysical appraisal)**
- **econ. process : energy-matter transformation**
- **throughput & qualitative differences (entropy)**
- **ecological sustainability & entropic degradation**

# Ecological Economics

## DIAGNOSIS

- **fossil vs biotic carbon: no ecological substitutes**
- **hybrid trading: ecologically senseless & perilous**
- **fossil vs biotic carbon: no economic substitutes**
- **CO<sub>2</sub> emissions control: strategic**

# Institutional Economics

## PERSPECTIVE

- **market: socially embedded** (institutionally delineated)
- **institutional diversity**
- **dual nature & triadic relations**
- **normative nature & formal responsibility**
- **cost frontier & institutional strategies**
- **power asymmetries → asymmetric governance**



# Institutional Economics

## DIAGNOSIS

- **market extension & commodity expansion**
- **vested interests' institutional compatibility**
- **exclusive rights' corollary: social exclusion**
- **global market, CO<sub>2</sub> control & competition**

# Property Economics

## PERSPECTIVE

- **property: constitutive institution of capitalism**
- **property title, security & capitalisation**
- **proprietor' cumulative enrichment**
- **capitalist requirements (solvency, profitability, time pressure)**
- **capitalist normative hierarchy (economic rationality)**

# Property Economics

## DIAGNOSIS

- **temporary rights & institutional lock-in**
- **carbon commodities as income security**
- **capitalisation value & capital attraction**
- **carbon control-based econ. growth**
- **capitalising commodities: carbon finance**
- **carbon finance instability & vulnerability**

# Conclusion

- ❖ **standard perspective:**  
*CT shows limitations but is overall reliable*
- ❖ **alternatives perspectives:**  
*CT seen as an institutional innovation that shows compatibility with the industrial & capitalist development mode (potentials, constraints & limitations)*
- ❖ **growth-inducing, ecologically perilous & socially inequitable tool**
- ❖ **different perspectives ↔ different solutions**