

Climate Problems ‘out there’ are Problems ‘in here’ and How Intertwining them

Benjamin Garcia-Paez*

Professor of Economics, UNAM, and Fellow of Clare Hall College Cambridge, England

ISSN: 2576-8816



***Corresponding author:** Benjamin Garcia-Paez, Professor of Economics, UNAM, and Fellow of Clare Hall College Cambridge, England

Submission: 📅 January 17, 2024

Published: 📅 January 23, 2024

Volume 10 - Issue 5

How to cite this article: Benjamin Garcia-Paez*. Climate Problems ‘out there’ are Problems ‘in here’ and How Intertwining them. Res Med Eng Sci. 10(5). RMES.000747. 2024. DOI: [10.31031/RMES.2024.10.000747](https://doi.org/10.31031/RMES.2024.10.000747)

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Opinion

A hurdle to be addressed in environmental and ecological issues as within countries as between them is rooted either in individual or collective judgements often derived from their own perception of the scale of responsibility in their causes, worsening, and then who must pay more for remedial and prevention measures. Generally, this entanglement - often meddled with sovereignty arguments- used to end up in deepening problems and the deferral of tangible action. As the climate change has happened, putting forward other strategic elements into play is urgently needed so to connect the agenda of the current institutional framework dealing with natural and man-made factors provoking nature imbalance with a broader scheme by which society could make its contribution through a sort of piecemeal but effective policies.

The adding up of the underlying potential of the so-called third sector, namely clubs, trade-unions, civil associations, Non-Governmental Organizations, charity foundations, and even local governments among others; onto our common objective of taking care of environment, it is necessary to analyse their grouping behaviour through a new conceptual prism to realise how proximity, solidarity and generosity has just become a pattern of conduct and the practice of many small civil organizations which resolutely refused continue to see nature resources to shrink and are dispose to restore the habitat of their animal and plants even when they do not have enough to live on, let alone give from.

At outset, however, this proposal does mean neither dismissal nor weakening of the prevailing economical-legal-political bedrock of management of environmental and ecological problems, but the supplementary incorporation of such forms of civil organization insufficiently deployed thus far. Even more, the abandonment of the economic approaches and methodologies, for instance, not only it would be something wrong, but we would incur in supressing some distinctive reflections and contributions stemming from the economic science in the dissection of the ecology of the air, water, and land in or on which people, animals and plants live. In this endeavour not only the use of economic lens is required to examine that kind of situations but also the ones advocated here, which enable us to filter out the most significant lines of enquiry in a complex debate.

To illustrate the kind of new lens to exam such things, let us refer to one recurring situation on the macroeconomics of any country. Banking distress which might cause a banking crisis as that of 2007-2009; is defined as the situation where the advent of deposit insurance or implicit guarantees use to allow that an insolvent financial institution to stay in business so long as its liquidity position remains manageable, mainly because of central Bank assistance. Continuing banking distress perpetuates situations in which banks alone could not stand without the intervention of the central Bank. If banks do not behave efficiently,

distress prolongs resource misallocations that might precipitate distress conditions. This provides incentives for further risk taking. The decision of banks to undertake risky lending in the presence of government guaranties of deposit insurance is sometimes referred to as moral hazard. If banks are insured, or otherwise protected by the government, they undertake riskier loans than if they were not. The larger the share of risky loans, the bigger the possibility of default and of bank crisis.

In a nutshell, moral hazard situation refers to a scenario where one party takes excessive risks knowing that they won't carry the heavy burden of its responsibility in complete awareness that the social or contractual structures increase the likelihood that someone will do the wrong thing and walk away with apparent impunity. So a moral hazard might be the risk that you incentivise actions that lead one to default a contract that could otherwise have been honoured, or perhaps to rely on state support when in other circumstances they might have been happily independent; or to switch from the individual to the social and political, that risk that you incentivise governments to "price in" support from scarce fiscal resources when they assess levels of social need, and hence to embed into the baseline of a system what was supposed to be an additional and generous support in a time of crisis.

A similarly situation is happening in the interface between nature and humans conceived as a market. If a side to a transaction fail to do their task, it is the other party that bears the risk. Given the institutional framework prevailing, one might incentivise someone else to do the unfair thing, to take advantage of another person when they should be fulfilling their own part. However, a moral hazard on environmental and ecological grounds is not just another common business risk that means that you might lose out with a sort of central bank as we have only one planet restricted in resource, and neither can be mitigated with conventional measures.

Notwithstanding, the point is that such behaviour seems to have permeated into every section of society and has worryingly become a sort of cultural pattern. Despite of both calls from United-Nations' SDGs to improve of planet and the quality of life, and that the mean temperatures have risen and are going to carry on rising, making true a greater probability of weather extremes; a noticeable disarray is taken place in our society. Not only the renters are abundant between, and within, countries and their big enterprises, but a sort of moral hazard spread over their inhabitants as well, whatever the economic or social activity being carrying out for livelihood. For instance, tipping garbage is clogging drainages up; messing beaches, forests and landscapes reduce basic amenities; fishermen furtively breaching not only the

fishing schedule technically determined by bio-economists but also are prone to cheating at the fishing arts for capture; farmers and ranchers poaching fresh water; agribusiness and commercial firms discharging waste liquids and gas into water bodies, soil, and air even when they manage to hold social-corporative-responsibility certificates; and so on and so forth.

Beyond natural causes, climate change has been provoked by humans and regrettably it is going to carry on growing. Climate change is mainly a matter for the state. Therefore, its policy priority in response should be to green power generation and the rest of our industrial consumption, let alone making fiscal space to handle climate problems. Furthermore, it is not a goal of central banks. However, they have room to make its bit steering a shift towards investment in greening electric current, industrial processes, and the production of our food supply by diverting resources out of carbon-intensive firms and prioritising climate-friendly ones. Obviously, for the above toolkit being effective, central governments and banks alike must restructure themselves to explicitly assign means towards climate matter.

The blueprint to add the third sector in the transition path to stop climate chaos, also needs the redesigning of governmental organograms to assign formal objectives and instruments to make its own distinctive bit as we need devote resources for more aimed education and research, likewise the planned involvement of social organizations. The joint bearing of burdens between the superstructure and basic organizational entities comparatively countries with meagre resources must be a top priority in combating climate change. This leverage is better than doing nothing at all.

Finally, it is plausible to think about a sort of new analytical lens from which distinctive community voices and actions can be systematised. The standing point is that people living in rural and impoverished urban areas who are until now only contemplating the depredation of the environment -for many people their best asset- are mostly interested to participate in a plan committed to the preservation of their respective livelihoods and, in that process, that of the earth. Incentives encourages a person to do something for themselves. In the end, the moral hazard is not so much that one person's generosity places temptation in front of another to step away their responsibilities. I think that the moral hazard is that we construct our understanding of generosity in such a way that we place temptation in front of someone that leads them to give in ways that prevent the recipients of their generosity from themselves becoming givers. We give to share in the nature inherited, to share abundantly in every good work.