

IX.A.4. A New Institutional View of Environmentalism

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The world of economics has expressed increasing concern about pollution and environmental degradation over the last twenty five years. The problem has typically been viewed either as a consequence of externalities, or that of the so-called "commons" problem, or as an outcome of prisoners' dilemma. Consequently, the usual policy prescriptions have included formulation of tax-subsidy packages and enactment of legislations that are expected to mitigate all the aforementioned problems through appropriate incentives and, if necessary, through coercion. This paper attempts to reconcile these diverse views about environmentalism within the paradigm of "new" institutional economics whose can be traced from Olson in the sixties to Koran in the nineties.