

Can the market take care of the environment? (what the literature says about marketable permits)

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Abstrak

The key objective of this paper is to bring about the notion of "Marketable permits" into consideration in Indonesian academic and policy-level discourse on environmental issues. It shows how economics has evolved in its mission to find a way around preserving the environment while ensuring economic activities. As an alternative to the more traditional yet widely adopted, "command-and-control" approach, economists have offered a relatively new approach, namely "tradable marketable permits". It is another from the "market approach, previously represented by the "tax and/or subsidy" approach. This paper focuses on the marketable permits. In particular, it summarizes the recent development in the field with a hope to provide a fruitful alternative to help solve the problem in Indonesia. Nevertheless, some caveats are discussed.