

Robert Marks, AGSM

The Coastal Solutions Forum, 2003

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- **MB instruments entail *moderated* (not open) competition.**
- **MB instruments are efficient, and provide incentives to ameliorate impacts.**
- **By capping adverse activities, permits (a type of MB instrument) impose tangible, limited environmental impacts.**

Paul Martin's “Radical Thoughts”

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Before we discuss these, let's look at means to change others' behaviour in general, and MB instruments in particular.

How Could We Reduce the Use of Leaded Petrol?

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Think of ways we have used and ways we might have used but haven't.

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These are examples of three different ways of altering people's behaviour.

The Three Methods

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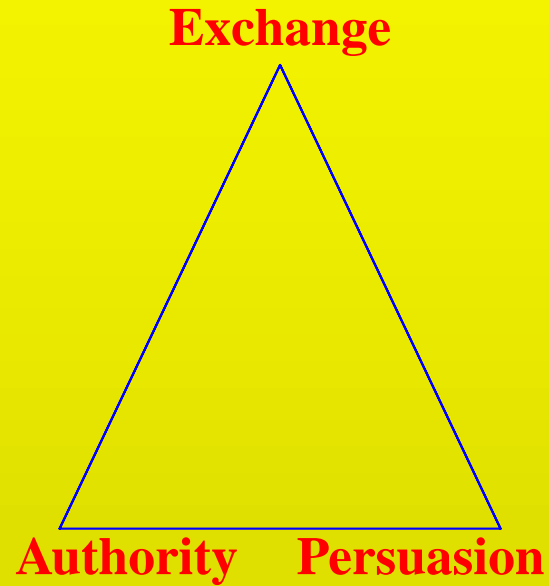
e.g. knowledge of children's growth problems with air-borne lead, publicising public transport; cigarette health warnings

- **Exchange or Market-Based (MB) Instruments**

e.g. cheap public transport, highly taxing both leaded petrol and cigarettes

(Means of reducing smoking.)

A Three-Way Classification of Changing Behaviour



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Are we moving to the north-east? Should we move in that direction?

MB Instruments: Taxes

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But there is no mandated limit to the amount or number of adverse actions, so long as taxes are paid. The environment bears this risk.

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But the adverse quantities or activities are capped in aggregate.

∴ A reduced risk of excess activity impacting on the environment.

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(Note: artificial rights, established by government fiat.)

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Yes, owners may prosper, but environmental damage is reduced — incentive compatibility.

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- **Proceeds of sales to be reinvested in maintenance of the Port.**

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Suggestions?

Questions?

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