



# Compensation

Photo: Unsplash, William Hook

Supposing all farmers in one village graze their cows on a shared grassy area, so-called common land, what happens? All of them are happy and content so long as more grass grows than is eaten. When this is no longer the case, problems arise: firstly the milk yield sinks. Then the commercial sense of each farmer is to put more cows on the pasture. However, the advantage of an additional cow benefits only a single owner, whereas the risks from overgrazing are distributed among all farmers. And because nobody wants to be the one to hold back and risk losing out, more and more cows are added to the pasture until the cows die of hunger.

**Opportunities to compensate for flight emissions by contributing towards climate protection measures have been around for a long time.**

The “tragedy of the commons” phenomenon applies to all community assets. The belief that guilt or a sense of responsibility will solve the problem is foolish and naïve. There are really only two possibilities for those who are seeking a solution: privatisation or management. Either each farmer is responsible for a separate piece of grassland and its use. Or there are clear rules for the use of a common shared pasture. All other solutions lead to disaster.

Whenever individuals use communal property, the costs are borne by the community and there is a risk of the tragedy of the commons. This has wide application and can affect anything, ranging from the conditions of a public toilet to the speculative losses of large banks to CO<sub>2</sub> emissions. The tragedy of the commons refutes Adam Smith’s assertion that an invisible

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hand will always make sure that the pursuit of self-interest benefits the commonweal as a naïve and wishful dream. It is for this reason that the government must lay down rules, which seek a balance between self-interest and social welfare in a wise and reliable way. However, interference in market activities is frowned upon today. Why is this? Different constitutions embody different conceptions. The Bavarian constitution clearly expresses in Article 151: “All economic activity serves the common good.” Hence, the state has a responsibility to govern market activity.

Effective environmental protection means, more than anything else, ensuring ecological cost transparency. The consequences of environmental damage should not be borne by the general public but should be included in the price of a product. In order to provide effective climate protection, the CO<sub>2</sub> emissions, or the carbon footprint, must be reflected in the price. This could easily be achieved by introducing a carbon tax or by making carbon offsetting mandatory. We have neither of these, quite the opposite in fact. Companies engaged in high energy and carbon intensive manufacturing, such as metal and mineral building materials, are exempted from paying the levy for renewable energy and are therefore at a clear advantage in terms of competition.

So long as there are no general rules, the currently practised methods will

simply have to be further developed. For the building industry, this means taking into consideration the total life cycle of a building, in particular the often very elaborate production of building materials. As climate protection is currently the most important and pressing issue, the focus should be on the carbon footprint rather than the energy footprint.

This does not mean putting a ban on certain building materials. Each one has its justification. However, there should be a fair and level playing field if the materials are in direct competition. “Fair” means: all building materials must make the same

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contribution to climate protection. Large carbon footprints must be offset! The climate protection organisation “atmosfair” for air travel, for example, shows how easy it is to compensate for carbon emissions. If these principles are implemented rigorously, the endless sets of rules and regulations can be put aside, since the market would then take care of the details much more effectively.

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