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## The Role of Environmental Economy in the Economic System of the Country

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**Abstract:** This article discusses the field of environmental economics and its relationship with ecological science, some modern problems of environmental economics and the problems affecting them.

**Key words:** environment, economy, climate, pollution, air pollution, industrial waste.

The economic side of environmental economics concerns how economic decisions and actions affect the environment and how environmental policies and regulations affect economic activity. This includes understanding how market mechanisms, such as supply and demand, affect the use and distribution of natural resources and how economic incentives can encourage or discourage sustainable practices.

In addition, the economic side of environmental problems includes the evaluation of environmental goods and services, which are often not priced in the market. For example, clean air and water, biodiversity and carbon sequestration are important components of a healthy environment, but they do not have a market price. Environmental economists use a variety of methods to estimate the economic value of these environmental goods and services, which can then inform policy decisions.

In general, understanding the economic side of environmental issues is critical to developing effective policies and strategies to ensure sustainability and balance economic growth with environmental protection.

Scientific understanding of problems in environmental economics includes the analysis of physical, chemical and biological processes that affect the environment, as well as the impact of human activities on natural resources and ecosystems. This understanding is based on scientific methods and research, including field studies, laboratory experiments, modeling and data analysis.

Environmental scientists study the interactions between human activities and the natural environment, and how these interactions affect the availability and quality of natural resources such as air, water, and soil, and the health and well-being of human and nonhuman organisms. They also analyze the economic and social factors that influence environmental problems, such as market failures, institutional barriers, and behavioral factors.

In environmental economics, scientific understanding of environmental problems is used to develop economic policies and strategies aimed at promoting sustainable development and increasing the efficiency of resource use. These policies and strategies are based on a multidisciplinary approach that integrates economic, environmental and social perspectives and involves collaboration between scientists, policymakers and stakeholders.

Economic analysis of problems in environmental economics involves the application of economic principles and tools to analyze the costs and benefits associated with environmental problems. This includes cost-benefit analysis, market-based instruments such as taxes and tradable permits,

and other economic incentives to promote sustainable practices and minimize the negative environmental impact of economic activity<sup>1</sup>.

Economic analysis also helps to determine the most effective and efficient means of achieving environmental goals, taking into account different policy options and possible impacts on economic growth and development. For example, economic analysis helps determine the optimal level of pollution reduction that balances the costs and benefits of various pollution control measures.

In general, economic analysis plays an important role in informing environmental policy decisions, ensuring that environmental goals are achieved in a way that maximizes social welfare and minimizes economic costs.

Environmental economics is not only an economic or scientific issue, but also a political issue. This is because environmental policies can have a significant impact on a variety of stakeholders, including individuals, businesses, and governments. Political aspects of environmental economics include:

**Conflicting interests:** environmental policies can affect the interests of different stakeholders, such as businesses and consumers. For example, waste or waste disposal regulations can increase production costs for businesses and ultimately affect their profits. This can create conflicts between different groups, and policymakers must manage these conflicts to develop effective environmental policies.

**Political Will:** Environmental policy requires strong political will to be effectively implemented. Governments must balance the need to protect the environment with other priorities such as economic growth and job creation. Political Will can also vary depending on the party in power or public opinion on environmental issues.

**International cooperation:** Many environmental problems, such as climate change and biodiversity loss, require international cooperation to be effectively addressed. This can cause problems because countries can have different priorities and interests, making it difficult to reach agreement on global environmental policy<sup>2</sup>.

**Socially active class:** Socially active class can play an important role in environmental policy making. For example, fossil fuel companies may lobby against policies aimed at reducing greenhouse gas emissions, while environmental groups may advocate for stricter regulations. The influence of these groups can affect the development and implementation of environmental policies.

In general, the political aspects of environmental economics play an important role in the development and implementation of environmental policies. Policymakers must manage competing interests and priorities, build political will, foster international cooperation, and manage interest group influence to develop effective environmental policies<sup>3</sup>.

Problems in the environmental economy are often related to the need for technological innovations. For example, environmental problems such as climate change, air and water pollution, and depletion of natural resources are often caused by the use of outdated technologies that are not environmentally friendly. To solve these problems, it is necessary to develop new technologies that are more efficient and sustainable.

Technological innovation also helps reduce environmental costs. For example, the development of renewable energy technologies such as solar, wind and hydropower can help reduce dependence on fossil fuels, which are major contributors to climate change. Likewise, the development of

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<sup>1</sup> Johnston, R. J. (1989). *Environmental problems: nature, economy and state*. Belhaven Press, Pinter.

<sup>2</sup> Chateau, J., Jaumotte, M. F., & Schwerhoff, G. (2022). *Economic and environmental benefits from international cooperation on climate policies*. International Monetary Fund.

<sup>3</sup> Abido, M. A. (2003). Environmental/economic power dispatch using multiobjective evolutionary algorithms. *IEEE transactions on power systems*, 18(4), 1529-1537.

more efficient transportation technologies, such as electric vehicles and high-speed trains, will help reduce transportation emissions.

In addition, technological innovation can also create new economic opportunities. For example, the development of green technologies can lead to the creation of new industries and jobs. It promotes economic growth and development while addressing environmental issues.

In general, technological innovation plays a decisive role in solving problems in the environmental economy. It helps to reduce environmental costs, economic growth and creates new opportunities for sustainable development.

Environmental economy plays a decisive role in the economic system of any country. It is important not only to conserve natural resources and protect the environment, but also to ensure sustainable economic growth and development.

In short, the environmental economy is crucial in the economic system of any country. It supports the development of new technologies and innovations that drive economic growth, while ensuring environmental sustainability. By investing in the environmental economy, countries can not only reap economic benefits, but also ensure the preservation of natural resources and environmental protection for future generations.

In addition, the environmental economy provides opportunities for job creation and economic diversification, especially in rural and underdeveloped areas. Thus, it helps reduce economic inequality and helps reduce poverty.

It is therefore vital that governments recognize the importance of the environmental economy and support its growth through policies and investments that promote sustainability, innovation and job creation. In this way, countries can build a more sustainable and inclusive economy that benefits both people and the planet.

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