

Externalities – essay



**ASSIGN
BUSTER**

An externalities is " an external effect, often unforeseen or unintended, accompanying a process or activity". In the time of the Industrial Revolution, externalities were not thought of at all. Particularly in the field of energy, the only cost considered was the cost of production. The detrimental effect of the dirty energy on the environment was not factored in and, until recently, has not been thought of at all. The cost paid for fuel at the pump basically includes two things: production cost and profit margin.

There is one huge cost that is not factored in though which is the money that it costs to support a falling environment. Energy is probably the most prevalent case of negative externalities there is. Not just fossil fuels but also the second largest energy provider, nuclear power, has huge negative externalities attached. The recent events in Japan have shown how expensive these supposedly cheap energies can become. The damage done by the melt down of the nuclear reactor after the earth quake will undoubtedly cost the Japanese billions of dollars to repair. This is only part of the cost though.

The money for medical care will result in large expenditures as well. Neither of these costs is as devastating as the loss of life caused by such accidents though. The death toll and lingering health effects on the inhabitants of the area should also be major factors considered in the cost of " cheap" energy. This is not the first occurrence either. Chernobyl and Three Mile Island demonstrate how these resources, however many safety regulations they have in place, can still suffer from catastrophic events. The difficulty encountered with this though is short sightedness among the consumer.

They want cheaper prices at the gas pump, and don't realize that if there is an oil spill that their tax money is going to have to help clean it up, as well as the prices at the pump going up as the market compensates. So the reaction to disasters arguably levels out the cost of the inexpensive fuels. For some reason it seems that there have been more cataclysmic events in recent years than the past. This cannot exactly be statistically proven but it is easy to infer. With the population expansion, the demand for energy will continue to rise.

And without moving forward on cleaner energies, the inexpensive energy industry will error the growth of the population. This paired with the possibility of more frequent natural disasters is not good. The roll of negative externalities will grow and people will realize the implications once it is too late. It is time to start factoring externalities into the cost of energy. This will spur the growth of alternative energies and move towards a safer system. The idea that only the cost of production should be factored in to something as dangerous as nuclear power seems to be an idea removed. A few years ago, in the 21st century, we need to be