PROGRAMME 2020

1. Course objectives

The main objective of this course is to analyse the economic and institutional causes of environmental problems. The course starts by introducing the field and its policy challenges, and by analysing the question of why do people pollute or overuse natural resources. The course then turns towards the design and assessment of environmental regulation and policy to address the previous matters. The analytical foundations of market failure and externalities, as well as the role of property rights, are at the core of the first part, together with the economic theory of environmental policy.

The second part of the course discusses concepts of sustainability as approached from economics, and it provides an overview of the means by which sustainability may be evaluated.
2. Structure

Part I: Environmental Economics

1) Economic Perspective to Environmental Policy

2) Fundamental Economic Concepts for Environmental Policy:
   a. Market Failure
   b. Property Rights

3) Elements of the Theory of Environmental Policy:
   a. Pigouvian Approaches
   b. Regulatory Measures
   c. Property Rights-based Approaches

4) Environmental Policy under Asymmetric Information and Risk

Part II: Sustainable Development

5) Economic Sustainable Development Indicators:
   a. Weak Sustainability
   b. Strong Sustainability

6) Economic Valuation of the Environment
3. Bibliography

The recommended principal textbook for this course is:


Or


Part I: Environmental Economics

1) Economic Perspective to Environmental Policy

Kolstad (2000):
Chapter 1: What is Environmental Economics?
Chapter 2: Environmental Problems and Policy Solutions
Chapter 3: Social Choice: How much Environmental Protection?
Chapter 4: Efficiency and Markets
Chapter 5: Market Failure: Public Bads and Externalities

Or Kolstad (2010):
Chapter 1: The Environment and Economics
Chapter 2: Normative and Positive Economic Analysis
Chapter 3: Social Choice: How much Environmental Protection?
Chapter 4: Efficiency and Markets
Chapter 5: Market Failure: Public Bads and Externalities


2) Fundamental Economic Concepts for Environmental Policy

Kolstad, Chapter 5.


3) Elements of the Theory of Environmental Policy

Kolstad (2000)
Chapter 6: Property Rights
Chapter 7: Pigouvian Fees
Chapter 8: Regulating Pollution
Chapter 9: Emission Fees and Marketable Permits

Or Kolstad (2010):
Chapter 11: Regulating Pollution
Chapter 12: Pigouvian Fees
Chapter 13: Property Rights

**Alternative text book exposition chapters:**

Hanley et al (2007) Environmental Economics in Theory and Practise, Ch. 4 (Sections 4.6 and 4.7) and chapter 5.

Perman et al. text, chapter 7


**Review article on Coase:**

**Pigouvian taxes and climate change:**
Richard N. Cooper, The Case for Charges on Greenhouse Gas Emissions, Discussion Paper 08-10, Harvard University, Department of Economics.


4) Environmental Policy under Asymmetric Information and Risk
Tietenberg, T. Environmental Economics and Policy, Chapter 19.
Kolstad (2000):
Chapter 10: Regulation with Unknown Control Costs
Chapter 12: Risk and Uncertainty

Or Kolstad (2010):
Chapter 15: Regulating Polluters with Unknown Costs
Chapter 18: Risk and Uncertainty

**Part II: Sustainable Development**

5) Economic Sustainable Development Indicators

Ayres, R.U, Viewpoint: Weak versus Strong Sustainability (as the Lecturer for the link).


6) Economic Valuation of the Environment


4. **Evaluations and Exam**

Each Part will be assessed with short tests, to evaluate reading material, and a comprehensive test during the first and final examination period.

- Reading Comprehension Tests: during class (30 minutes during class). Bibliography will be given to the students during the week before the test.
- Midterm Test: It will include all the subjects covered so far.
- Exam: It will include all the subjects covered during the Term. **Date: Wednesday 01st July 2020.**

Percentage of the evaluations:
- Reading Comprehension Tests: 35% (3 tests; we will consider the best 2, or the 2 submitted)
- Midterm Test: 30%
- Exam: 35%. **Date: Wednesday 01st July 2020.**