

University of Essex, Department of Economics

# EC383 Environmental Economics

## Autumn 2023

Module Supervisor: **Dr Shunsuke Tsuda** shunsuke.tsuda@essex.ac.uk  
Module Co-Supervisor: **Dr Arsham Reisinezhad** arsham.reisinezhad@essex.ac.uk

Last Updated: October 15, 2023  
**Preliminary and subject to change**

### Meetings

Lectures: Tuesdays 1pm-3pm at LTB09 (Week 2-11)  
Classes: Thursdays 1pm-2pm at EBS.2.34 (Week 3-11)  
Office hours: TBA

### Module Description

This module covers the theory of environmental and resource economics. Topics include the economics of market failures, how to set the targets of pollution, what are the main instruments to fight pollution, the tragedy of the commons, non-renewable and renewable natural resource extractions, groundwater markets and governance, forest conservation, climate change, and environmental considerations in economic geography. This module equips you with a basic theoretical framework to analyze environmental policy issues and introduces frontier academic research on these topics, with particular emphasis on real-world problems in developing economies.

### Learning Goals:

By the end of this module, we hope you will be able to:

- Apply basic microeconomic theory to environmental policy issues and evaluate when and how government and market-based solutions to them are effective
- State the key environmental problems in developing countries and understand their possible causes and consequences
- Read and digest empirical research papers in environmental and resource economics, and understand their economic intuitions and policy implications

### Main Textbook

The lectures will follow the textbook:

**Perman, R. et al., *Natural Resource and Environmental Economics*, Fourth Edition, Pearson, 2011.**

Other readings are listed below and additional readings may also be announced during the module.

### Assessment and Feedback

The final mark will be the average between (i) the online assessment and (ii) the final exam mark.

## Topics and Readings

### Week 2: Introduction; Economic Development and the Environment; Market Failures

Required readings: Fullerton and Stavins (1998); Jayachandran (2022); Perman et al. Ch. 4

Optional readings: Bardhan and Udry (1999) Ch. 13; Barrett et al. (2023); Dasgupta (2010); Greenstone and Jack (2015)

### Week 3-4: Pollution Targets

Required readings: Perman et al. Ch. 5

Optional readings:

### Week 5-6: Pollution Instruments

Required readings: Perman et al. Ch. 6

Optional readings: Duflo et al. (2013); Greenstone et al. (2023)

### Week 7: Air and Water Pollution: Causes and Consequences

Required readings: Greenstone and Hanna (2014); Garg et al. (2023); Lipscomb and Mobarak (2016)

Optional readings: Jayachandran (2009); Jack et al. (2022); Khanna et al. (2021); Oliva (2015)

### Week 8: Non-Renewable Resources; The Tragedy of the Commons

Required readings: Perman et al. Ch. 15; Hardin (1968)

Optional readings: Chakravorty et al. (2008); Cheung (1970); Gordon (1954); Ostrom and Gardner (1993)

### Week 9: Renewable Resources; Groundwater Markets and Governance

Required readings: Perman et al. Ch. 17; Jacoby (2017); Ryan and Sudarshan (2022)

Optional readings: Foster and Rosenzweig (2008); Fishman et al. (2023); Giné and Jacoby (2020); Jacoby et al. (2004); Sekhri (2011)

### Week 10: Forests

Required readings: Balboni et al. (2023); Jayachandran (2023); Jayachandran et al. (2017); Alix-Garcia et al. (2013); Abman et al. (2023); Szerman et al. (2022)

Optional readings: Angelsen (1999); Brander and Taylor (1998); Foster et al. (2002); Tsuda et al. (2023); Burgess et al. (2023); Burgess et al. (2012); Perman et al. Ch. 18

### Week 11: Climate Change, Economic Geography, and the Environment

Required readings: Balboni (2019); Conte (2022); Tsuda et al. (2023); Jedwab et al. (2022)

Optional readings: Burgess et al. (2017); Kala et al. (2023); Morgan et al. (2022)

## References

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