

MA-Economics

Environmental Economics



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STATE: JUNE 2024



Course goals

- The **field course** will introduce you to major topics in environmental economics and policy. In particular, we will focus on:
 - Main theoretical concepts used by the literature
 - Presentation of findings of applied research
 - Examples with existing policies and current political discussions
- At the end of the course, you should have a sound knowledge of the main concepts and findings in environmental economics and be able to apply what you learned in policy-relevant contexts
- Through lectures and discussion in class with me and your peers, you will learn to «think like an economist» and look at the major environmental challenges of our time and the possible solutions in a critical way
- In the **research and policy seminar**, we will focus on the discussion of seminal and recent research papers in the field. The seminar will help you to think about potential topics for a Master Thesis in environmental economics topics.
(Not offered in Winter Semester 2025)

- Some of the topics that will be introduced in the course are:
 - Externalities and public goods
 - Non-market evaluation: stated choice and revealed preferences
 - Economic impacts of pollution
 - Types of environmental policies: standards, quantity-based instruments, price-based instruments
 - Distributional effects of environmental policy
 - Role of behavioral factors in the effectiveness of environmental policies (lack of information, consumer bias)
 - Environmental policy in the transport sector

Example: Non-market evaluation

Economists Price BP Oil Spill Damage to Natural Resources at \$17.2 Billion

Study published in Science improves valuation techniques that drive policy decisions

April 21, 2017



Oil from the Deepwater Horizon oil spill approaches the coast of Mobile, Ala., May 6, 2010. CREDIT: [U.S. Navy](#)

By:
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- Deepwater Horizon oil spill in 2010, one of the worst environmental disasters in history
- U.S. National Oceanic and Atmospheric Administration commissioned an evaluation of damages due to the spill
- Damage estimates of \$17.2 billion used in the lawsuits against BP
- How was this number calculated?

Example: Carbon taxes



- Carbon taxes encounter strong political opposition
- A common issue raised is that these policies would hit especially low-income households
- How can we estimate the incidence of carbon taxes on poorer households?
- Is there a way to make these policies less burdensome?
- What are policy alternatives that are more politically acceptable?



Prerequisites

- Microeconomics and econometrics from the Master's program, or equivalent
- Basic knowledge in macroeconomics is recommended

- Field course:
 - 45% of the grade from assignments
 - 45% of the grade from final exam
 - 10% from quizzes on reading material