

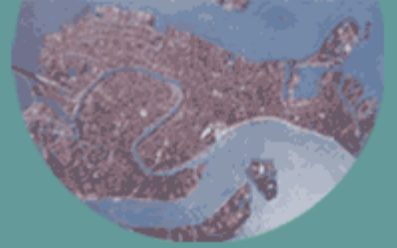
EAERE FEEM VIU

European  
Summer  
School



In Resources and Environmental Economics

**POLITICAL ECONOMY OF THE ENVIRONMENT**



September, 1<sup>st</sup> - 6<sup>th</sup>, 2003

## **LECTURE NOTES**

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 **Lecture Outlines**

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**Voting Models**  
**I and II**

Elections serve a number of complementary roles in a democracy. They provide a mechanism for aggregating preferences and information and they can be used to hold politicians accountable and to select politicians of a high standing. The two lectures on voting and environmental policy explore some of the implications of these different roles for the conduct of environmental policy in a democracy.

**Outline**

- a. Overview of three “workhorse” models: the median voter model, the probabilistic voting model, and the performance voting model.
- b. The median voter theorem with applications to the environmental Kuznets curve, strategic delegation, and commitment.
- c. The probabilistic voting model with applications to multidimensional environmental policy problems.
- d. The performance voting model with an application to the choice of environmental regulation instruments.
- e. Evaluation: How important is voting for environmental policy?

**General readings**

Persson and Tabellini. 2000. *Political Economics*. MIT Press. Chapters 2-5.

Mueller. 2003. *Public Choice III*, chapters 4, 11-13.

Oates and Portney. 2001. *The Political Economy of Environmental Policy*. Resources for the Future discussion paper 01-55 ([http://www.rff.org/disc\\_papers/PDF\\_files/0155.pdf](http://www.rff.org/disc_papers/PDF_files/0155.pdf))

Schneider and Volkert. 1999. No chance for incentive-oriented environmental policy in representative democracies? A Public Choice Analysis. *Ecological Economics* 31: 123-38.

**Specific readings**

Congleton, R.D. 1996. *The Political Economy of Environmental Protection*. Michigan University Press. Chapter 1, 2, 4 and 8.

Marsiliani, Laura and Renstrom, Thomas. 2000. Time Inconsistency in Environmental Policy: Tax Earmarking as a Commitment Solution. *Economic Journal* 110(462): C123-38.

Brett, Craig and Keen, Michael. 2000. Political Uncertainty and the Earmarking of Environmental Taxes. *Journal of Public Economics* 75(3): 315-40.

Damania, R. 1999. Political Competition, Rent Seeking and the Choice of Environmental Policy Instruments. *Environmental and Resource Economics* 13, 415-433.

Maganani, E., 2000. The environmental Kuznets curve, environmental protection policy and income distribution. *Ecological Economics* 32: 431-443.

Lopez and Mitra. 2000. Corruption, pollution and the Kuznets environmental curve. *Journal of Environmental Economics and Management* 40: 137-150.

W. Buchholz, A. Haupt and W. Peters: Strategic voting and the inefficiency of international environmental agreements, 2000. Working paper.

Aidt and Dutta. 2003. Transitional politics: emerging incentive-based instruments in environmental regulation. <http://www.econ.cam.ac.uk/faculty/aidt/research.htm> or Nota Di Lavoro 78-2001 (Fondazione Eni Enrico Mattei).

### **Classical readings**

Buchanan, James M., and Tullock, Gordon. 1975. Polluters' Profits and Political Response: Direct Controls Versus Taxes. *American Economic Review* 65, 130-147.

Bergstrom, 1979. When does majority rule supply public goods efficiently? *Scandinavian Journal of Economics* 81: 216-27.

Coughlin, Peter and Nitzan, Shmuel. 1981. Electoral Outcomes with Probabilistic Voting and Nash Social Welfare Maxima. *Journal of Public Economics* 15(1): 113-21.

Ferejohn, John. 1986. Incumbent Performance and Electoral control. *Public Choice* 50, nos. 1-3, 5-25.

Oates and Schwab. 1988. Economic Competition among Jurisdictions: efficiency enhancing or distortion inducing. *Journal of Public Economics* 35: 333-54.



## **Lecturer's profile**

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### **Academic Experience**

1998 - University Lecturer at Faculty of Economics and Politics, University of Cambridge and Jesus College.

### **Some Publications**

Political Internalisation of economic externalities and environmental policy, *Journal of Public Economics* 69, 1998, 1-16.

Economic Analysis of Corruption: a survey. *Economic Journal*, forthcoming, 2003.

Strategic Political Participation and Redistribution, *Economics and Politics* 14(1), 2002, 19-40.

Redistribution and deadweight costs: the role of political competition. *European Journal of Political Economy* 19(2), 205-226. 2003

Transitional Politics: Emerging Incentive-based Instruments in Environmental regulation (with J. Dutta), Working paper University of Cambridge, 2002.

Political Acceptability, Reimbursement and endogenous environmental policy, working paper, University of Cambridge, 2002.

Sharing the climate policy burden in the EU (with Sandra Greiner). HWWA discussion paper 176, 2002.