

UNIVERSITY OF MALTA
EUROPEAN DOCUMENTATION AND RESEARCH CENTRE

ACADEMIC YEAR 2005-06

Semester 2

MA EUROPEAN STUDIES

Study Unit Code: EST5070 Economic Aspects of EU Environmental Policies
(4 credits ECTS)

Brief study-unit description: The aim of the course is to make students conversant with relevant economic theories and solutions for contemporary environmental problems in the EU context. The course includes both theoretical aspects as well as practical examples of environmental economics in European environmental policy

The Assessment of this Unit consists of:

1. An assignment maximum 2,000 words including footnotes but excluding bibliography on a title chosen from one of the ones listed below. **Assignments are to be presented in class on April 19 and a final version is to handed in by Friday May 8th 2006.**

"What are the costs and benefits to Malta of EU environmental proposals* currently being discussed at the environment council"

***Choose 1 proposal from the list of active EU environmental proposals provided**

2. Presentation and discussion of 1000 word assignments on one of the following:
A. Explore the current & potential role of economic instruments in EU environmental policy.
To be discussed on March 22
OR
B. Explore the effects of EU environmental policy on business.
To be discussed on April 12
3. An examination held at the end of the semester.

The following topics shall be covered:

INTRODUCTION TO ECONOMIC ASPECTS OF ENVIRONMENTAL POLICY

- THEORY OF CONSUMER BEHAVIOUR,
- CHARACTERISTICS OF MARKET DEMAND,
- THEORY OF PRODUCTION, THEORY OF COST,
- PRICE AND OUTPUT UNDER COMPETITION,
- GENERAL EQUILIBRIUM ANALYSIS,
- OPTIMAL RESOURCE ALLOCATION
- OVERVIEW OF KEY ENVIRONMENTAL ISSUES
- CONCEPT OF TOTAL ECONOMIC VALUE

MODELLING THE ENVIRONMENT – ECONOMY LINK & OPTIMAL POLLUTION CONTROL

- MATERIALS BALANCE APPROACH
- PROPERTY RIGHTS APPROACH
- MARKET FAILURE
- EXTERNALITIES,

- PUBLIC GOODS,
- OPTIMAL POLLUTION CONTROL

ECONOMIC INSTRUMENTS FOR THE ENVIRONMENT

- COMMAND AND CONTROL VS. MARKET BASED ENVIRONMENTAL SOLUTIONS,
- POLLUTER PAYS PRINCIPLE
- TAXES
- SUBSIDISES
- MARKETABLE PERMITS
- SELF REGULATION
- GOVERNMENT FAILURE

TECHNIQUES OF ENVIRONMENTAL EVALUATION VALUATION TECHNIQUES

- HEDONIC PRICE METHOD,
- TRAVEL COST METHOD
- CONTINGENT VALUATION METHOD.
- ENVIRONMENTAL IMPACT ASSESSMENT
- COST BENEFIT ANALYSIS.
- SUSTAINABILITY INDICATORS

IMPACTS OF ENVIRONMENTAL POLICY ON COMPETITION, ECONOMIC ASPECTS OF NATIONAL VS EU ENVIRONMENTAL REGULATION

- IMPACTS OF ENVIRONMENTAL REGULATION ON COMPETITIVENESS
- EU & ENVIRONMENTAL REGULATION
- ECONOMIC ANALYSIS OF COSTS AND BENEFITS OF ENVIRONMENTAL REGULATION AT SUPRANATIONAL LEVEL
- COSTS AND BENEFITS OF FORTHCOMING EU ENVIRONMENTAL PROPOSALS

Bibliography

- TURNER, PEARCE AND BATEMAN, *ENVIRONMENTAL ECONOMICS*, HARVESTER WHEATSHEAF, LONDON 1995.
- PEARCE AND TURNER, *ECONOMICS OF NATURAL RESOURCES AND THE ENVIRONMENT*, HARVESTER WHEATSHEAF, LONDON 1990
- STEINER, MARTONAKOVA, GUZIOVA, UNDP ENVIRONMENTAL GOVERNANCE SOURCEBOOK, 2003
- FIELD, *ENVIRONMENTAL ECONOMICS, AN INTRODUCTION*, MCGRAW HILL, SINGAPORE 1994
- <http://europa.eu.int/comm/environment/enlarg/handbook/handbook.htm>
- <http://www.europa.eu.int>

ADDITIONAL READING WILL BE PROVIDED BY THE LECTURER