



# Economic policy instruments

**Syllabus approved:** 2017-07-07

**Number of credits:** 2 ECTS

**Subject:** Economics

**Part of research school:** ECOS, Ecology and society

**Education cycle:** Third

**Marking scale:** Passed / Failed

**Prerequisites:** Basic microeconomics and Natural Resource Economics (or equivalent)

**Objective:** The aim of the course is to give the student an introduction to selected topics in environmental economics and policy issues related to the environment and natural resources.

The course also aims to provide the background knowledge enabling the participants to be able to analyze and understand economic questions related to environmental policies.

Furthermore, the course aims to provide basic knowledge of theoretical and empirical tools commonly used in environmental economic analysis.

Upon completion of the course the student should be able to demonstrate:

- thorough knowledge of theories of externalities and how to internalize these.
- deeper understanding of the relationship between economic theory and choice of methods to reduce negative environmental impact.
- an ability to analyze current environmental policy issues based on relevant theories in environmental and natural resource economics.

**Content:** Welfare economics and the role of different actors (both State, and Markets) in regulating the use of natural resources is a key issue in this course. The need for, role, and mode of, regulating resource use under differing resource and market conditions will be considered. In particular, the focus will be on: what aspects of resource use necessitate regulation, the properties of different types of regulations, and the factors that influence choice of regulatory instruments. A brief discussion of the conditions under which regulations are welfare enhancing will also be considered. The course will be placed in the broader context of basic policy instruments considered in environmental economics.

Two major themes will permeate the course: trade-offs involved in formulating any restrictions on resource use; and the considerations that determine the costs and benefits of regulatory instruments. Many of the policy instruments will be considered in the context of major policy questions, including resource (e.g. fishery, groundwater) and pollution control (carbon emissions) questions.

**Preliminary schedule:**

**Day (working days) 1-4:**

9.00 – 12.00 Lecture

13.00 – 16.00 Self-study of literature

**Day 5:**

9.00 – 16.00 Self-study and preparation for discussion

**Day 6:**

9.00-12.00 Discussion

13.00 – 16.00 Self-study preparation for exam

**Day 7:**

9.00 – 16.00 Self-study preparation for exam

**Day 8:**

9.00 – 12.00 Exam

**Literature:**

Sterner, T. and Jessica Coria (2012). *Policy instruments for environmental and natural resource management*. Resources for the Future (RFF Press). (Second Edition), section 1-3, pp. 11-263, and examples of section 6.

**Examination:** Approved written exam and participation in discussions,

**Additional information:** The Department reserves the right to cancel the course if there are not more than 5 students who have applied for the course. There is no tuition fee. The student is responsible for any housing and travel costs. Students belonging to the ECOS research school have priority to the course.

**Responsible department:** Department of forest economics

**Location:** Umeå