



Environment and Inequality: Socioeconomic Linkages and Policy Instruments

Lecture (2.02.195) + Seminar (2.02.196)

Summer term 2024

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Course time & location:

Lecture:

Monday: 12:15 - 13:45, weekly (from 08/04/24), Location: A05 1-159

Seminar:

Tuesday: 12:15 - 13:45, fortnightly (from 16/04/24) + block sessions:
expected dates: 12/07/2024 + 13/07/2024, Location: A05 0-056

Summary of module contents

Inequality and environmental matters are multidimensional, intertwined and complex. They might unfold self-enforcing negative effects on human welfare and wellbeing. In this sense, they affect economic growth, development, environment, education, health, social and political stability, etc. The current trends of inequality within and between countries are worrisome. At the same time, global warming and climate change severely and unequally affect human's wellbeing and economies. Understanding and tackling these pressing problems should therefore be among the priorities of economists.

Reducing poverty and inequality as well as fighting climate change are central elements of the sustainable development goals (2030 Agenda) and rank high in most policy agendas. However, while some policy measures designed to reduce poverty and inequality could negatively affect the environment, environmental policies often cause undesirable distributional effects. The distributive effects ('incidence') of environmental policies are indeed becoming increasingly important for the political feasibility of environmental policies addressing e.g. climate change or biodiversity loss. Against this background, a more holistic approach integrating climate actions with measures to reduce poverty and in-

equality is needed. In this course, we study these issues applying and extending state-of-the-art economic methods. Particularly, we consider insights of behavioral economics in order to provide a deeper and more integrated analysis of these highly intertwined themes.

Skills to be acquired in this module

After the course students should be able to:

- understand the relevance of addressing inequality and environmental issues from an economic perspective.
- know the primary measurements for inequality as well as environmental indicators.
- understand why standard economic analysis fails to properly address inequality and climate change.
- know the main policy instruments available to tackle inequality and environmental challenges.
- understand the multifaceted relationships between inequality and environmental policy.
- understand and apply state-of-the-art economic methods to analyze the implications of inequality and environmental policies.

Structure of the course

- Basic knowledge on inequality and environmental economics and policy will be taught in the lecture.
- The lectures will also encompass interactive sections with educational experiments, videos and podcasts.
- The knowledge will be deepened in the seminar by means of selected applied academic papers (reading, discussion and presentation exercises).

Form of examination

- Written seminar paper on a research topic of own choice
- Oral presentation of the seminar paper

References

- Chancel, L. (2020). *Unsustainable Inequalities: Social Justice and the Environment*. Belknap Press, Cambridge, MA.
- CORE Team (2017). *The Economy*. E-book Available at <https://www.core-econ.org/the-economy/>.
- Endres, A. (2012). *Environmental Economics: Theory and Policy*. Cambridge University Press. E-book available at OrbisPlus.
- Perman, R., Ma, Y., Common, M., Maddison, D., and McGilvray, J. (2011). *Natural resource and environmental economics*. Fourth edition pearson education limited edition.
- Piketty, T. (2015). *The Economics of Inequality*. Belknap Press, Cambridge, MA.
- Piketty, T. (2020). *Ökonomie der Ungleichheit: Eine Einführung*. C.H. Beck, München, 3. edition.
- Welsch, H. (2022). *Wellbeing, Nature, and Moral Values in Economics: How Modern Economic Analysis Faces the Challenges Ahead*. Routledge, London, 1 edition.