



## EAERE NEWSLETTER

SUMMER 2005

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and copy to the EAERE secretariat: [eaere@eaere.org](mailto:eaere@eaere.org)

The EAERE website: <http://www.eaere.org>

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## THE 14<sup>th</sup> EAERE ANNUAL CONFERENCE

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### LETTER FROM THE PRESIDENT

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#### Notes on Bremen 05

*Frank J. Convery, President, EAERE*

Our annual conference was a great success, intellectually, socially and logistically. Both the standard of papers and the coherence of the sessions were a great tribute to the decisions of our Programme committee, led by Nick Hanley and Johan Eyckmans and to our team of reviewers, who worked extremely hard under a demanding deadline to make difficult decisions as to what to include. Our process of rigorous peer review, the archiving of all papers accepted in CD, and the assignment of commentators for each paper presented, is an excellent model; successful participation in our annual meeting is an important achievement which should be recognised as such by those assessing candidates for hiring or promotion.

The *Outstanding Achievement Awards* provided us with a nice opportunity to celebrate excellence. Given that time is our scarcest resource, I was struck by how many times people I encountered socially in Bremen recounted stories of personal kindnesses and support received from our three awardees – Jos Delbeke, Karl-Göran Mäler, and David Pearce. Notwithstanding the pressures of performing at the highest level in an intensely competitive world, they all took the time and trouble to mentor and support those who at the time had little influence or status. Nice guys don't always finish last.

All three of them – together with our fourth keynote speaker Stef Proost – posed challenges to us. David Pearce forcefully made the case that, as regards biodiversity, promise lags dramatically behind performance, and identified a range of research and applications by economists that must be mobilised if we are to narrow the gap. Karl-Göran Mäler focused on the essential symmetry between resource dependence, poverty and environment which is the defining characteristic of developing countries, the fact that this is barely acknowledged in development economics, and the challenge we face as a profession to correct this destructive gap. He suggested that EAERE might act to complement the efforts that Beijer, the University of Göteborg and others are making in this domain, and this is a challenge we will address.

Jos Delbeke noted the evolution of environmental policy at EU level, and the parallel emergence of economics as a powerful and valuable framework for describing analytically what's happening, what the implications are in terms of costs and benefits, and what to do about it as regards policy instruments in general, and mobilising markets in particular. He focused on climate change and air quality as two related areas where this spectrum of economic applications is highly relevant. And he posed the challenge to keep our nerve and cultivate this essential interface between theory, research and action in a complexifying world, suggesting that he would welcome proposals by EAERE to organise collaborative policy workshops on key emerging issues – he mentioned specifically the interface between economics and innovation. This is a welcome proposal we will also address.

Stef Proost showed that the overall trend in car-related pollutants - excepting CO<sub>2</sub> – was downwards in the EU, and that a more appropriate policy instrument mix, with focus on suitably designed and implemented



congestion charges, would yield substantial economic and environmental dividends. His contribution provided a suitably contentious template for the roundtable that followed, where a lively debate – all the more notable for being on a Sunday morning after a highly sociable evening before – focused on the short term policy responses implied, the longer term potential for step change in technologies that would dramatically alter the trajectory of performance and the associated policy implications. (See separate entry by Vinish Kathuria).

We may be facilitated in acting on these manifold challenges via the European Community Framework 7 Programme. The Commission published its proposals to the Council and Parliament on April 6, 2005. (See note by Convery and Ferreira).

There was an interesting and very welcome geographical shift in the relative mix of our attendance; the traditional dominance of Nordic and North Europe was balanced by substantial numbers from ‘the South’ perhaps aided by the fact that the Spanish- Portuguese Association held their annual meeting in Bremen and that the mid summer festivities and other competing attractions diminished the Nordic presence, which was however still significant. It was great to see the substantial intellectual (and social) energy evident in the large attendance from Germany. Conversely, it was very disappointing to note that there were only two attendees from Eastern Europe. For a number of reasons, we need to address this asymmetry in our attendance and membership, not least because many of the most interesting environment and economy challenges in Europe are to be found in this region. It is a truism of aging that you don’t age, everyone else just gets younger. And so I concluded that the demographic balance in our profession was shifting southward also.

Socially, the riverside céilí led by Nick Hanley and his wife Fiona was a highlight. The sartorial improvement observable in a kilted and sunglassesed Nick - from an admittedly low base – was dramatic, and Fiona’s fiddle playing and energetic beauty and elegance made the evening special. Those who braved the heat and danced (using the term loosely) demonstrated the kind of leadership and willingness to take risks that will stand them in good stead. The dancing at Bremen can be known henceforth as ‘Dougled’ after another energetic and kilted Scot who led the dance attack all evening. The belly dancing the next evening was a surprising innovation, made all the more intriguing when Wolfgang told us that the lead dancer was a first class honours student in economics, an obvious and very aesthetically pleasing demonstration of the ‘Mens sana in corpore sano - sound in mind and body’ principle beloved of English public schools. I tentatively proposed the same combination of the intellectual and the physical to our UCD group, and I regret to report that it was very tepidly received, at least by our female colleagues.... That the pen is sometimes mightier than the sword is manifest on our host campus, which was in an earlier era an army base where our former President, Rüdiger Pethig, served as a lieutenant in the German army. Rüdi recalled how he had been responsible for the presence of phantom trucks driving about the campus in his time, as he periodically had to go below the eye line in order to change gear...This move from violence to peace becomes ever more precious as we hear of the latest attack on the innocent in London. On behalf of our members everywhere, we convey our heartfelt sympathy and support to our London colleagues and friends.

Finally, I wish to thank again our sponsors, the National Roads Authority of Ireland, Sustainable Energy Ireland and Ruhrgas for their support, and Wolfgang Pfaffenberger and his team for their superb attention to detail and for hosting us in such splendid fashion, and I look forward to seeing you all in Kyoto in July 06.



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## SUMMARIES OF THE PLENARY SPEECHES BY THE RECIPIENTS OF THE EUROPEAN LIFETIME ACHIEVEMENT AND PRACTITIONER AWARDS IN ENVIRONMENTAL ECONOMICS

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**David Pearce** addressed the question “what does economics tell us about why biodiversity continues to be lost?”. He pointed to evidence of this in terms of habitat loss and extinction rates. David said that the job of the environmental economist was to demonstrate the global benefits of biodiversity conservation, and set these in context of the costs. Currently, the world spends around \$10 billion annually to conserve biodiversity, but about 100 times as much as this is spent on environmentally-damaging subsidies. Global willingness to pay for biodiversity conservation is likely to be much bigger than the current spending, but we do not know the social rate of return, nor how best to use market mechanisms to funnel the benefits to those who carry the costs. He called for more work on biodiversity valuation which generates useful numbers, rather than the current obsession with methodological refinements.

In his lecture, **Karl-Göran Mäler** talked about the importance of resources and the environment for the development in poor countries. Rural households in developing countries generally use a wide variety of resources, and the poor are more resource dependent than the rich. Poor people in developing countries are very vulnerable to degradation of the environment. Furthermore, overuse of environmental services may cause a flip of the system, and a bad equilibrium may be the result. Statistics show that developing countries, and especially African countries, are in a very bad state regarding growth rates in per capita genuine wealth. Environmental economists' possible contribution to reduce this problem is to engage in capacity building. Economists in developing countries must be made aware of the importance of the environment and natural resources for economic development. The Beijer

institute has made some steps to meet this challenge by arranging training workshops and establishing networks that can take a responsibility in teaching environmental economy to economists from developing countries. The University of Gothenburg has established a special Ph.D. program for students from developing countries. Karl-Göran Mäler ended his lecture by inviting EAERE to join them in the work of building the necessary capacity in developing countries.

**Jos Delbeke** provided the conference participants with an overview of environmental policy in the European Union and the ups and downs in actual policy-making. Jos noted that the EU is the main driver of environmental policy in Europe today, while member states are responsible for implementing EU policy on a state level. He gave a brief institutional background of the Nice Treaty and its explicit mention of sustainable development, and the general principles that guide EU policy: subsidiarity, the polluters pay principle, and the incorporation of the costs of action and inaction in decision-making. Multiple and diverse instruments are used in EU policy: technical standards, funds (e.g. LIFE), voluntary agreements, and market-based instruments (e.g. emissions trading). Special attention was given to the EU Emissions Trading Scheme, the largest multi-national cap-and-trade program world-wide, with its coverage of 12 000 installations. As regards future environmental policy, the challenges discussed by Jos were to move away from a focus on single pollutants and end-of-pipe solutions, to take a more long-term perspective (although policy-makers often focus on the short term), and how to move towards market-based instruments and more complex modeling of environment-economy interactions.

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## ROUNDTABLES

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### ROUNDTABLE ON TRANSPORT AND ENVIRONMENT *Vinish Kathuria*

The roundtable on Transport and Environment held on June 26 at the EAERE 2005 congress in Bremen was sponsored by the Irish National Road Authority, Dublin, and chaired by Frank Convery of University College, Dublin. The session was divided into two parts. Part 1 involved presentation by two speakers for 10 minutes each - Eftichios Sartzetakis of University of Macedonia presented on 'Environmental Externalities in the Presence of Network Effects: Adoption of low emission technologies in the automobile market', whereas Jasper Knockaert of C.E.S. – K.U. Leuven presented on the 'Choice for Alternative Cars – Do we want cleaner cars'. This was followed by a question and answer (Q&A) session again divided in two parts. Part 1 covering questions on short and medium term solutions looking into mixing different modes, and part 2 looking into long-term solutions based on new technologies.

The plenary by Stef Proost of K.U. Leuven and presentation by Eftichios indicated that since 1996, and CO<sub>2</sub> excepted, emissions of all other (local) pollutants are falling in the EU. The decrease in local pollution has been possible because of technological innovations (EURO II, III etc.), whereas increases in CO<sub>2</sub> occurs because technologically it is not feasible to reduce carbon beyond a threshold, as the internal combustion engine has a limit regardless of the policy option. This implies that reduction of CO<sub>2</sub> requires an alternative technology such as hydrogen or fuel cell technology. With respect to fuel cells, the technology problem has been resolved, but diffusion will be handicapped due to network externalities (in the sense that the utility of a consumer increases if more customers use fuel cell cars). Eftichios's paper builds a model that looks into how to promote the use of fuel cell cars. Two policy options are considered - a) an environmental tax on the price of dirty technology vehicles; and b) a combination of a tax on dirty technologies and a subsidy to clean technologies with balanced budget.

The results show that it is only at a very high tax that the utility of owning a dirty car falls below the utility of owning a new car using fuel cells. And such a high (Pigouvian) tax is practically impossible to levy. Alternatively, if the collected tax revenue is used to give subsidies to clean car users then the utility of using a clean car will exceed that of owning a dirty car. Regarding network effects, government should support building new hydrogen stations (the paper is silent about how this can be done?)

Jasper's paper uses a partial equilibrium analysis (the Tremove Model representing transport markets), to build a simulation model for Belgium that traces the level of pollution till 2020 by introducing newer and cleaner cars such as compressed natural gas (CNG), hybrid, fuel cell, and battery-operated. The paper comes up with four propositions based on simulation results: 1) cleaner technology cars are a better way to reduce pollution than shifting to cleaner modes; 2) a shift away from diesel is preferable for private cars if both gasoline and diesel are taxed equally; 3) to reduce CO<sub>2</sub>, a shift towards hybrid cars is preferable, but it comes at a high welfare cost; and lastly 4) freight transport should not be encouraged to shift from road to rail and/or waterways. This is more so especially after 2010 when the EURO V norms are implemented, which would make waterways more polluting than road (trucks).

In the Q&A session, four directly relevant questions falling under both sections were: a) why is the political choice always to build new infrastructure despite there existing a plethora of instruments still not in use? b) is there any political economy argument to tax diesel cars less than gasoline cars given the fact that historically EU car producers specialized in diesel cars? c) despite trains being more environmentally effective, why has this mode not been advocated? And d) shifting to fuel cells involves producing hydrogen, the production of which could also be dirty, hence shifting will only be illusory and yield no apparent gain.

The responses include that infrastructure is also a policy variable, hence need to be treated similarly. But at present, in Europe, the aim should be first to improve 'toll' structure. On an average in Europe, cars pay over 50-100% of the cost of building roads. However, for waterways and railways certain corridors need to be developed,



whereas those that are not cost effective should be closed. The political economy of taxing gasoline more needs a separate analysis. With respect to the use of train as a mode, results show that consumer surplus falls if people shift from private cars to trains. Tax revenue also falls with this shift, leading to an overall fall in welfare. Thus moving within roads is a better option than moving away from roads.

With regard to hydrogen, production studies indicate that hydrogen can be produced but it is not clear how clean production would be. If the aim is to move away from carbon to something else, we should, although the alternative may not be entirely clean.

The session concluded with a remark from the chairperson that the challenge is to reduce CO<sub>2</sub> and other pollutants and the option(s) should be: a) efficient; and b) politically viable.

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## ROUND TABLE ON ENERGY AND ENVIRONMENT

*Wolfgang Pfaffenberger*

Wolfgang Pfaffenberger gave a short overview of the impact of the newly introduced CO<sub>2</sub>-certificates on the German and European power market. The impact of the unexpectedly high price

for CO<sub>2</sub>-certificates has enormous consequences on the wholesale market for electricity. At the same time other instruments of controlling the impact of energy consumption on the environment persist. Therefore consumers pay twice for the environment now. For future policy it is an important task to make existing instruments consistent with the CO<sub>2</sub>-certificate trade.

This was followed by a report by Gemma O'Reilly and Frank Convery on the situation of wind energy in Ireland. Gemma reported on the conditions for investment in this sector on the basis of surveys conducted.

Dr. Buddenberg from EWE AG, a large energy distributor in the Northwest of Germany, reported on the problems of integrating the often strongly intermittent supply of wind energy into the network without violating security of supply conditions. He demanded that the absolute priority given to renewable resources by law should be changed so that integration of large amounts of intermittent renewable resources would be easier in the future.

At the end Brendan Dooley from International University Bremen reported on the work done by a group of social scientists on Energy & Culture researching the preferences and values held by the public in relation to energy and environment-related issues.

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## THE AERNA SESSION

*Angels Xabadia*

AERNA (the Spanish and Portuguese Association of Environmental and Natural Resource Economics) was founded in 2002 by a group of academics and researchers from universities and research centres in Portugal and Spain and has currently 179 members.

The title of the AERNA session on June 26, chaired by Carmelo Leon from the University of Las Palmas, was "Exploring nature conservation and local development in Southern Europe". Although the schedule makes first morning sessions not very well attended (we were about 10-12 people), it was a very interesting and motivating session.

Four papers were presented:

**"Agricultural water markets: Exploring limits and opportunities in Italy and Spain"** written by Meri Raggi, University of Bologna; Juan Pujol Planella, University of Girona and Davide Viaggi, University of Bologna, and presented by Meri Raggi.

The paper analyzes to what extent water markets may contribute to the improvement of the efficiency of water use in agriculture. The analysis is based on a linear programming model applied at basin level. The model is tested in two areas: in the Foggia region in Southern Italy and in the Lower Ter, Spain. The Foggia



region uses volumetric pricing and the farms are mainly differentiated by size while the Lower Ter region applies a tariff per hectare and the farms are differentiated by the cultivated crop. Their results confirm that water markets have the possibility to improve water use efficiency. However it also highlights that the potential to improve efficiency strongly depends on the institutional acceptance of market criteria for water allocation purposes and on the ability to allow exchange with reasonably low transaction costs. With low transaction costs, water markets may lead to a considerable increase of the gross margin of producers, especially in the Lower Ter region where the gross margin increase can reach 30%.

The second paper: **“Sustainability certificate valuation in the Basque anchovy fishery”**, written by Javier Lopez de la Calle, J. Manuel Chamorro and M. Carmen Gallastegui, from the University of the Basque Country, was presented by Javier Lopez.

The Marine Stewardship Council is an independent, global, nonprofit organisation aimed at fostering a sustainable fishery management. It has developed an environmental standard for sustainable management of fisheries. Those fishing industries that fulfill sustainability requirements are rewarded with a certification intended as a distinguishing label that consumers are expected to value. The objective of the study is to compute the economic value of the blue certificate for the Basque anchovy fishery. The study is based on the assumption that a sustainable fishery would yield a relatively more stable flow of catches and therefore prices. Conversely, the current situation witnesses sharp variation in catches and considerable changes in prices. This volatility imposes a cost to fishermen and consumers alike. From the fishermen's point of view, a major concern is the chance of a sudden drop in prices which would render their operation unprofitable. As the put option is a typical hedging instrument in this situation, the authors use the Black-Scholes formula to assess the value of the blue-label certificate.

Carmelo Leon, from the University of Las Palmas, presented the paper **“The destination life cycle for alternative types of tourism: mass, new and nature-based tourism”**, co-authored by Juan. M. Hernandez, from the same university.

The life cycle of the tourist product follows an S-shaped growth pattern divided into five phases, from exploration to stagnation. The objective of the paper is to describe the life cycle of tourist destinations, specially the stagnation process. The model assumes that tourist attraction is determined by the physical and natural capital and its interaction. The authors develop a simulation model that predicts the lifecycle pattern depending on the assumptions made with respect to the type of tourism, using a predator-prey scheme. Tourism necessitates and degrades the natural capital. This degradation limits the explosive growth impinged by the physical capital, that is, the place becomes less attractive as the natural capital is degraded. Depending on the impact of the physical capital on environmental degradation, different types of tourism are defined: mass, new and nature-based tourism. These theoretical patterns can be useful for analyzing the effects of some policies for the post-stagnation stage, such as infrastructure renewal, with potentially different responses across the type of tourism. The study shows that tourism products for which the physical capital's impact on the natural capital is large tend to show a more unstable post-stagnation phase. The authors presented an empirical application to the case of the tourist industry in the Canary Islands (Spain).

Finally, the paper **“Using contingent valuation surveys to estimate the benefits of agri-environmental programs: The case of the zonal program of Castro Verde (Portugal)”** written by Cristina Marta (Univ. of Coimbra), Rudolf de Groot (Wageningen Univ.) Tiago Domingos (DEM), Helena Freitas (Univ of Coimbra) and Guerrit Gort (Wageningen Univ.) was presented at the conference.

The authors use a contingent valuation method to estimate individuals' WTP (willingness to pay) to preserve the benefits of maintaining the current land-use, that is, the Cereal steps in Castro Verde (Portugal). This region is being managed according to a plan implemented under the scope of EU agri-environmental regulation. Its current land-use is very suitable as a habitat for many endangered species, however, the farming system has very low productivity, which creates incentives for land-use change. The valuation of species preservation and landscape beauty was elicited in hypothetical markets through open-ended question. Respondents' WTP were collected from two contingent valuation surveys, one conducted by personal interviews and the other using electronic mail. The authors also study different modeling possibilities for open-ended data and the potential of modeling estimates for the purpose of agri-environmental policy analysis.



## EAERE INSTITUTIONAL HIGHLIGHTS

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### EAERE COUNTRY REPRESENTATIVES

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According to our statutes, the objectives of our Association are:

- Contribute to the development and application of environmental economics as a science in Europe;
- Improve communication and contacts between researchers, teachers and students in environmental economics in the different European countries;
- Develop and encourage cooperation between teaching institutions of university level and research institutions in Europe.

Achieving these objectives is important in terms of enhancing the presence and effectiveness of environmental and resource economics, and supporting our association to develop and fulfil its potential. The more talent we have in our membership, the more effective we will be in advancing these objectives.

Within this framework, at the EAERE Council meeting in Dublin on March 23, 2005, EAERE decided to nominate 'EAERE Country Representatives'. Their active presence in the Association should improve the communication between the Association and EAERE member countries, and increase the number of members in each country. Our country representatives are:

- Austria, Karl. W. Steininger
- Belgium, Johan Eyckmans
- Canada, Robert Cairns
- Czech Republic, Milan Scasny
- Denmark, Niels Vestergaard
- Germany, Michael Rauscher
- Greece, Anastasios Xepapadeas
- Ireland, Frank Convery
- Israel, Mordechai Shechter
- Italy, Giovanni Signorello
- Norway, Cathrine Hagem
- Poland, Tomasz Zylicz
- Portugal, Maria A. Cunha-e-Sa
- Sweden, Thomas Sterner
- Switzerland, Lucas Bretschger
- The Netherlands, Aart de Zeeuw
- UK, Ian Bateman
- USA, Scott Barrett

Country Representatives in Bulgaria, Finland, France, Hungary and Spain will be nominated soon.

Our membership is invited to communicate with EAERE through our Secretariat ([eaere@eaere.org](mailto:eaere@eaere.org)) directly, or through our country representatives. Their contact details are available in the EAERE Membership Directory, at <http://www.eaere.org/members/directory.html>.



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## EAERE SUPPORTERS

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As a symbolic sign of gratitude for their efforts to develop our Association, EAERE would like to nominate as 'EAERE Supporters' the members who successfully get 2 or more new members to join the Association. When new members apply, they are invited to indicate who encouraged their application, and this is the basis on which decisions on the above recognition will be made. At present, EAERE has three supporters:

- Prof. Frank Convery, University College Dublin, Ireland,
- Prof. Thomas Sterner, Göteborg University, Sweden,
- Prof. Anastasios Xepapadeas, University of Crete, Greece.

We wish that the number of EAERE supporters may increase, for the benefit of the Association.

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## THE THIRD WORLD CONGRESS

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*Notes by Michael Rauscher*

The Third World Congress of environmental and resource economists will be held in Kyoto, Japan, from July 3-7, 2006. The programme committee consisting of Hossein Farzin (U California Davis), Kazuhiro Ueta (U Kyoto) and myself has been involved in preparing the programme since the summer of 2004. The official start of the conference will be the opening ceremony on July 4 followed by a four-day programme.

Keynote speakers are:

- Clive Granger (U California San Diego), Econometric Analysis of the Dynamics of Tropical Deforestation
- Geoffrey Heal (Columbia U), Environmentally Responsible Corporations
- Elinor Ostrom, (U Indiana), Environmental Problems and Collective Action
- Steve Polasky (U Minnesota), Biodiversity Conservation

Moreover, we contacted Paul Krugman (Princeton U) and Klaus Töpfer (Executive Director of UNEP) and there are good chances that one of them or both may come.

The call for papers will be out on the congress webpage, <http://www.worldcongress3.org>, by the end of July. The deadline of submissions will be early 2006 (January/February) and we intend to have a quick and efficient refereeing process. Many of you will be contacted in August/September and be asked to help us by refereeing submitted papers. Please be cooperative and contribute to a public good. We rely on your expertise in order to generate an exciting programme out of hundreds of submitted papers. We expect to accept some 800-1000 papers. Moreover, our intention is to have a limited number of "symposium" sessions, which can be panel discussions or a group of lectures on an issue of general interest. Details will be announced in the call for papers.

We hope to prepare an exciting conference programme with inspiring and thought-provoking contributions. The Local Organising Committee is doing its best to make this conference a great event from the social and cultural points of view, too. I am sure we will receive many good submissions and I hope to see many of you in Kyoto in July 2006.



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## THE 15<sup>th</sup> EAERE ANNUAL CONFERENCE

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The EAERE Council has recently completed the selection of the Congress Venue and Local Organising Committee for the 15th EAERE Annual Conference. The Council has selected the proposal submitted by the University of Macedonia, which has therefore become the official hosting institution of the 15th EAERE Annual Conference. The conference will be held in Thessaloniki, Greece, from the 28th of June to the 1st of July, 2007.

Prof. Eftichios Sartzetakis will be the Chair of the Local Organising Committee. He will also co-chair the Programme Committee jointly with Prof. Aart de Zeeuw, from Tilburg University, The Netherlands.

The final decision was difficult in view of the high-quality proposals that we received. EAERE would like to thank all of the submitters for their efforts in the preparation of remarkable proposals, and wishes the University of Macedonia much success on the organisation of the 15th EAERE Annual Conference, which will certainly be an outstanding event.

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## EU's 7<sup>th</sup> FRAMEWORK PROGRAMME

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**Proposal for a Decision of the European Parliament and of the Council concerning the seventh framework programme of the European Community for research, technological development and demonstration activities (2007 to 2013) – BUILDING THE EUROPE OF KNOWLEDGE COM (2005) submitted April 6, 2005.**

*Notes by Frank Convery and Susana Ferreira, University College, Dublin*

This represents the European Commission's proposals for the next 7-year research funding cycle, beginning in 2007. The total budget proposed is €72.73 billion, allocated to 4 programmes

I. People: Marie Curie Training networks, life long training and career development etc (€7.1 billion)

II. Collaboration: includes small and large research projects, networks of excellence and networking. Of the nine themes identified, four are likely to be of interest to EAERE members – energy (including knowledge for energy policy making), environment (including climate change), transport, and socio-economic sciences and the humanities (including combining economic, social and environmental objectives in a European perspective). The last theme is a new category of particular interest, with a proposed budget of €792 million.

III. Ideas: A new innovation – the European Research Council (ERC) with an independent board is proposed, to foster excellence and fund individual projects suggested by researchers, with the emphasis on basic research, including social science (€1.8 billion).

IV. Capacities: development of research infrastructures, development of research clusters, improving integration of science and society (€7.5 billion).

There are three new ideas that are of potentially great value to our community. The inclusion of a social science and the humanities strand in the Collaboration programme, the creation of the European Research Council, which will operate in a manner akin to the NSF in the US (and which was strongly supported by the Irish Presidency, based on our experience with Science Foundation Ireland, which is based on the US model) and the support for regional clusters. You are urged to make yourself familiar with the details, and ensure that your government and MEPs support the inclusion of strong peer reviewed environmental and resource economics as an essential strand. It is not clear whether EAERE can or should play a role in advancing our collective interest in these and related domains. We will consider this at our next Council meeting.



## ANNOUNCEMENTS

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### CONFERENCES AND WORKSHOPS

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#### **WORLD CONGRESS OF THE ECONOMETRIC SOCIETY**

University College London, London, UK

18-24 August 2005

<http://www.eswc2005.com/>

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#### **45TH CONGRESS OF THE EUROPEAN REGIONAL SCIENCE ASSOCIATION**

**Land Use and Water Management in a Sustainable Network Society**

Vrije Universiteit Amsterdam, Amsterdam, The Netherlands

23-27 August 2005

<http://www.feweb.vu.nl/ersa2005/>

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#### **1st TEACHING WORKSHOP ON ENVIRONMENTAL ECONOMICS FOR MIDDLE EAST AND NORTH AFRICA**

Trieste, Italy

5-16 December 2005

<http://www.ictp.trieste.it/~eee/workshops/smr1684/smr1684.htm>

#### **Call for Applications**

Deadline: 5 September 2005

The Ecological and Environmental Economics (EEE) Programme, a joint programme of the Abdus Salam International Centre for Theoretical Physics (ICTP), the Fondazione Eni Enrico Mattei (FEEM) and the Beijer International Institute of Ecological Economics, is organising the 1st Teaching Workshop on Environmental Economics for the Middle East and North Africa. The workshop is organized in co-operation with the Middle East and North Africa Network of Environmental Economists (MENANEE). It will be held in the ICTP in Trieste, Italy, from December 5-16, 2005.

The objective of this workshop is to give the participants a good background in the theory of environmental and resource economics and in application techniques in this specific field.

The Course is targeted to graduates in economics and preferably with some post-graduate level training in economics or relevant fields who are based in Middle-Eastern and Northern African countries, and in particular in Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, Turkey, United Arab Emirates, Yemen.

Qualified candidates from the above countries can apply. As this activity will be conducted in English, participants should have an adequate working knowledge of that language.

The costs associated with the participation of selected applicants from developing countries can be covered by the EEE Programme. It should be stressed that participants whose expenses are covered by the EEE Programme are required to attend the entire workshop. For logistical reasons, the total number of participants is limited. There is no registration fee for this activity.

Applicants who satisfy the above requisites are requested to fill in the Application Form available at <http://www.ictp.trieste.it/~eee/workshops/smr1684/smr1684.htm> and send it to the address indicated in the form before 5 September 2005. (a) A copy of the applicant's curriculum vitae, (b) half a page describing the research he/she is currently working on within the field of interest of the course, and (c) reference letters from at least 2 persons are also required.

Directors:

Prof. Karl-Göran Mäler, The Beijer Institute, Sweden

Prof. Sir Partha Dasgupta, Cambridge University, UK

Local Organizers:

Ms. Monica Eberle, Fondazione Eni Enrico Mattei, Italy

Dr. Matteo Marsili, ICTP, Italy

Secretary:

Ms. Rosa del Rio, ICTP, Italy – [smr1684@ictp.it](mailto:smr1684@ictp.it)

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#### **THE ROLE OF OPEN SPACE AND GREEN AMENITIES IN THE RESIDENTIAL MOVE FROM CITIES**

INRA, Dijon, France

14-16 December 2005

Organizers: Jean Cavailhès (INRA) and Jacques-François Thisse (CORE)

A movement of residential decentralisation has been occurring in many developed countries. For example, the US House of Representatives said (in 1980) that urban development in the U.S. is 'like Swiss cheeses with more holes than cheese'. Indeed, there is a widespread residential decentralisation in developed countries in which population moves from central cities to wide surrounding belts made of suburbs or exurbs with low density and broad open/green spaces, of towns and villages scattered in the countryside, of mixed residential-agricultural zones, etc. Despite a reversal toward gentrified cores of cities, the population



dispersion into peri-urban, ex-urban or rural areas remains the main movement.

The purpose of the workshop is to encourage the production and diffusion of high quality research, both empirical and theoretical, on the role of open spaces and green amenities in residential decentralisation. We especially (but not exclusively) welcome papers in the following categories:

- Theoretical models, either urban economics or geographical models (fractal geometry, automata cellular, etc.) with microeconomic foundations.
- Econometric models using contingent valuation, conjoint analysis (or other random utility frameworks), hedonic method, and others estimation strategies (calibration, etc.) to evaluate open space / amenity prices.
- Land economic models (with expectations, option values, etc.) analysing spatial patterns of residential development and consequences on the farmland market and on the agricultural sector.
- Public management of amenities as local public goods: land tax policy, agriculture subsidies to remunerate green amenity production, land regulation, distributional issues, and impact of public policy in both providing and allocating such amenities.

Output. When full texts are available, papers from the workshop will be proposed to one (or two) review(s), in 'special topic(s)', subject to the normal refereeing criteria.

Organisation and structure. The seminar will be held at INRA CESAER, Dijon, France, December 14 (2 p.m.) – December 16 (5 pm), 2005. The members of the scientific committee are Jean Cavailhès (Centre d'Economie et de Sociologie Rurales Appliquées à l'Agriculture et aux Espaces Ruraux, INRA, Dijon), Paul Cheshire (Geography and Environment dept, LSE, London), Jacques Thisse (CORE, Catholic University of Louvain, Louvain-la-Neuve), JunJie Wu (Department of Agricultural and Resource Economics, Oregon State University). The program of the workshop will include both keynotes lectures by invited speakers and selected papers. In order to allow time for discussion, there will be no more than 15 papers or so. Each presentation will benefit from a specific discussant and large space will be given to both formal and informal discussions. There are no registration fees and conference meals will be provided. Accommodation and travel costs will not be reimbursed.

Submitted presentations must be in English and must include a 2 pages proposal (abstract max of 1000 words) – preference will be given to full paper – as well as a brief biographical summary, including full contact information. The deadline is September, 15 and the scientific committee will notify you about your participation no later than October, 17.

Submissions can be sent electronically to the following email address: [Jean.Cavailhes@enesad.inra.fr](mailto:Jean.Cavailhes@enesad.inra.fr)

or mail to: Jean Cavailhès, INRA-CESAER, 26 Bd Docteur Petitjean, BP 87999, F-21079 Dijon Cedex

## INTERNATIONAL CONFERENCE ON ECONOMICS OF POVERTY, ENVIRONMENTAL AND NATURAL RESOURCE USE

Wageningen, The Netherlands

17-19 May 2006

<http://www.socialsciences.nl/enr/index.htm>

### Preliminary Call for Papers

We invite papers that comprise economic analyses of poverty, environment, and natural resources. Both theoretical and empirical papers dealing with institutions, mechanisms, and dynamics related to poverty and the environment, are welcome. Suggested topics include:

#### Driving forces

- Economic analysis of poverty traps and remedies to escape them
- Economic analysis of the impact of demographic pressure on the resource base
- Resource use, economic growth and the environmental Kuznets curve

#### Institutional and policy aspects:

- Economics of Good Governance - fair access to sources of income, in particular access to the natural resource base as a means for production
- Resource conflicts between the global community (policy institutions, NGOs) and indigenous people
- Options to use payments for environmental services to reduce poverty and to protect biodiversity
- Impacts of environmental regulation and its enforcement on poverty
- Environmental policies and food security
- Environmental protection and natural resources management for poverty alleviation
- Property rights and access to natural resources

#### New developments in modelling

- Resource modelling
- Bio-economic modelling
- Game theoretical modeling of resource conflicts
- Modelling the impact of environmental policies
- International issues and the role of technology transfer
- North-South technology transfers and, more specifically, the role of GM crops for food security and biodiversity
- Trade, environment and poverty: relocation of polluting industries
- Impacts of international agreements on income sources of the poor: trade bans, technology transfers, international fisheries conventions, WTO regulations (e.g. new textile trade regulations)
- Sharing rules for environmental costs and benefits in the design of environmental policies

### Keynote Speakers

C. Barrett, Cornell University, USA

D. Bromley, University of Wisconsin, USA

P. Dasgupta, University of Cambridge, UK

K.-G. Mäler, Stockholm University, Sweden

### International Scientific Committee



E.C. van Ierland (chair), Wageningen University, The Netherlands  
D. Bigman, Wageningen University, The Netherlands  
E. Bulte, Tilburg University, The Netherlands  
B. Copeland, The University of British Columbia, Canada  
R. Dellink, Wageningen University, The Netherlands  
J. Janmaat, Arcadia University, Canada  
A. Kuyvenhoven, Wageningen University, The Netherlands  
O. Morrissey, University of Nottingham, UK  
J.B. Opschoor, ISS, The Hague, The Netherlands  
P. Pinstrup Andersen, Cornell University, USA  
M. Rosegrant, IFPRI, Washington, DC, USA  
R.M. Saleth, University of Delhi, India  
H. Verbruggen (co-chair), Free University Amsterdam, The Netherlands  
H.-P. Weikard, Wageningen University, The Netherlands

## Organisation

The conference is organised by the *Environmental Economics and Natural Resources Group of Wageningen University*, The Netherlands in collaboration with the Special Research Programme on Environmental Economics of the Netherlands Organisation for Scientific Research (NWO), FRONTIS, the Wageningen Institute for Environmental and Climate Research (WIMEK), and Mansholt Graduate School.

## Local organising committee

Ekko van Ierland (chair), Harmen Verbruggen (co-chair), Rob Dellink, Hans-Peter Weikard, Wil den Hartog (secretary)

## Address for correspondence:

Environmental Economics and Natural Resources Group  
Wageningen University  
P.O.Box 8130 - 6700 EW Wageningen - The Netherlands  
E-mail: [conference.enr@wur.nl](mailto:conference.enr@wur.nl)  
Website: <http://www.socialsciences.nl/enr/index.htm>

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## ECONOMIC GLOBALIZATION AND ENVIRONMENTAL POLICY

Warsaw School of Economics, Warsaw, Poland  
25-26 May 2006  
<http://www.globalization.waw.pl/>

The Conference "**Economic Globalization and Environmental Policy**" to be held on **May 25th and 26th, 2006** is continuing an experience of previous events organized by the Warsaw School of Economics to evaluate impacts the globalization might have on natural environment. Our former efforts were focused on a spectrum of national and sub-regional problems with particular attention given to the environmental implications of the European Union enlargement.

These questions have generated a vivid debate initially among Polish but over time also foreign specialists. The growing interest in and awareness of interrelationships between the trade/investment and environment encourages us to organize the III

Conference on globalization and environmental policies. It is aiming at more global problems and its focus is on interrelationship between growing consumption in industrialized countries as intensified by the international trade and foreign investment, and the quality of natural environments in countries exporting environmental goods and services including developing and transition economies.

Consequently, the forthcoming Conference is inviting participants from all countries with contributions that would help us to outline more clearly the major debate around taming versus uncritically supporting globalization. We hope to find a common ground how to deal with environmental consequences of economic integration and the huge ecological link built up through today's exploitation of minerals, farm produce, cash crops, fish, and timber in less developed countries made cheaper, and more readily available, by globalization. We are equally interested to learn what are the costs for these countries' natural environments and populations that rely on them.

The Conference aims to engage experts on exporting developing and transition economies as well as specialists from industrialized countries to share their experience on various aspects of the resource exploitation, its environmental consequences, on consumption patterns, and markets.

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## AERNA 2006, SECOND CONFERENCE OF THE HISPANIC-PORTUGUESE ASSOCIATION OF ENVIRONMENTAL AND RESOURCE ECONOMICS

Lisbon, Portugal  
2-3 June 2006  
<http://www.dinamia.iscte.pt>

## First call for papers

The preliminary program includes plenary and parallel sessions as well as roundtables discussions. There will also be a workshop on Water Management on the morning of the 2<sup>nd</sup> of June.

**Programme Committee:** Catarina Roseta Palma, Maria Cunha-e-Sá, Rui Ferreira dos Santos

## Paper submissions

We welcome both theoretical and applied papers in all areas of environmental and resource economics. Papers that deal with prominent environmental problems in Europe, and specifically in the Iberian Peninsula, will be especially appreciated. Papers can be submitted in Portuguese, Spanish or English.

## Important dates:

31 Jan: Deadline for papers submission  
15 Mar: Notification of acceptance  
28 Apr: Early registration and fee



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## EDUCATIONAL PROGRAMMES

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### **MSc PROGRAM IN ENVIRONMENTAL AND RESOURCE ECONOMICS AT THE AUSTRALIAN NATIONAL UNIVERSITY, CANBERRA, AUSTRALIA**

The Master of Environmental and Resource Economics degree is offered by the Asia Pacific School of Economics and Government (APSEG) of the Australian National University. The degree is designed to meet the needs of students who wish to work in the policy, business or NGO communities and where well-developed skills in economic analysis and modelling and good understanding of environmental systems and resource management are required. The degree also provides the training required by graduates who wish to gain a PhD in the area of environmental, resource and ecological economics. The program consists of one year of full-time compulsory courses (42 units), including a research essay, and one elective (6 units).

The degree can be completed in one year full-time, but may also be undertaken part-time over up to four years with a minimum of one course successfully completed every semester. (Commences 2006)

Further information is available at [http://apseg.anu.edu.au/degrees/idec/idec\\_master\\_ERE.php](http://apseg.anu.edu.au/degrees/idec/idec_master_ERE.php)

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## JOB OFFERS

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### **RESEARCH ASSISTANT (DOCTORAL STUDENT) APPLIED MICROECONOMICS AND ECONOMETRICS**

**Company** EPFL et HES Genève

**Workplace** Genève et Lausanne

**Description** The Geneva School of Business Administration offers a Research Assistant (Doctoral student). The successful candidate will have to write a PhD thesis in Applied Microeconomics at the Swiss Federal Institute of Technology Lausanne (EPFL) under the supervision of Prof. Philippe Thalmann, and Professors Andrea Baranzini and José Ramirez, Geneva School of Business Administration (HEG-Genève). The PhD thesis will be part of a larger research project entitled "Assessing discrimination and environmental amenities in the housing market", financed by the Swiss National Science Foundation, National Research Programme 54 "Sustainable Development of the Built Environment". The research topic focuses on the application of the hedonic model to assess the economic value of environmental and land use characteristics, as well as their distribution among the population.

**Education** The ideal candidate should have a Master's degree or equivalent in Economics, Econometrics or Statistics. Due to visa formalities, international candidates are encouraged to apply as soon as possible. The main place of work will be the Geneva School of Business Administration, Geneva, Switzerland.

**Entrance upon** October 2005 (possibly earlier)

**Duration of appointment** 3 years

**Remarks** The application should include a complete CV; a statement explaining the applicant's background especially in statistics and econometrics; copies of transcript, degrees and last marks; and names and E-mails of two references, including their recommendation letter.

Applications should be sent in duplicate to Prof. Andrea Baranzini; Geneva School of Business Administration; 7, Route de Drize; CH – 1227 Carouge-Genève; Switzerland Prof. Philippe Thalmann, EPFL ENAC INTER REME, Bât. BP, Station 16, CH – 1015 Lausanne or E-mailed to: [Andrea.Baranzini@hesge.ch](mailto:Andrea.Baranzini@hesge.ch) and [Philippe.Thalmann@epfl.ch](mailto:Philippe.Thalmann@epfl.ch)

**Application has to be received by 31 July 2005.** Interviews with selected candidates will take place after August 20th.

For further information and inquiries, please contact Prof. Andrea Baranzini ([Andrea.Baranzini@hesge.ch](mailto:Andrea.Baranzini@hesge.ch), Phone: +41 22 388 1718), Prof. José Ramirez ([Jose.Ramirez@hesge.ch](mailto:Jose.Ramirez@hesge.ch) Phone: +41 22 388 1725), or Prof. Philippe Thalmann ([Philippe.Thalmann@epfl.ch](mailto:Philippe.Thalmann@epfl.ch), Phone: + 41 21 693 7321)

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### **TWO POST-DOC POSITIONS FOR ENVIRONMENTAL ECONOMISTS IN THE AREA OF CLIMATE RESEARCH**



The Department of Economics is pleased to announce two post-doc positions for environmental economists in the area of climate research. Please see the positions marked E 333 2514/05 at the address <http://ledig-anstallning.adm.gu.se/>

For more information concerning environmental economics in Gothenburg, please check our webpage <http://www.handels.gu.se/econ/EEU>.

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## **POSTDOCTORAL POSITION – 2005-2006 ECOLOGICAL AND ENVIRONMENTAL ECONOMICS PROGRAMME**

The Ecological and Environmental Economics Programme (EEE), a joint programme of the Abdus Salam International Centre for Theoretical Physics (ICTP), Fondazione Eni Enrico Mattei (FEEM) and the Beijer International Institute of Ecological Economics, invites applications for one postdoctoral position in integrated assessment and computable general equilibrium models. Appointment may begin from 1 November 2005 (and possibly not later than 1 December 2005).

The main area of research is integrated assessment models. Research tasks will involve the development of parts of a dynamic computable general equilibrium model (GTAP based) designed to assess the economic impact of climate change for specific sectors and their macro economic implications. Candidates must have a Ph.D. in economics or be near its completion, and experience in integrated climate modelling and general equilibrium models.

Very good written and spoken English is essential for this position.

The EEE Programme offers an international and interdisciplinary environment, the possibility to develop an innovative research programme and a world-wide network of research institutions in the ecological and environmental economy field. Duties will be performed, as a guest scientist, in the Abdus Salam ICTP, in Trieste, Italy, until 31 December 2005; after this date they will be performed in the Fondazione Eni Enrico Mattei, in Venice, Italy. A full range of the activities of the EEE Programme is described in the EEE Programme website at <http://www.ictp.trieste.it/~eee/>, whilst information on the Abdus Salam ICTP and Fondazione Eni Enrico Mattei is available at <http://www.ictp.it/> and <http://www.feem.it/> respectively.

Appointments are made for one year, renewable for a second year contingent on the availability of funds. Net salary will be based on qualification and working experience (1,550 to 1,700 Euro/monthly). Higher salaries may be considered for particularly experienced candidates.

Applicants should send a detailed curriculum vitae with a full list of publications and at least two letters of recommendation to: Ms. Rosa del Rio, the Abdus Salam ICTP, Strada Costiera 11, 34014, Trieste, Italy (Phone: +39.040.2240396; Fax: +39.040.224163; e-mail: [eee@ictp.trieste.it](mailto:eee@ictp.trieste.it)).

The closing date for receipt of applications is 30 September 2005.

Given the institutional goals of the EEE Programme, applications from nationals of developing countries are strongly encouraged.

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## **LECTURESHIP IN URBAN LAND ECONOMICS AND MANAGEMENT**

Queen's University Belfast, United Kingdom, School of Agri food and Land Use. Details on university website <http://www.qub.ac.uk/jobs/>. Deadline for applications: 12 August 2005.

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## **POSTS FOR THREE PHD STUDENTS IN ENVIRONMENTAL ECONOMICS AND POLICY ANALYSIS**

The Department of Planning and Environmental Policy of University College Dublin ([www.ucd.ie/pepweb](http://www.ucd.ie/pepweb)) has three vacancies for (fully funded) PhD students.

### **About the Department**

The Department of Planning and Environmental Policy (PEP) is a dynamic research and learning environment based at University College Dublin, Ireland's largest university. It has an active research programme in the areas of environmental policy and economics, European environmental policy, governance and policy instruments, cost-benefit analysis and environmental valuation, transport, housing, urban design, regeneration, rural planning, energy, quality of life, and spatial planning and public policy. The Department has active collaborations with research teams in universities around the globe.

### **Job requirements**

Candidates should have an MA or MSc degree in economics, econometrics or related fields. Depending on their background and prior training, candidates may be required to complete additional graduate courses in their first year of appointment. Research should lead to a PhD thesis as well as to publications in international refereed journals.

### **Remuneration and facilities**

Stipends are in the range of €12,000-18,000 (net). Positions are full-time with funding contingent on annual evaluations. Successful candidates will be provided with computing and office facilities and will be joining a dynamic team of young researchers

### **Application procedure**

Please send a CV, official transcripts and a statement of interest to Dr. Susana Ferreira, Department of Planning and Environmental Policy, University College Dublin, Richview, Clonskeagh, Dublin 14, Ireland, or by email to [susana.ferreira@ucd.ie](mailto:susana.ferreira@ucd.ie).

### **JEL Classifications: O, Q, R**

**Application has to be received by August 3<sup>rd</sup>, 2005.**



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## NEW BOOKS

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### **APPLIED ENVIRONMENTAL ECONOMICS, A GIS Approach to Cost-benefit Analysis**

Ian J. Bateman, Andrew A. Lovett, and Julii S. Brainard

Cambridge University Press, June 2005

- First full length analysis of the potential of GIS in environmental and resource economics
- Inter-disciplinary appeal – economists, GIS specialists and environmental management
- Technical level accessible to all numerate graduate students with lots of real life examples and strong policy relevance

EAERE members can gain a discount of 20% valid until 31/12/2005 by using the code: BATEMAN05. Details on how to place an order are shown in the second page of the flyer available in <http://www.eaere.org/books.html>

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## MISCELLANEOUS

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### **INTERNATIONAL JOURNAL OF ECOLOGICAL ECONOMICS & STATISTICS (IJEES) SPECIAL ISSUE IN HONOR OF PROFESSOR CHARLES PERRINGS**

"International Journal of Ecological Economics & Statistics" (IJEES) announces a special issue in honor of Professor Charles Perrings. The purpose of this issue is to respect his outstanding work and fundamental contributions on ecological and environmental economics.

Papers are invited for the special issue within the scope of IJEES or research interests of Professor Charles Perrings (<http://www.york.ac.uk/depts/eeem/resource/perrings/perrings.htm>). The deadline for submission of papers is January 15, 2006. Papers for submission should be sent to the Executive Editor IJEES, preferably as MS Word or PDF files as attachments in email, and will be subject to normal refereeing procedures according to IJEES standards. Detailed instructions on how to prepare your manuscript are available at [www.geocities.com/ceser\\_info/instr4a.html](http://www.geocities.com/ceser_info/instr4a.html).

The International Journal of Ecological Economics & Statistics (IJEES) publishes refereed, well-written original research articles, and studies that describe the latest research and developments in Ecological Economics / Ecological Statistics / Environmental Statistics. IJEES is interdisciplinary within the context of contemporary environmental issues and the associated economics/ mathematical /statistical tools, concepts and methods.

For more details, visit us: [http://www.geocities.com/ceser\\_info/ijeess.html](http://www.geocities.com/ceser_info/ijeess.html)



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## OBITUARY

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### **DAVID BRADFORD - The Passing of a Gentle Giant**

On February 22, David F. Bradford succumbed to the injuries sustained in a fire accident 13 days earlier.

David was one of the pioneers of environmental economics, an intellectual giant who helped shape our discipline. His main interests were taxation and public goods. He worked with Baumol on optimal taxes in the second best (AER, 60 (3), 265-283), and with Hildebrandt on the observation of preferences for such goods (JPE, 8, 111-131). He also worked on the social rate of discount (AER, 65 (5), 887-899). He was one of the architects of the 1986 reform of US taxes. He taught environmental economics at Princeton for many years. Recently, he was interested in international climate policy. His "no-cap-but-trade" proposal is a viable alternative to the Kyoto Protocol (<http://www.wws.princeton.edu/~bradford/globalpublicghgcontrol01.pdf>).

His academic achievements apart, those who worked with David fondly recall his unassuming, generous, and gentle nature. He was a great scholar, and a great human being.

David was 66. He was looking forward to laying down his administrative responsibility and returning to research. Our thought and prayers are with his wife and children.