

# The Research Dialogue

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## BOOK REVIEW

Book: **Intermediate Environmental Economics**

**Author:** *Charles D. Kolstad*

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Prof. Charles D. Kolstad is an energy and environmental economist with a research focus on the economics of climate change. He is also involved in research on energy markets, fossil fuels being largely responsible for greenhouse gases in the atmosphere. He has been a Lead Author and a Convening Lead Author for the Intergovernmental Panel on Climate Change (co-recipient of the 2007 Nobel Peace Prize), is a founding Co-Editor of the University of Chicago Press journal Review of Environmental Economics & Policy and has served on many advisory boards. He is a former president of the Association of Environmental and Resource Economists (AERE). Prof. Kolstad was a Distinguished Professor at the University of California, Santa Barbara, where he was the Bren Distinguished Professor of Environmental Economics, Chair of the Department of Economics and co-director of the UC system-wide University of California Centre for Energy and Environmental Economics (UCE).

Charles D. Kolstad' book intermediate environmental economics concerned with the field of economics environmental economics. A real effort has been made to make the text of this book from a global perspective, not just from a U.S. or European perspective. This book frequently used in India. This book makes a distinction between environmental policy and environmental economics. Environmental policy receives short shrift here, primarily because it is a broad topic. Additionally, this book emphasizes environmental economics at the expense of resource economics. Excluded are topics of natural resources in which there is not a dominant market failure. Thus, fisheries are covered elementary level but exhaustible resource are not.

This book constitutes twenty chapters but in my topic point of view I found only few chapters useful like public goods and environmental protection, demand for environmental goods, revealed preference and stated preference technique for environmental valuation, pricing emissions, markets and property rights regulation with moral hazard and adverse selection. Starting chapters are basically tells about the relationship between economics and the environment, and also discussed positive and normative analysis of climate change that helps a reader to make basics understanding about the subject.

The chapters of revealed preference and valuation method in intermediate environmental economics are vital to understand the core matter of this book. Revealed preference includes two chapters, in first chapter it is described that how by these, and people demand environmental goods and services. In this chapter focus on making the inference by observing markets that are closely related to pollution land prices and wages or other environmental good. And consequently, discussed hedonic price method where the price of a good as a function of certain characteristics of that good. in second chapter of revealed preference this book examined another form of revealed preference for environmental goods: defensive expenditures and travel cost. This approach is good for those environmental goods whose effect on person can be modified using market goods like national park and noise.

The chapter of stated preference, experiments, and referenda in intermediate environmental economics also discussed stated preference because in some cases revealed preference methods are difficult to apply, there are many goods for which there is no logical market by which we can determine the value like like value of scenic vista or climate change is difficult to determine by revealed preference methods. This chapter discussed broadly stated preference methods of valuation that involve finding an individual's willingness to pay for a good by posing a set of questions regarding preference directly to the individuals i.e., contingent valuation method.

In the last chapters in intermediate environmental economics this book gives a clear understanding that how regulations are related to adverse selection, moral hazard and dynamics. These chapters described that how problem arises when the regulator having less information than the polluter and what happened when polluter takes some action that is hidden from the regulator.

As a reader point of view this book concentrates on environmental economics-problems of pollution of earth, air, and water-with an emphasis on regulation, valuation and private-sector anti-pollution incentives, and coverage of international examples. It is very detailed book and also uses very numerical and algebraic approach to explaining all the concepts. Great if you like maths and have a sufficient background to be able to understand it. I found intermediate environmental economics to be significantly better at reading a core understanding of the topic.

### **Reference:**

**Intermediate environmental economics (international second edition)** Charles D. Kolstad, 2011. published by Oxford University press. 22 workspace, 2nd floor, 1/22 Asaf Ali road, New Delhi 110002, , Printed by Gopsons papers limited, Noida 201301, India. (ISBN:978-0-19-809178-3).

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