



# EAERE Award for the Best Paper Published in Environmental and Resource Economics during 2021

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For over a decade, at its annual conference the European Association of Environmental and Resource Economists (EAERE) has awarded a prize generously donated by Springer, for the best paper published within its journal Environmental and Resource Economics (ERE). The Association is always keen to acknowledge leading work in the field of environmental and resource economics and this year it was delighted to be able to return to the tradition of presenting the award in person at the annual conference.

To advise upon the award, the Association called together a panel Chaired by EAERE President elect Simone Borghesi, and two other members of the ERE Editorial Board, Alistair Munro and Joëlle Noailly. Together, the panel evaluated all papers published by the journal over the previous calendar year. Following its advice, we are pleased to announce that the *EAERE Award for the Best Paper Published in Environmental and Resource Economics During 2021* goes to:

Christoph Böhringer, Jan Schneider and Emmanuel Asane-Otoo (2021), “*Trade in Carbon and Carbon Tariffs Environmental and Resource Economics*”.

The motivation provided by the 2022 Award Selection committee is the following:

The rapid move by the EU towards the introduction of its Carbon Border Adjustment Mechanism points to the widespread perception that carbon leakage is both a political and economic obstacle to the implementation of successful carbon pricing schemes. Though

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theoretically convincing, the empirical, quantitative case for carbon tariffs is less clear-cut, especially given the ever-evolving pattern of carbon embodied in trade. In this thorough and path-breaking study, the authors combine multi-region input–output and computable general equilibrium models to simulate the impact of carbon-tariffs given the patterns of trade-flows from 2000 to 2014. They show that, in keeping with previous research, the economic gains from carbon tariffs are modest. At the same time, tariffs would substantially shift the burden of abatement from OECD nations to the non-abating developing world, albeit the size of the impact has declined after the changes in more recent years.

In awarding the annual prize this year, the committee was motivated by the winner's thorough application of rigorous quantitative modelling to an extremely topical issue. The paper demonstrates the value of combining economic theory with empirical models to cast light on complex issues. The article also provides a model to other researchers of how to consider the considerable equity issues created by tariffs that will pass the burden of carbon abatement from richer industrialised nations to the developing world.

In addition to various cash and book voucher prizes, the publishers, Springer, are making the paper freely available for download for an 8-week period following publication.

The Award Committee also recognised the excellence of these three papers (listed below in alphabetical order).

Baranzini, A., Carattini, S. & Tesauro, L. (2021) “Designing Effective and Acceptable Road Pricing Schemes: Evidence from the Geneva Congestion Charge.”.

Although road pricing schemes to limit congestion have been in the armoury of the theoretical economist for many decades, their actual implementation is rare. There appear to be issues in the details of the design that make cities and their inhabitants reluctant to adopt policies that can limit congestion and approve the quality of life. This paper is both notable and outstanding for tackling head on the issues that limit acceptability in an exemplary fashion. The authors design and implement an original choice experiment for Geneva. It includes a wide set of attributes, that include not only the choice of perimeter, price and price modulation, but also some more political aspects of the design such as the use of revenues, and exemption levels and their beneficiaries. The authors find that widespread support for a congestion scheme is sensitive to the details of its design. In particular, exemptions for residents are a major determinant of a scheme's acceptability. Respondents also favour constant prices over dynamic prices, even with the efficiency advantages of the latter. Overall, the committee was impressed by the careful design and implementation of a choice experiment closely related to a contentious, but important urban issue.

Da Rocha, J.M., García-Cutrín, J., Gutiérrez, MJ. (2021) “Dynamic Integrated Model for Assessing Fisheries: Discard Bans as an Implicit Value-Added Tax.”

This paper was recognized by the committee for its rigorous contribution to a topical and complex policy issue. Bans on discarding fish are a feature of EU fisheries policy that have created some controversy. The authors treat a discard ban as a tax to show that such a policy can work to raise the sustainability of a fishery and increase economic welfare over longer time horizons. In the short-run – while the stock of fish is recovering – a discard ban can reduce welfare as it reduces the incentive to invest. However, as the stock recovers, welfare increases and therefore discard bans raise consumption in the long run, but also have biological benefits including an increase in sustainable landings. To reach these conclusions, the paper incorporates some of the methods of the integrated economic models used for evaluating climate change policies, into the fisheries literature. The committee acknowl-

edges the novelty and rigorous way the authors handled the complexities of the long and short-run impacts of fisheries policy.

Gersbach, H., Hummel, N. & Winkle, R. (2021) “Long-Term Climate Treaties with a Refunding Club.”

This paper was picked out by the committee for its contribution to the design of practical and relevant policies that limit global greenhouse gas emissions. In their theoretical model, the authors propose that voluntary clubs (“Refunding Club”) could be formed in which members pay an initial fee into a collective fund. Emission choices would be voluntary, but members then receive rule-based partial rebates each year in proportion to their relative abatement of emissions. This kind of rule-based fund stands in contrast to the current Green Climate Fund, where expenditure is discretionary. The separation of the efficiency and equity aspects of greenhouse gas mitigation policy can lead to stable, voluntary coalitions that could in theory implement any optimal time path for emissions. A notable feature of the paper is the calibration of the RICE-2010 model to suggest that the economic costs of such schemes would be modest, by world GDP standards, and that effective coalitions could be stable. Though there are still significant free-riding issues over the initial contribution to the collective fund, the committee was impressed by the way the authors brought fresh attention to the advantages of rules over discretion in the design of intertemporal policies to limit climate change.

## References

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