



Host: Ao.Univ.-Prof. Ronald Wendner

INVITATION

Prof. Sugata Gosh
(Brunel University)

On the topic:

"Environmental Damages and the Prospects for Economic Development"

(with Dr. Simone Marsiglio)

We analyze the extent to which the prospects for economic development may relate to the environmental damages associated with economic activities. We consider an economic growth framework in which production activities generate polluting emissions which in turn negatively affect production capabilities, and public-funded abatement is pursued to mitigate such effects. Since the time preference is endogenously related to capital, abatement affects the size of the discount factor through its implications on capital accumulation. We show that the elasticity of the environmental damage affects the optimal tax rate and thus the abatement level, which in turn determines whether the economy will develop along a stagnation or growth regime. This suggests that the cross-country heterogeneity in the environmental damages may explain the different development patterns experienced by industrialized and developing economies. Our results are vindicated when tax revenues are used to fund productive public spending in addition to abatement.

Date: April 9, 2024

Starting time: 4.45 p.m.

Location: HS 111.21/Beethovenstraße 8/2

All professors, lecturers, assistants and students are cordially invited to this lecture!