AARHUS UNIVERSITY

EXTERNAL SEMINAR

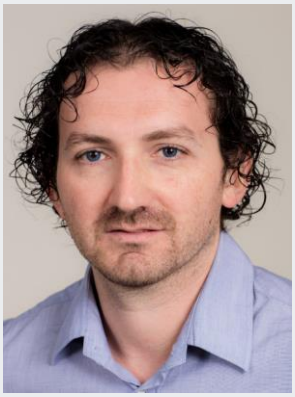
DEPARTMENT OF ENVIRONMENTAL SCIENCE

Frederiksborgvej 399, 4000 Roskilde

11 December 2018. 13.00 – 14.00

Venue: Aarhus University, Roskilde, K1.36, East

via vmeet, pls. let Christel Ege-Johansen know cej@envs.au.dk



Title: The green paradox, intrinsic motivation and social norms

Speaker: Simone Marsiglio. He is a senior lecturer (equivalent to associate professor in Europe) in the School of Accounting, Economics and Finance at the University of Wollongong (Australia). Before joining the University of Wollongong, he was a lecturer at James Cook University (Australia), lecturer at the University of East Anglia (England), postdoctoral fellow at the University of the Basque Country (Spain), and postdoctoral fellow at the University of Eastern Piedmont (Italy). Simone got a MPhil from the Catholic University of Louvain (Belgium) in 2009 and his PhD in Economics from the University of Milan (Italy) in 2011. For his doctoral work, he was awarded with the SIE (Italian Economic Association) Prize 2011 for the best Italian PhD theses. His research interests focus mainly on economic growth, sustainable development, dynamic macroeconomics and environmental economics. His works have been published in several journals, including Economic Theory, Macroeconomic Dynamics and Environmental and Resource Economics.

Authors: Simone Marsiglio, Marco Tolotti

Abstract: We analyze the effectiveness of environmental policy in a framework in which households' utility is determined by both private and social components, representing their extrinsic and intrinsic motivations to undertake green actions, respectively. Environmental policy, in the form of a subsidy aiming to incentivize the adoption of a green technology, on the one hand, directly increases households' extrinsic motivation, while, on the other hand, indirectly decreases their intrinsic motivation. We show that, provided that the indirect effect dominates, the policy leads to crowding-out of intrinsic motivation which ultimately undermines the effectiveness of the policy itself. Specifically, despite its positive effect on environmental outcomes in the short run, the policy will lead to a deterioration in long run environmental outcomes, giving rise to a reverse green-paradox-like outcome. Moreover, even in the case in which the direct effect dominates, provided that the indirect effect is large enough, the policy will generate a deterioration in short run environmental outcomes. These results clearly suggest that the optimal design of environmental policy is particularly complicated since it requires to take into account also its effects on intrinsic motivation.

Host: Berit Hasler and Marianne Zandersen on behalf of SGA Climate, AU

External Guests interested in attending the presentation should e-mail Department Secretary Christel Ege-Johansen, cej@envs.au.dk