

European Instruments for Environmental Policy and Resources for Supranational Democracy

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Abstract

Air pollution is considered as one of the main cases of negative externality. Over the years there have been several initiatives aimed at contrasting it, whose effectiveness has been questioned by the inability of international institutions to implement appropriate policies. (In my contribution) I will take into consideration the theoretical analysis of the public economy for the management of negative externalities, first of all defining the cleaning of the air as a public good. I will then compare the main instruments to contain air pollution, focusing on Pigouvian taxes, on the Coase theorem, and on the regulation of the emissions market (cap and trade policies). I will therefore make a distinction between the role of the state and the one of the market in the proposed solutions. As a next step, using the tools of the game theory, I will demonstrate the ineffectiveness of a solution carried out by individual national players (both as contractors and as executors of international agreements), due to phenomena such as free riding. At this point, the issue of supranationality will be evident: a global emission control strategy would be effectively set up only starting from the regional organizations.

In the last part of the work, I will analyse the already operative example of cap and trade policies implemented by the European Union (Emission Trading Scheme). I will discuss its merits with respect to the policies of other national actors, but also the critical issues to which they are subject. The conclusion of the work will be inherent to the theme of the conference: how to imagine a supranational democracy. Environmental policies, with their incentive and disincentive tools, could be a way to finance the European Union's budget with own resources. Hence, this could contribute to establishing a principle of democratic sovereignty over national states.