

# TABLE OF CONTENTS

## PART ONE

### THE IMPACT OF ENVIRONMENTAL EXPENDITURE ON GROWTH, INFLATION, AND TRADE

1.	Introduction and Summary of Results .....	7
1.1	Environmental Regulations and Poor Economic Performance: Cause or Coincidence? .....	7
1.2	Macroeconomic Modelling Techniques .....	8
1.3	Evaluation of Environmental Regulations in OECD Countries: Summary of Findings .....	9
2.	Characteristics of the Macroeconomic Country Studies of Environmental Programmes .....	12
2.1	Environmental Programmes and Type of Pollution Control Programme .....	12
2.2	Range of Assumptions Considered .....	13
2.3	Methodologies .....	15
2.4	Environmental Data Used .....	16
3.	The Results .....	18
3.1	Prices .....	18
3.2	Aggregate Demand Components .....	20
3.3	Economic Activity .....	24
3.4	Selected Financial Variables .....	26
3.5	General Observations .....	30
4.	Strengths and Limitations of Macroeconomic Studies .....	33

## ANNEXES

I	Austria .....	36
II	Finland .....	41
III	France .....	45
IV	Netherlands .....	51
V	Norway .....	60
VI	United States .....	67
	Notes and References .....	77

## PART TWO

### THE IMPACT OF ENVIRONMENTAL EXPENDITURE ON PRODUCTIVITY

1.	Introduction, Summary and Conclusions .....	82
	1.1 The Background .....	82
2.	The Productivity Record .....	88
3.	The Potential Impact of Environmental Regulations on Productivity Changes .....	92
4.	Evidence of the Impact of Environmental Regulations .....	93
	4.1 Public Regulations and the Decline in Productivity Growth .....	94
	4.2 Environmental Regulations and the Decline in Productivity Growth .....	95
5.	Recent Attempts to Identify the Sources of International Productivity Growth .....	110
6.	Benefits of Environmental Policies and Productivity Changes .....	112
7.	Conclusions .....	115
	Notes and References .....	118