



## NATURAL RESOURCES AND ENVIRONMENT PRESERVATION: STRATEGIC SUBSTITUTABILITY VS. COMPLEMENTARITY IN GLOBAL AND LOCAL PUBLIC GOOD PROVISION

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### ABSTRACT

*Environment is in essence a public good whose preservation requires some type of intervention. Use of natural resources for economic activities different from its pure enjoyment can be regulated by a local community to avoid their excessive use as an input for production of private goods. This usually has external effects on other communities; environment then takes the nature of a global public good, requiring intervention of other local governments or of an upper level of government. We deal explicitly with the interplay of policies by different levels of government, which may raise conflicts. The policies of the local government consist in reserving a part of the 'land' to public enjoyment and/or charging the local community for the public expenditures devoted to this land. The central government can concur to the local expenditures by setting general taxes or charging the local community only, thus assuming a cooperative or non-cooperative attitude. The policies of the two governments are then complementary or substitute and can lead to under- or over- provision of natural resources according to the relative weight given to environment by the central and the local government.*

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