



Economics & Philosophy

Economics and Philosophy

is available online at
<http://journals.cambridge.org/eap>

**To subscribe contact
Customer Services****in Cambridge:**

Phone +44 (0)1223 326070
Fax +44 (0)1223 325150
Email journals@cambridge.org

in New York:

Phone +1(845) 353 7500
Fax +1 (845) 353 4141
Email
subscriptions_newyork@cambridge.org

Editors

Giacomo Bonanno, University of California, Davis, USA
Martin van Hees, University of Groningen, Netherlands
Christian List, London School of Economics, UK
Francois Maniquet, Université catholique de Louvain, Belgium

Economics and Philosophy examines the foundations of economics and its cognate disciplines from a philosophical perspective. Topics include the methodology and epistemology of economics, the foundations of decision theory and game theory, the nature of rational choice and the use of economic techniques in ethical theory.

Price information is available at
<http://journals.cambridge.org/eap>

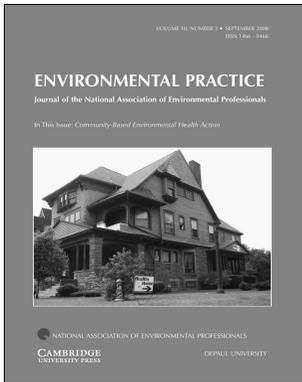
Free email alerts

Keep up-to-date with new material – sign up at
<http://journals.cambridge.org/alerts>

For free online content visit
<http://journals.cambridge.org/eap>



CAMBRIDGE
UNIVERSITY PRESS



ENVIRONMENTAL PRACTICE

Published for the
National Association of Environmental Professionals

Environmental Practice

is available online at:

<http://journals.cambridge.org/enp>

To subscribe contact Customer Services

in Cambridge:

Phone +44 (0)1223 326070

Fax +44 (0)1223 325150

Email journals@cambridge.org

in New York:

Phone +1(845) 353 7500

Fax +1 (845) 353 4141

Email

subscriptions_newyork@cambridge.org

Editor-in-Chief

Kelly Tzoumis, DePaul University, USA

Co-Editor-in-Chief

James A. Montgomery, DePaul University, USA

Environmental Practice provides a multidisciplinary forum for authoritative discussion and analysis of issues of wide interest to the international community of environmental professionals, with the intent of developing innovative solutions to environmental problems for public policy implementation, professional practice, or both.

Price information is available at:
<http://journals.cambridge.org/enp>

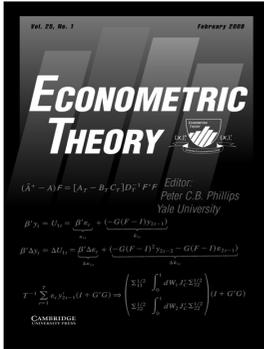
Free email alerts

Keep up-to-date with new material – sign up at
<http://journals.cambridge.org/alerts>

For free online content visit:
<http://journals.cambridge.org/enp>



CAMBRIDGE
UNIVERSITY PRESS



Econometric Theory

Econometric Theory

is available online at:

<http://journals.cambridge.org/ect>

To subscribe contact Customer Services

in Cambridge:

Phone +44 (0)1223 326070

Fax +44 (0)1223 325150

Email journals@cambridge.org

in New York:

Phone +1 (845) 353 7500

Fax +1 (845) 353 4141

Email

subscriptions_newyork@cambridge.org

Editor

Peter C. B. Phillips, Yale University, USA

Econometric Theory is an international journal dedicated to advancing theoretical research in econometrics. The journal provides an authoritative, centralized, professional outlet for original contributions in all of the major areas of econometrics. As well as periodic book reviews and articles that embody original theoretical research, the journal publishes historical studies on the evolution of econometric thought and on major scholars.

Price information is available at:
<http://journals.cambridge.org/ect>

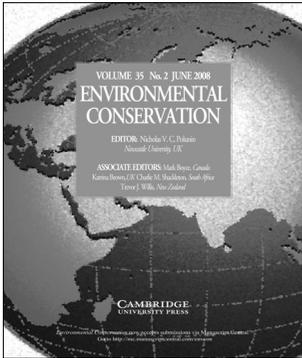
Free email alerts

Keep up-to-date with new material – sign up at
<http://journals.cambridge.org/alerts>

For free online content visit:
<http://journals.cambridge.org/ect>



CAMBRIDGE
UNIVERSITY PRESS



Environmental Conservation

International Journal of Interdisciplinary
Environmental Science

Published for the Foundation for Environmental
Conservation

Environmental Conservation

is available online at:

<http://journals.cambridge.org/enc>

To subscribe contact Customer Services

in Cambridge:

Phone +44 (0)1223 326070

Fax +44 (0)1223 325150

Email journals@cambridge.org

in New York:

Phone +1 (845) 353 7500

Fax +1 (845) 353 4141

Email

subscriptions_newyork@cambridge.org

Editor

Nicholas V. C. Polunin, University of Newcastle, UK

Environmental Conservation is one of the longest-standing, most highly-cited of the interdisciplinary environmental science journals. It includes research papers, reports, comments, subject reviews, and book reviews addressing environmental policy, practice, and natural and social science of environmental concern at the global level, informed by rigorous local level case studies. The journal's scope is very broad, including issues in human institutions, ecosystem change, resource utilisation, terrestrial biomes, aquatic systems, and coastal and land use management. Selected papers are made freely available online as part of *EC Perspectives*.

Price information is available at:
<http://journals.cambridge.org/enc>

Free email alerts

Keep up-to-date with new material – sign up at

<http://journals.cambridge.org/alerts>

For free online content visit:
<http://journals.cambridge.org/enc>



**CAMBRIDGE
UNIVERSITY PRESS**

INSTRUCTIONS FOR CONTRIBUTORS

1. Manuscripts should be submitted online via the website <http://mc.manuscriptcentral.com/ede>. Instructions can be found at the website by clicking the 'Instructions and Forms' link (under 'Resources') and then clicking the 'Online Submission Instructions for Authors' link. Manuscripts should be written in English. Preferred file formats are Word or pdf files for the text, eps files for the figures, and Excel files for any graphs or charts.
 2. **General guidelines** – Manuscripts should have a 12 point font, double spacing throughout, and 2.54 cm (1 inch) margins on all sides. The first page of the manuscript should be a **title page** containing: the name and affiliation of all authors; a designated contact author and his/her complete correspondence address, including email address; and an abstract of 150 words maximum. The text, including footnotes, references and appendices but excluding the title page, should not exceed 8,000 words. The entire manuscript, including tables and figures, should generally not exceed 35 pages.
 3. **Tables** should be numbered sequentially through the text. Tables should be put at the back of the manuscript, with the appropriate location marked in the text. Titles and headings should be brief and descriptive. The text should include references to all tables.
 4. **Illustrations** should be placed, one per page, at the back of the manuscript (or in a separate file), with the appropriate location marked in the text. Quality should be high enough for **direct reproduction**, and designed to allow a reduction of 50%. Illustrations should be numbered sequentially through the text and each should have a caption. References should be made in the text to each illustration. The journal does not publish colour illustrations.
 5. **References** – In the text refer to the author's name and year of publication, separated by a comma (Smith, 2003). If there are more than two authors, the name of the first author should be used followed by 'et al.' (Smith et al., 2004). If two or more references are cited together in the text, they should be arranged chronologically (Sorensen, 1997; Goring, 1999). Publications by the same author(s) in the same year should be listed as 1994a, 1994b, etc. Personal communications should be cited as e.g. '(G. McNeal, personal communication, 2006)' but not included in the list of references. Do not abbreviate the titles of periodicals.
- Use the following style for references:**
- Journal articles:* Pearce, D., K. Hamilton, and G. Atkinson (1996), 'Measuring sustainable development: progress on indicators', *Environment and Development Economics* 1: 85-101.
Articles in edited works: Smith, V.K. and J.V. Krutilla (1982), 'Toward formulating the role of national resources in economics models', in V.K. Smith and J.V. Krutilla (eds.), *Exploration in Natural Resource Economics*, Baltimore: John Hopkins Press, pp. 1-43.
Books: Mäler, K.-G. (1974), *Environmental Economics: A Theoretical Inquiry*, Baltimore: Johns Hopkins Press for the Resource for the Future, Inc.
Unpublished reports, departmental working papers, etc.: Gren, I.-M. (1992), 'Benefits from restoring wetlands for nitrogen abatement: a case study of Gotland', Beijer Discussion Paper Series No. 14, The Beijer International Institute of Ecological Economics, Stockholm.
6. **Formulae** should be clearly written, with the meaning of all symbols explained immediately after they are first used. Number equations serially at the right-hand side in parentheses, but only equations referred to in the text need be numbered. Greek letters and mathematical symbols should be italicised.
 7. **Footnotes** should only be used when essential, and kept as short as possible. They should be numbered in superscript in the text, following any punctuation.
 8. **Copyright** – Submission of an article implies that it has not been published or accepted for publication elsewhere. Authors are responsible for obtaining written permission to reproduce any material (in both print and electronic media) for which they do not own copyright, and for ensuring that the appropriate acknowledgements are included in their manuscript. Authors of published articles assign copyright to Cambridge University Press (with certain rights reserved).
 9. Further information can be obtained via email from the journal's editorial office ede@aub.gr or the journal's web page <http://journals.cambridge.org/ede>

This journal issue has been printed on FSC-certified paper and cover board. FSC is an independent, non-governmental, not-for-profit organization established to promote the responsible management of the world's forests. Please see www.fsc.org for information.

Printed in the United Kingdom at the University Press, Cambridge.

ENVIRONMENT AND DEVELOPMENT ECONOMICS

Published in association with the Beijer Institute

CONTENTS

VOLUME 15 PART 3 JUNE 2010

THEORY AND APPLICATIONS

- CHRISTA N. BRUNNSCHWEILER Finance for renewable energy:
an empirical analysis of developing and transition economies 241
- SOPHIE LEGRAS Managing correlated stock externalities:
water taxes with a pinch of salt 275
- QIUQIONG HUANG, SCOTT ROZELLE, RICHARD HOWITT,
JINXIA WANG, and JIKUN HUANG Irrigation water demand
and implications for water pricing policy in rural China 293
- DAVID N. BARTON and OLVAR BERGLAND Valuing irrigation
water using a choice experiment: an 'individual status quo'
modelling of farm specific water scarcity 321
- VICTOR BRAJER, ROBERT W. MEAD, and FENG XIAO
Adjusting Chinese income inequality for environmental equity 341
- HIROYUKI TAGUCHI and HARUTAKA MUROFUSHI
Evidence on the interjurisdictional competition for polluted
industries within China 363

Cambridge Journals Online

For further information about this journal
please go to the journal website at:
journals.cambridge.org/ede



Mixed Sources

Product group from well-managed
forests and other controlled sources
www.fsc.org Cert no. SA-COC-1527
© 1996 Forest Stewardship Council

CAMBRIDGE
UNIVERSITY PRESS