

Undergraduate Program in Central European Studies

CERGE-EI and the School of Humanities at Charles University



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Environmental Policy in the Central European Context

Time: Tuesday 4pm

Location: CERGE-EI, Room # 10

Lecturer: Jana Krajčová

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Web page: <http://home.cerge-ei.cz/richmanova/TeachingUPCES.html>

OUTLINE OF THE COURSE:

The aim of this course is to introduce students to some basic economic principles and theories explaining environmental issues and problems today and to explore existing policies at the national, international, and world level. Students will learn about concepts such as externalities, the tragedy of the commons, enforcement as a public good, interventionist solutions to the externality problem such as taxes and marketable pollution permits, as well as non-interventionist solutions to the externality problem such as the Coasian solution and self-regulation. We will also review the debate over the environmental Kuznets curve. We will discuss the field data and environmental policies of the Czech Republic and place them into international context. Finally, we will touch current topics such as renewable resources and the controversy about their support schemes. Because experimental evidence complements theoretic insights, field data and simulating models nicely, review some research articles that draw on the experimental methodology.

GRADING POLICY:

Class participation and activity (10%),
Quick quizzes (20%)
Presentation (20%)
Final exam (50%).

Course Outline:

WEEK: TOPICS:

- 1 - Sep 28 National Holiday**
- 2 - Oct 5** Introduction, Market failures - externalities, tragedy of the commons, enforcement as public good
- 3 - Oct 12** Interventionist solutions to the Externality problem – Pigouvian taxes and standards and charges
- 4 - Oct 19** Interventionist solutions to the Externality problem – Marketable pollution permits
- 5 - Oct 26** Non-Interventionist solutions to the Externality problem – The Coasian solution
Presentation topics to be agreed on
- 6 - Nov 2** Non-interventionist solutions to the Externality problem – Voluntary programs and self-regulation
- 7 - Nov 9** Environmental Policy in the Czech Republic – History and current issues
- 8 - Nov 16 Students' Presentations**
- 9 - Nov 23** Environmental Policy in the EU – History and Current problems
- 10 - Nov 30** Environmental Policy in the world context – History and Current problems
- 11 - Dec 7** Renewable Resources (guest lecture + discussion)
- 12 - Dec 14 Final Exam**

READINGS:

Textbook:

Schotter, Andrew (1997), Microeconomics. A Modern Approach. Second Edition. Addison-Wesley. Of particular importance: Chapter 17 in that book.

Lecture notes; to be distributed in class and downloadable from the course web site

Articles:

Axelrod, R. (2004), Nuclear Power and EU Enlargement: The Case of Temelín. Environmental Politics, 13, 153-172.

Cason, T., Gangadharan, L. (2002), Environmental labelling and incomplete consumer information in laboratory markets, Journal of Environmental Economics and Management 43, 113 - 134.

CENIA – website of the Czech Ministry of the Environment's information agency, http://www.cenia.cz/___C1257257003305C2.nsf/index.html

CENIA - The Environment in the Czech Republic 1989-2004

CENIA - The Environment in the Czech Republic 2007

Coase, R. (1960), The problem of social cost. Journal of Law and Economics 3, 1 – 44.

Cotten, Ferraro, Vossler, Can public goods experiments inform policy? Interpreting results in the presence of confused subjects (Cherry, Chapter 10)

Environment Center of Charles University, <http://www.cuni.cz/COZPENG-5.html>

Evans, Gilpatric, McKee, Vossler, Managerial Incentives for Compliance with environmental

information disclosure programs (Cherry, Chapter 13)

Godby, Shogren, Caveat emptor Kyoto, Comparing buyer and seller liability in carbon emission trading (Cherry, Chapter 3)

Hardin (1968), The Tragedy of the commons. *Science*, Vol. 162, No. 3859, pp. 1243-1248.

Harrison, G., McKee, M. (1985), Experimental Evaluation of the Coase Theorem. *Journal of Law and Economics* 28, 653 – 670.

Hey, C., EU Environmental Policies: A Short History of the Policy Strategies. (<http://www.eeb.org/publication/chapter-3.pdf>)

Hoffman, E., Spitzer, M. (1982), The Coase Theorem: Some Experimental Tests. *Journal of Law and Economics* 25, 93 – 98.

Holt, Shobe, Burtraw, Palmer, Goeree (2007), Auction Design for Selling CO2 Emissions Allowances Under the Regional Greenhouse Gas Initiative

Hoyt, Ryan, Houston, The Paper River: A Demonstration of Externalities and Coase's Theorem

Jehli ka , P., Tickle, A. (2004), Environmental Implications of Eastern Enlargement: The End of Progressive EU Environmental Policy? *Environmental Politics*, 13, 77-95.

Kramer, L., (2002) Development of Environmental Policies in the United States and Europe: Convergence or Divergence? (http://www.iue.it/RSCAS/WP-Texts/02_33.pdf)

Kramer, J. (2004), EU Enlargement and the Environment: Six Challenges. *Environmental Politics*, 13, 290-311.

Kruzíková, E. (2004), EU Accession and Legal Change: Accomplishments and Challenges in the Czech Case. *Environmental Politics*, 13, 99-113.

Muller, Copenhagen 2009 Failure or final wake-up call for our leaders (2010). Oxford Institute for Energy Studies. (<http://www.oxfordenergy.org/pdfs/EV49.pdf>)

OECD (2006): The Political Economy of Environmentally Related Taxes. OECD 2006, pp. 25-66

OECD - Deploying Renewables 2008 (executive summary) (<http://www.iea.org/Textbase/npsum/DeployRenew2008SUM.pdf>)

OECD - Renewable Energy Essentials: Solar Heating and Cooling (http://www.iea.org/papers/2009/Solar_heating_cooling.pdf)

OECD - Renewable Energy Essentials: Solar Thermal Power (http://www.iea.org/papers/2009/CSP_Brochure.pdf)

OECD - Renewable Energy Essentials: Wind (http://www.iea.org/papers/2008/Wind_Brochure.pdf)

Plott, C. (1983), Externalities and Corrective Policies in Experimental Markets. *Economic Journal* 93, 106 – 127.

Porter, Rassenti, Shobe, Smith, Winn (2009), Design testing and implementation of Virginia's NOx allowance auction. *Journal of Economic Behavior & Organization* 69, 190-200.

Potoski, M., Prakash, A. (2005a), Covenants with Weak Swords: 1001 and Facilities' Environmental Performance. *Journal of Policy Analysis and Management* 24, 745-769.

Potoski, M., Prakash, A. (2005), Green Clubs and Voluntary Governance: ISO 14001 and

- Firms' Regulatory Compliance. *American Journal of Political Science* 49, 235–248.
- Prakash, Potoski (2006), Racing to the Bottom? Trade, Environmental Governance, and ISO 14001, *American Journal of Political Science*. 50(2), 350–364.
- Schleich, Rogge, Betz (2008), Incentives for energy efficiency in the EU Emissions Trading Scheme
- Stern, D.I. (2004), The Rise and Fall of the Environmental Kuznets Curve. *World Development* 8, 1419- 1439.
- Vail (2007), Illegal Waste Transport and the Czech Republic: An Environmental Sociological Perspective, *Czech Sociological Review*, 43 (6), 1195–1211.
- Yandle, B., Vijayaraghavan, M., Bhattarai, M. (2002): The Environmental Kuznets Curve. A Primer. PERC Research Study 02-1, May 2002