

CERGE-EI and the Faculty of Humanities (FHS) at Charles University

Environmental Economics in the Central European Context

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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. Students will also review the debate over the environmental Kuznets curve. Because experimental evidence complements theoretic insights, field data and simulating models nicely, we will review some research articles that draw on the experimental methodology. This course will help students to 1) learn about and understand local environmental burdens in broader context 2) to see the environmental problems from the economic/behavioral perspective in order to understand how environmental protection is question of local policy design but at the same time a very complex international coordination game.

GRADING POLICY:

Class participation and activity (10%),

Homework (lecture 1) 5%

Quick quizzes (20%)

Presentation (25%)

Final exam (40%)

Course Outline:

WEEK:	TOPICS:
1	UPCES Orientation Lecture Series
2	Introduction; Market failures - externalities, tragedy of the commons, enforcement public good
3	Interventionist solutions to the externality problem – Pigouvian taxes and standards and charges
4	Interventionist solutions to the externality problem – Marketable pollution permits
5	Non-interventionist solutions to the externality problem - Environmental labeling; Environmental Kuznets curve
6	Students' Presentations
7	Non-interventionist solutions to the externality problem – The Coasian solution
8	Non-interventionist solutions to the externality problem – Voluntary programs and self-regulation
9	Environmental policy in the Czech Republic – History and current issues
10	Environmental policy in the Czech Republic – History and current issues contd.
11	Environmental policy in the EU – History and current issues
12	Environmental policy in the world context – History and current issues
13	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: downloadable from <http://home.cerge-ei.cz/richmanova/Teaching.html>

Articles (UPDATED LIST + download: <http://home.cerge-ei.cz/richmanova/Teaching.html>):

WEEK 2

Required readings

Andrew Schotter - Chapter 17, Sections 17.1 and 17.2

Hardin - The Tragedy of the commons

Optional readings

Levitt, List - Field experiments in economics: The past, the present, and the future

Greenstone, Gayer - Quasi-Experimental and Experimental Approaches to Environmental Economics

WEEK 3

Required readings

Andrew Schotter - Chapter 17, Sections 17.3 and 17.4

Plott - Externalities and Corrective Policies in Experimental Markets

Optional readings

Holt, Laury - Voluntary Provision of a Public Good

WEEK 4

Required readings

Andrew Schotter - Chapter 17, Section 17.3 and 17.4

Schleich et al. - Incentives for energy efficiency in the EU Emissions Trading Scheme

Porter et al. - The design, testing and implementation of Virginia's NOx allowance auction

Optional readings

Godby, Schogren - Caveat emptor Kyoto, Comparing buyer and seller liability in carbon emission trading

WEEK 5

Required readings

Cason, Gangadharan - Environmental labelling and incomplete consumer information in laboratory markets

Yandle, Vijayaraghavan, Bhattarai - The Environmental Kuznets Curve. A Primer

Optional readings

Stern - The Rise and Fall of the Environmental Kuznets Curve

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

WEEK 6

Required readings

Andrew Schotter - Chapter 17, Sections 17.5 and 17.6

Coase - The problem of social cost

Hoffman, Spitzer - The Coase Theorem: Some Experimental Tests

Harrison, McKee - Experimental Evaluation of the Coase Theorem

WEEK 7 STUDENTS' PRESENTATIONS

WEEK 8

Required readings

Potoski, Prakash - Green Clubs and Voluntary Governance: ISO 14001 and Firms' Regulatory Compliance

Potoski, Prakash - Covenants with Weak Swords: 14001 and Facilities' Environmental Performance

Optional readings

Evans, Gilpatric, McKee, Vossler - Managerial Incentives for Compliance with environmental information disclosure programs (Cherry, Chapter 13)

Prakash, Potoski - Racing to the Bottom? Trade, Environmental Governance, and ISO 14001

WEEK 9&10

Optional readings

CENIA - The Environment in the Czech Republic 2013

CENIA - The Environment in the Czech Republic 2010

CENIA - The Environment in the Czech Republic 2007

CENIA - The Environment in the Czech Republic 1989-2004, part 1

CENIA - The Environment in the Czech Republic 1989-2004, part 2

CENIA - The Environment in the Czech Republic 1989-2004, part 3

CENIA – website of the Czech Ministry of the Environment's information agency Environment Center of Charles University

WEEK 11

Required readings

Axelrod - Nuclear Power and EU Enlargement: The Case of Temelín

Vail - Illegal Waste Transport and the Czech Republic: An Environmental Sociological Perspective

Kramer - EU Enlargement and the Environment: Six Challenges

Kruzikova - EU Accession and Legal Change: Accomplishments and Challenges in the Czech Case

Optional readings

Jehlicka, Tickle - Environmental Implications of Eastern Enlargement: The End of Progressive EU Environmental Policy?

Hey - EU Environmental Policies: A Short History of the Policy Strategies

Camín, Vandevveer - Enlarging EU Environments: Central and Eastern Europe from Transition to Accession

WEEK 12

Required readings

Kramer - Development of Environmental Policies in the United States and Europe: Convergence or Divergence?

Muller - Copenhagen 2009 Failure or final wake-up call for our leaders

Optional Readings

Stern – Action and ambition for a global deal in Copenhagen (UNEP Policy Update)

WEEK 13

Final Exam