

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: Thursday 3pm

Location: at CERGE-EI, Room # 9

Professor: Jana Krajcova (JK), email: jana.krajcova@cerge-ei.cz

Guest Professor: Andreas Ortman (AO), email: aortmann@yahoo.com

See also: <http://home.cerge-ei.cz/richmanova/TeachingUPCES.html>

(and <http://home.cerge-ei.cz/ortmann/UpcesCourse/UpcesCourse.html> for Spring 2009 course)

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, review some research articles that draw on the experimental methodology.

GRADING POLICY:

Final exam: to be agreed upon, we either do a written exam, or a term paper, or both (paper for bonus points ☺)

WEEK: TOPIC: DATE: INSTRUCTOR

1 Introduction (history/outline) *Oct 1* (JK)

2 Market failures: externalities, tragedy of the commons, enforcement as public good (river experiment) *Oct 8* (JK)

3 Interventionist solutions to the Externality problem – Pigouvian taxes and standards and charges *Oct 15* (JK)

4 Non-Interventionist solutions to the Externality problem – The Coasian solution *Oct 22* (JK)

- 5 Interventionist solutions to the Externality problem – Marketable pollution permits *Oct 29* (AO)
- 6 Non-interventionist solutions to the Externality problem – Self-regulation *Nov 5* (JK)
- 7 Contingent valuation/the greens and Czech politics *Nov 12* (AO)
- 8 Environmental Policy in the Czech Republic – History and current issues *Nov 19* (JK)
- 9 Environmental Policy in the EU – History and current problems *Nov 26* (JK)
- 10 Environmental Policy in the world context – History and Current problems *Dec 3* (JK)
- 11 **To be determined by the interests of the class** *Dec 10* (JK)
- 12 Final exam (*Dec 14-Dec 17*)

Some useful links

CENIA (www.cenia.cz) – website of the Czech Ministry of the Environment’s information agency.

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

European Environment Agency (<http://www.eea.europa.eu/>) - environment agency of the EU

READINGS (This list contains both required and optional readings. It will be revised as we go, always check out the website for updates):

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

Brůhová-Foltýnová, H., Máca, V. (2007): European research on socio-economic barriers to sustainable mobility. A text prepared for the first Mobidays. Sustainable Mobility Days. conference in Prague, June 18, 2007. Charles University Environment Centre in Prague

Burtraw, D., Palmer, K. (2007), Auction Design for Selling CO2 Emissions Allowances Put to Inaugural Test. RFF brief info at http://www.rff.org/rff/documents/rff-resources-167_auctiondesign.pdf ; the full report can be downloaded at www.rff.org/rggi

Camin, J., Vandever, S.D. (2004), Enlarging EU Environments: Central and Eastern Europe from Transition to Accession. *Environmental Politics* 13, 3 – 24.

Carter, N. (2007), Transforming environmental policy: Does Europe lead the way? *Environmental Politics* 16 (3), 523-528.

Cason, T., Gangadharan, L. (2004), Auction Design for Voluntary Conservation Programs. *American Journal of Agricultural Economics* 86, 1211 - 1217.

Cason, T., Gangadharan, L. (2003), Transactions Costs in Tradable Permit Markets: An Experimental Study of Pollution Market Designs, *Journal of Regulatory Economics* 23, 145 -

165.

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

Cherry, T.L., Kroll, S., Shogren, J.F. (2007), *Environmental Economics, Experimental Methods*. Routledge.

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

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)

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

Harrison, Harstad, Rutstrom, Experimental Methods and Elicitation of Values (2004), *Experimental Economics* 7, 123-140.

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.

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

Jehlička, P., Sarre, P., Podoba, J. (2005), The Czech Environmental Movement's Knowledge Interests in the 1990s: Compatibility of Western Influences with pre-1989 Perspectives, *Environmental Politics*, 14(1), 64-82.

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

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

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)

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

Melichar, J., Scasny, M. (2004): Introduction to Non-market Valuation Methods and Critical Review of Their Application in the Czech Republic. In: Scasny, M., Melichar, J. Development of the Czech Society in the European Union. V. Lectures in Non-market Valuation Methods in the Environmental Area. Papers from the Conference held on 21st - 23rd October, 2004. Charles University Environment Center, MATFYZPRESS, Prague 2004, 43-94. (<http://ies.fsv.cuni.cz/default/file/download/id/4646>)

Murphy, Stevens, Contingent Valuation, Hypothetical Bias, and Experimental Economics

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

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. (2005), Green Clubs and Voluntary Governance: ISO 14001 and Firms' Regulatory Compliance. *American Journal of Political Science* 49, 235–248.

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

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

Stavins (2003): Experience with Market-Based Environmental Policy Instruments. In: van den Bergh, J.C.M., ed., Handbook of Environmental and Resource Economics, Edward Edgar, Cheltenham.

Stern, D.I. (2004), The Rise and Fall of the Environmental Kuznets Curve. *World Development* 8, 1419- 1439.

Yandle, B., Vijayaraghavan, M., Bhattarai, M. (2002): The Environmental Kuznets Curve. A Primer. PERC Research Study 02-1, May 2002

European Environment Agency Report, Transport at a Crossroads, 2009

UPCES in Prague Academic Calendar - Fall 2009

Event	Date
Student Arrival in Prague	Saturday –Tuesday , 12-15 September
UPCES Orientation Begins	Wed. Thurs. Fri. 16-18 September
Prague Walking Tour	Friday, 18 September
Intensive Czech Class Begins	Monday, 21 September
CEE Introductory Lecture Series	Monday -Friday, 21-24 September
UPCES Opening Reception	Friday, 25 September
National Holiday – Czech Statehood	Monday 28 September
Classes Begin	Tuesday, 29 September
Last Day to Drop/Add	Friday, 2 October
Litoměřice	Friday, 1 and 9 October
Weekend Trip – Krakow, Poland	Thurs. - Sun., 22-25 October
Midterm Exams	Mon.-Thurs., 26-29 October
National Holiday – Czechoslovak Independence Day	Wednesday 28 October
Overnight Trip – Český Krumlov	Friday - Saturday, 6-7 November
National Holiday –Fight for Freedom and Democracy (Commemorates the beginning of the Velvet Revolution)	Tuesday, 17 November
Day Trip – Kutná Hora	Friday, 20 November
Last Day of Classes and Evaluations	Thursday, 10 December
Evaluations & Final Exams	Monday-Thursday, 14-17 December
Farewell Dinner	Friday, 18 December