# Contents

0

Foreword	xiii
Preface	xv
Acknowledgements	cvii
Abbreviations	xxi

CHAPTER 1. Background and Overview	1
Definitions, Concepts, and Challenges for Policymaking	1
Overview of the Book	7

### PART I

#### viii • CONTENTS

Q

Management in an Intertemporal Setting4	5
Spatial Heterogeneity and Land Use	9
CHAPTER 5. The Evolution of Rights	3
Real Property	5
Common Property Resources	3
Water Law	9
Lessons for Environmental Externalities and Commons	1

### PART II

# **Review of Policy Instruments**

CHAPTER 6. Direct Regulation of the Environment
Optimality and Policy Instruments
Direct Provision of Public Goods
Regulation of Technology
Regulation of Performance
CHAPTER 7. Tradable Permits
ULS. Emissions Trading Programs
Other Emissions Trading Programs
Trading Programs for Other Resources
CHAPTER 8. Taxes
Pigovian Taxes
Taxes, Charges, and Earmarking
Taxes on Inputs and Outputs
Taxing Natural Resources
6
CHAPTER 9. Subsidies, Deposit-Refund Schemes,
CHAPTER 9. Subsidies, Deposit-Refund Schemes, and Refunded Emissions Payments
CHAPTER 9. Subsidies, Deposit–Refund Schemes, and Refunded Emissions Payments
CHAPTER 9. Subsidies, Deposit–Refund Schemes, and Refunded Emissions Payments
CHAPTER 9. Subsidies, Deposit–Refund Schemes, and Refunded Emissions Payments
CHAPTER 9. Subsidies, Deposit–Refund Schemes, and Refunded Emissions Payments
CHAPTER 9. Subsidies, Deposit–Refund Schemes, and Refunded Emissions Payments
CHAPTER 9. Subsidies, Deposit–Refund Schemes, and Refunded Emissions Payments
CHAPTER 9. Subsidies, Deposit–Refund Schemes, and Refunded Emissions Payments
CHAPTER 9. Subsidies, Deposit–Refund Schemes,    and Refunded Emissions Payments  102    Subsidies and Subsidy Removal  102    Deposit–Refund, Tax–Subsidy, and Other Two-Part Tariff Systems  104    Refunded Emissions Payments  106    CHAPTER 10. Property Rights, Legal Instruments,  109    Creation of Property Rights  109    Common Property Resource Management  111    Liability and Other Legal Instruments  115
CHAPTER 9. Subsidies, Deposit–Refund Schemes,    and Refunded Emissions Payments  102    Subsidies and Subsidy Removal  102    Deposit–Refund, Tax–Subsidy, and Other Two-Part Tariff Systems  104    Refunded Emissions Payments  106    CHAPTER 10. Property Rights, Legal Instruments,  109    Creation of Property Rights  109    Common Property Resource Management  111    Liability and Other Legal Instruments  115    Environmental Agreements  119
CHAPTER 9. Subsidies, Deposit–Refund Schemes,    and Refunded Emissions Payments  102    Subsidies and Subsidy Removal  102    Deposit–Refund, Tax–Subsidy, and Other Two-Part Tariff Systems  104    Refunded Emissions Payments  106    CHAPTER 10. Property Rights, Legal Instruments,  109    Creation of Property Rights  109    Common Property Resource Management  111    Liability and Other Legal Instruments  115

### PART III

# Selection of Policy Instruments

CHAPTER 12.	Efficiency of Policy Instruments	. 136
Heterogeneous	s Abatement Costs	.136

Heterogeneous Damage Costs.141Efficiency in an Intertemporal Sense145Technological Progress, Growth, and Inflation.146
CHAPTER 13. Role of Uncertainty and Information Asymmetry 150 Uncertainty in Abatement and Damage Costs (Price vs. Quantity) 150 Uncertainty Concerning Type of Polluter or User
CHAPTER 14. Equilibrium Effects and Market Conditions167Goal Fulfillment, Abatement, and Output Substitution167General Equilibrium, Taxation, and the Double Dividend171Adapting to Market Conditions175
CHAPTER 15. Distribution of Costs180Distribution of Costs and Rights between Polluters and Society181Allocation of Rights184Incidence of Costs between Polluters186Income Distributional Effects and Poverty189
CHAPTER 16. Politics and Psychology of Policy Instruments 193 Politics of Policy Instrument Selection
CHAPTER 17. International Aspects203International Environmental Issues203Trade, International Relations, and Local Policymaking206Competitiveness and the Porter Hypothesis210
CHAPTER 18. Design of Policy Instruments.212Environmental Policy Selection Matrix212Interaction between Policies217

0

# PART IV

# Policy Instruments for Road Transportation

CHAPTER 19. Environmental Damage Caused by Transportation 22	22
Vehicles	22
Location	23
Combining Vehicle Age and Location 22	24
Engine Temperature and Other Factors	25
CHAPTER 20. Environmental Road Pricing	28
CHAPTER 21. Taxation or Regulation for Fuel Efficiency23Fuel Taxation23Regulations Instead of Price Mechanisms24	39

Q

CHAPTER 22. Fuel Quality, Vehicle Standards, and Urban Planning 252
Fuel Quality and the Phaseout of Lead
Policies for Fuel Quality in Sweden and Other Countries
Vehicle Standards, Efficiency, and Distributional Concerns
Urban Pollution in Developing-World Cities
CHAPTER 23. Lessons Learned: Transportation

### PART V

# Policy Instruments for Industrial Pollution

CHAPTER 24. Experience in Developed Countries
Abating Sulfur Emissions
Reducing NO <sub>x</sub> Emissions from Combustion
Green Tax Reform in Sweden and Germany
Prohibition Compared with Other Policies: Trichloroethylene
Liability and Superfund
Information Provision and VAs on U.S. Toxic Emissions
Global Policymaking: Protecting the Ozone Layer
Global Climate Change: Domestic Policies and New Technology $\dots \dots 305$
CHAPTER 25. Experience in Developing Countries
CHAPTER 25. Experience in Developing Countries
Environmental Funds and Other Instruments: CEE Countries
Environmental Funds and Other Instruments: CEE Countries
Environmental Funds and Other Instruments: CEE Countries
Environmental Funds and Other Instruments: CEE Countries
Environmental Funds and Other Instruments: CEE Countries317Environmental Fees and Funds: China320Environmental Charges: Rio Negro, Colombia323Voluntary Participation in Emissions Control: Mexico325Differentiated Electricity Tariffs: Mexico and Zambia327

### PART VI

# Policy Instruments for the Management of Natural Resources and Ecosystems

CHAPTER 26. Water	6
Water Management and Tariffication	18
Tariff Structures in Some Middle Eastern Economies	50
Water Tariffs in Chile	50
Water Management, Laws, and Pricing in Southern Africa	52
Pricing Water When Metering Is Not Possible	<b>5</b> 4
CPR Management of Water	<b>;</b> 9
CHAPTER 27. Waste	52
Economic Incentives in Waste Management	53
Waste Management in Developing Countries	55
Tourism and Waste Management in the Caribbean	66
Eco-Labeling of Soaps and Detergents	59
Tradable Packaging Waste Recovery Notes	11

CHAPTER 28. Fisheries.373Management of Small-Scale Subsistence Fisheries.377ITQs in Fishery Management381Conclusions.387
CHAPTER 29. Agriculture
Managing Agricultural Runoff
Property Rights, Population Growth, and Soil Erosion
Risk in Sharecropper Agriculture
Eco-Taxes in Agroindustry 400
CHAPTER 30. Forestry
Subsidies
Taxes
Regulations
Forest Concessions and Timber Contracts 410
Certification
Carbon Offsets and Other Forms of International Payment 412
Clarification of Property Rights 413
CHAPTER 31. Ecosystems
CPR Management of Wildlife in Zimbabwe
Protection of Marine Ecosystems
Shaping Ecosystem Policy 427

~

ł

### PART VII

## Conclusion

CHAPTER 32. Policy Issues and Potential Solutions	432
Policymaking Criteria	433
Efficiency.	434
Uncertainty, Risk, and Information Asymmetry.	
Ecological and Technical Complexities	
The Provision of Environmental Public Goods	
Feasibility, Market Structure, and General Equilibrium Effects	441
Cost Distribution and the Politics of Policymaking.	
National and International Policymaking	444
Conclusion	445
References	449
Index	483
About the Author	504