

## Environmental Economics and Policy: Memo 4

### 1. 3 Types of Environmental Policy

Environmental Standards, Ambient Standards

CAC: command and control      • Emission (Effluent) Standard  
(K Value Controls:  $q=K \times 10^{-3} \times \text{He}^2$ , K Values: 3.0-14.5 (17.5), q: kg/Nm<sup>3</sup>/h)  
• Technology Standard

MBIs: market based instruments      • Pollution Charge (Tax)  
• Emission Rights Trading

VA: voluntary approach      • Pollution control agreement: local governments and private company  
• Certification: ISO14000, Eco-labeling  
• CSR, Environment Audit

### 2. Effectiveness and Efficiency of Environmental Policy

MBIs and CAC: Effectiveness, Efficiency: static and dynamic, Equity

MBIs: Pollution Charge: Internalization of Environmental Cost: Pigovian Tax → Pollution Charge  
→ Price mechanism, Transaction cost → Baumol and Oats tax

Pollution rights trading: Market mechanism

### References

\* Matsuoka, S. (2000), *Implementation of environmental policy in the developing countries: Regulatory Instrument and their efficiency*, Journal of International Development Studies, Vol. 9 (2), pp.11-36

### Schedule

1. Introduction 9/26

Part I : Theory of Environmental Economics and Environmental Policies

2-6. CAC and MBIs and the comparison of their efficiency (1) 10/6,10/13, 10/27, 11/10

7. Voluntary Approaches, Water Pollution Policy, Climate Change Policy 11/17

Part II : Economic Evaluation on Environmental policy and Policy Analysis

8.9. Cost Benefit analysis in Environmental Policy 11/24, 12/1

10.11. Economic Valuation on Environmental Policy-COI, SP and RP 12/8, 12/15

12.13. Contingent Valuation Method (CVM) and Travel Cost Method (TCM) (1) 12/22, 1/12

14. The Design of Environmental Policy 1/26

15. Concluding remarks 2/2