

## Environmental Economics and Policy: Memo 3

### 1. History of Environmental Policy in Japan

1950s Rapid Economic Growth, Yokkaichi Air Pollution, Pollution Victim Protest Movement

Citizen movements, pioneering role of local governments

1964 Yokohama Pollution Control Agreement (横浜市公害防止協定)

1967 Basic Law for Environmental Pollution Control (公害対策基本法)

1968 Air Pollution Control Law (大気汚染防止法)

K Value Controls:  $q=K \times 10^{-3} \times He^2$ , K Values: 3.0-14.5 (17.5), q: kg/Nm<sup>3</sup>/h

1974 Total Load Controls

1970 Pollution Diet (公害国会)、Water Pollution Control Law (水質汚濁防止法)

1971 Creation of Environment Agency (環境庁)

1972 Natural Environment Preservation Law (自然環境保護法)

1973 Compensation Law for Pollution-Related Health Damage (1987 amended)

(公害等健康被害補償法)、PPP: Polluter Pays Principle

1974 Amendment of Air Pollution Control Law (Total pollutant load control)

1979 Amendment of Water Pollution Control Law (Total pollutant load control)

1993 Environment Basic Law (環境基本法)

1994 Basic Environment Plan (環境基本計画)

1997 Environmental Impact Assessment Law (環境影響評価法)

1998 Law Concerning the Promotion of the Measures to Cope with Global Warming

(地球温暖化対策推進法)

2000 Circular Society Basic Law (循環型社会形成推進基本法)

2001 Ministry of Environment (環境省)

2002 Law for the Promotion of Nature Restoration (自然再生推進法)

### 2. 3 Types of Environmental Policy

CAC: command and control      • Emission Standard  
    • Technology Standard

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

VA: voluntary approach      • Pollution control agreement  
    • Certification: ISO14000, Eco-labeling  
    • CSR, Environment Audit

### 3. 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

1. Introduction 9/26

#### Part I : Theory of Environmental Economics and Environmental Policies

2. CAC and MBIs and the comparison of their efficiency (1) 10/6,10/13
3. CAC and MBIs and the comparison of their efficiency (2) 10/27
4. Voluntary Approaches
5. Air Pollution Policy
6. Water Pollution Policy
7. Climate Change Policy

#### Part II : Economic Evaluation on Environmental policy and Policy Analysis

8. Cost Benefit analysis in Environmental Policy (1)
9. Cost Benefit analysis in Environmental Policy (2)
10. Economic Valuation on Environmental Policy-COI, SP and RP (1)
11. Economic Valuation on Environmental Policy-COI, SP and RP (2)
12. Contingent Valuation Method (CVM) and Travel Cost Method (TCM) (1)
13. Contingent Valuation Method (CVM) and Travel Cost Method (TCM) (2)
14. The Design of Environmental Policy
15. Concluding remarks