

Undergraduate Program in Central European Studies

CERGE-EI and the School of Humanities at Charles University



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Environmental Economics in the Central European Context

Location: CERGE-EI

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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 basic concepts of environmental economics 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. We will also review the debate over the environmental Kuznets curve. We will discuss the field data and environmental policies of the Czech Republic and place them into international context. Finally, we will discuss current topics such as renewable resources and the controversy about their support schemes. Because experimental evidence complements theoretic insights, field data and simulating models nicely, review some research articles that draw on the experimental methodology.

GRADING POLICY:

Class participation and activity (10%),

Quick quizzes (20%)

Presentation (20%)

Final exam (50%).

Course Outline:

WEEK:	TOPICS:
1	Introduction, Market failures - externalities, tragedy of the commons, enforcement as public good
2	Interventionist solutions to the Externality problem – Pigouvian taxes and standards and charges
3	Interventionist solutions to the Externality problem – Marketable pollution permits
4	Non-Interventionist solutions to the Externality problem – The Coasian solution Presentation topics to be agreed on
5	Non-interventionist solutions to the Externality problem – Voluntary programs and self-regulation
6	Environmental Policy in the Czech Republic – History and current issues
7	Students' Presentations
8	Environmental Policy in the EU – History and Current problems
9	Trip to Malešice Waste Treatment Facility?
10	Environmental Policy in the world context – History and Current problems
11	Renewable Resources (guest lecture + discussion)
12	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 (also downloadable from <http://home.cerge-ei.cz/richmanova/Teaching.html>):

WEEK 1

Required readings

Andrew Schotter - Chapter 17, Sections 17.1 and 17.2

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

Hardin - The Tragedy of the commons

Optional readings

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

WEEK 2

Required readings

Andrew Schotter - Chapter 17, Sections 17.3 and 17.4

Plott - Externalities and Corrective Policies in Experimental Markets

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

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

Optional readings

Stern - The Rise and Fall of the Environmental Kuznets Curve

WEEK 3

Required readings

Andrew Schotter - Chapter 17, Section 17.3

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

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

Optional readings

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

WEEK 4

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 5

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 6

Optional readings

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 - The Environment in the Czech Republic 2007

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

WEEK 8

Required readings

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

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

Camin, Vanderveer - Enlarging EU Environments: Central and Eastern Europe from Transition to Accession

WEEK 10

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 11

Required readings

OECD Report - Deploying Renewables 2008 (executive summary)

OECD Report - Renewable Energy Essentials: Solar Heating and Cooling

OECD Report - Renewable Energy Essentials: Solar Thermal Power

OECD Report - Renewable Energy Essentials: Wind