Synopsis: This is a course introducing environmental problems and solutions as problems of allocation of economic resources. Particular attention will be paid to the legal and regulatory institutions and to the role of the market.

Evaluation: To be announced. The usual combination of term tests, a final, and (perhaps) a paper.

Course Pack, I will announce the location.

Outline

I. A catalogue of some environmental issues. A setting of the stage.
   a) Water quality/quantity
   b) Air quality
   c) Hazardous wastes
   d) Acid rain
   e) Soils degradation

Readings:
* Seneca and Taussig (S&T) chapters 6 through 8
* Crandall, *Controlling Industrial Pollution*, Brookings, chapter 2
* *National Geographic*, April 1987.

II. Economic fundamentals. We will cover the following topics here:
   a) property rights
   b) externalities and public goods
   c) Pareto optimality
   d) theory of second best
   e) transnational/transborder externalities

Readings:
* S&T chapters 1 through 5
* Dales, *Pollution, Property, and Prices*, University of Toronto Press.
* *Hardin, G., "The Tragedy of the Commons", Science, 1968*


III. Policy solutions. We will cover the following "solutions":

a) regulation
b) economic incentives - taxes, subsidies
c) government provision of environmental services
d) the market and the courts

Davis and Kamien, "Externalities, Information, and Alternative Collective Action", in Haveman and Margolis (eds), Public Expenditure and Policy Analysis.

a) Regulation
* S&T Chapter 9
* Crandall, Chapters 1, 3, 4, and 5

b) Government Provision
* S&T Chapter 11

c) Economic Incentives
* S&T Chapter 10

d) The Market and the Courts - voluntary exchanges, the role of tort and contract law

* Posner, Tort Law: Cases and Economic Analysis, Chapter 1
* several court cases (discussed in Posner):
  Boomer v Atlantic Cement, NY 2d, 1970
  Copart Ind v Consolidated Edison, NY 2d, 1977
  Whalen v Union Bag (Appeal), NY 1, 1913

Special issues related to water
* Casmer and Leach, Property, Chapter 35. Contains discussion of the various ways water rights are allocated and some discussion of court cases related to this issue.