

ECN371: TOPICS/CONCEPTS

Agent-agent structure

Authority structure (local, national, international)

Behavioral assumptions (maximizing, satisficing, reciprocal/normative)

Coase theorem

Cooperative rationality (social rationality)

Cost:

- control
- cost-efficiency
- MAC, MEC
- costs and institutions
- transaction costs

Crowding out (note two explanations: institutional and general equilibrium/macro)

Crowding in

Distributional effects of different policy measures (taxes, tradable quotas, subsidies, standards) and point of application (inputs, production method/technology or emissions)

Double dividend

Dynamic efficiency

Economic instruments

Enforcement

Externality

Fairness

Folk theorem

Game theory

- non-cooperative
- cooperative
- without a principal
- with a principal

Heterogeneous emissions

Homogeneous emissions

Incentive compatibility

Individual rationality (utility maximization)

Information:

- full/restricted
- asymmetric
- efficiency (see RAMs)
- self-reference problem
- viability (see RAMs)

Information as a policy instrument

Institutions

Intrinsic motivation

Joint implementation

Justice - distributional
 - procedural

Legal policy instruments (standards, licenses)

Marginal abatement costs (MAC)

Marginal environmental costs (MEC)

Market failure

Menu based systems

Monitoring schemes

Moving liability ('victims pay')

Moving victims

Moving polluters

Norms

Normative behavior

Normative policy instruments (see legal)

Pareto

- optimality (1. and 2. best)
- improvement
- potential Pareto improvement
- Pareto relevant externality

Participation constraint (see RAMs)

Point vs. nonpoint-source pollution

Point of instrument application (emissions, production (methods), inputs)

Polluter Pays Principle

Precision of policy instruments (the precision – transaction costs trade-off problem)

Principal - agent

Public finance

Public good, bad

RAM:

- necessary criteria for a predictable outcome
 - participation constraint
 - informational viability
 - incentive compatibility
- (continued next page – desirable criteria)

- desirable criteria
 - informational efficiency
 - welfare indicators
 - budget balancing

Rational choice

Reciprocity

Relational goods

- Rights:
- and efficiency
 - and the level of MEC (WTP vs. WTA)
 - and the effect of transaction costs

Risk

Satisficing

Self-regarding behavior

Social rationality (cooperative rationality)

Standards (emissions, production method, inputs)

Static efficiency

Subsidies (emissions, production method, inputs)

Systems perspective

Taxes (emissions, production method, inputs)

Teams approach

Tradable quotas (emissions, inputs) (figurative analysis)

Transaction costs (and rights) (figurative analysis)

- Uncertainty:
- Weitzman proposition (taxes vs. tradable quotas, figurative analysis)
 - monitoring and compliance

Uniformly mixed emission

Warm glow