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Part 1. Introduction	
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Introduction and Overview of the Political Economy of Environmental Protection <i>Roger D. Congleton</i> Political decisions largely determine man's relation to the environment by specifying the scope of lawful means by which natural resources may be employed. Environmental laws may exacerbate or moderate the relationship between pollution and economic growth according to the rules chosen. As is the case for other types of legislation, the politics of environmentally relevant laws reflects trade-offs between the diverse in- terests of individual voters and the pressures of economic and environ- mental interest groups. The papers in this book examine the politics of environmental law.	
Part 2. Interest Groups and Majoritarian Politics	
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Polluters' Profits and Political Response: Direct Controls versus Taxes <i>James M. Buchanan and Gordon Tullock</i> Buchanan and Tullock develop a positive theory of externality control which explains the relative frequency of direct regulation as opposed to penalty taxes or effluent charges. They argue that in most cases indus- trial groups will prefer standards to effluent charges because the former tend to generate economic profits for the affected firms while the latter do not.	
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Pollution Abatement, Interest Groups, and Contingent Trade Policies <i>Michael P. Leidy and Bernard M. Hoekman</i> Leidy and Hoekman explore the extent to which international trade con- cerns may be expected to affect domestic and international environmental policies. They argue that inefficient environmental regimes strengthen the trade-policy linkage in several ways. Inefficient environmental policies	

set a precedent for market sharing and establish barriers to entry that reduce the dissipation of profits associated with protectionist trade policies. Consequently, firms in either a large or small open economy have even stronger reasons to lobby for inefficient environmental policy measures and output controls than those identified by Buchanan and Tullock.

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Jobs versus Wilderness Areas: The Role of Campaign Contributions

Dennis Coates

Coates estimates a model of voting within the House of Representatives to determine the relative importance of campaign contributions and regional economic interests. It focuses on two roll call votes over amendments affecting the classification of federal lands as wilderness areas in Oregon and California. The results suggest that a variety of factors influence propensities of elected representatives to cast votes on wilderness and other environmental issues. Although not decisive, the campaign contributions of environmental and economic interest groups both affected the manner in which legislators voted on these two wilderness issues.

Part 3. The Environmental Bureaucracy

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Bureaucratic Discretion in Environmental Regulations: The Air Toxics and Asbestos Ban Cases

George Van Houtven

Van Houtven demonstrates that the Environmental Protection Agency (EPA) does not have a monolithic objective function. Subunits of the EPA use their discretion in different ways. In the National Emissions Standards for Hazardous Air Pollutants Act, the EPA was instructed to ignore benefit/cost concerns. In the Toxic Substances Control Act (asbestos ban), the EPA was explicitly directed to take account of costs and benefits. In both cases, the EPA's reliance or nonreliance on benefit/cost analysis was challenged in the courts by interest groups. And in both cases, the EPA was found to have strayed too far from its legislative mandate.

Chapter 6

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The Determinants of Pesticide Regulation: A Statistical Analysis of EPA Decision Making

Maureen L. Cropper, William N. Evans, Stephen J.

Berardi, Maria M. Ducla-Soares, and Paul R. Portney

Cropper et al. examine the EPA's decision to cancel or continue the registration of cancer-causing pesticides between 1975 and 1989. By law, the agency is encouraged to take account of economic costs and benefits. Their results reveal that agency officials did account for eco-

conomic costs and benefits. However, their results reveal that the testimony of interest groups also affected the probability that a particular pesticide use could be continued. (*Journal of Political Economy* 100: 175–97)

Chapter 7

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Planning versus Reality: Political and Scientific Determinants of Outer Continental Shelf Lease Sales

Porter Hoagland and Scott Farrow

Hoagland and Farrow examine the extent to which economic analysis and political interests have affected Department of Interior decisions regarding the sale of offshore drilling leases. The offshore leasing process takes place in two stages. In the first stage, tracts of undersea land are evaluated for their marine and geological properties, hearings are held, and a subset of the range of possible lease sites is announced. Subsequently, the original list of sites may be modified as leases between the federal government and oil firms are actually consummated. Their analysis suggests that interest groups' activities played an important role in both stages of the leasing process but had stronger effects on the leases actually consummated.

Part 4. Relations between Governments

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Market versus Government: The Political Economy of NIMBY

Gerald R. Faulhaber and Daniel E. Ingberman

Faulhaber and Ingberman analyze properties of alternative institutional solutions to a local government NIMBY game. They examine three institutional arrangements for locating waste facilities: (i) market, (ii) centralized democratic government, (iii) centralized democratic government with host veto. The assignment of bargaining power turns out to be crucial to the efficiency of these alternative regimes. If information is observable and the potential host community has bargaining power, then either competitive or monopoly markets for the NIMBY activity (waste disposal) generate efficient location of facilities. Similar results are obtained for majoritarian central government.

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Politics and Social Costs: Estimating the Impact of Collective Action on Hazardous Waste Facilities

James T. Hamilton

Hamilton explores the extent to which political and economic circumstances have affected the decisions by waste disposal companies to locate their facilities. He argues that waste disposal firms can lower their overall costs by locating in areas where political resistance is likely to be smallest. Estimates of locational choice functions reveal that, other things being equal, companies tended to choose areas where environ-

mental interests are least likely to be effectively promoted by local citizen groups. (*Rand Journal of Economics* 24:126–46)

Part 5. Environmental Treaties

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Private Provision of a Public Good: A Case Study

Lars P. Feld, Werner W. Pommerehne, and Albert Hart

Feld, Pommerehne, and Hart examine a Coasian solution to an air pollution problem spanning two adjacent communities along the French-German border. Funds were raised in Klenbittersdorf via voluntary contributions and loans to pay for a cleaner waste incinerator upwind across the border in the French town of Grosbliederstroff. The paper uses extensive survey data to estimate contribution functions for the citizens of Klenbittersdorf. It finds that contributions to the Coasian contract reflect the economic circumstances of donors as well as the recommendations of the mayor who organized the fund-raising effort. (An extended version of a paper published in *Kyklos*, 1994.)

Chapter 11

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A Game-Theoretic Analysis of Carbon Emissions

Todd Sandler

Sandler examines problems that may arise when international environmental agreements are not unanimous. He applies the tools of public goods theory and noncooperative game theory to analyze various equilibrium policies that obtain at Nash equilibrium, and various forms of leader-follower equilibria. He argues that cooperative supranational agreements on the environment must be judged in light of the responses that nations outside the agreement may make. For example, a subglobal carbon tax treaty may have little effect on atmospheric carbon oxide levels when nonsignatory nations react in an optimizing fashion.

Chapter 12

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Political Institutions and Pollution Control

Roger D. Congleton

This paper examines the extent to which dictatorships and democracies are inclined to sign international agreements on the environment. The theoretical analysis indicates that dictators bear a relatively greater personal marginal cost for environmental regulation than does the median voter of an otherwise similar democratic polity. Consequently, dictators may be less inclined to stringently regulate effluents than democracies are. Estimates of propensities to sign U.N. sponsored international agreements on CFC's are consistent with that conclusion. Democracies have been more inclined to sign these international CFC agreements than dictatorships have.