

Contents in Brief

<i>Preface</i>	xxi
1 Visions of the Future	1
2 Valuing the Environment: Concepts	14
3 Valuing the Environment: Methods	34
4 Property Rights, Externalities, and Environmental Problems	65
5 Dynamic Efficiency and Sustainable Development	92
6 The Population Problem	108
7 The Allocation of Depletable and Renewable Resources: An Overview	134
8 Energy: The Transition from Depletable to Renewable Resources	156
9 Recyclable Resources: Minerals, Paper, Bottles, and E-Waste	192
10 Replenishable but Depletable Resources: Water	215
11 Land	243
12 Reproducible Private-Property Resources: Agriculture	267
13 Storable, Renewable Resources: Forests	296
14 Common-Pool Resources: Fisheries and Other Commercially Valuable Species	322
15 Economics of Pollution Control: An Overview	356
16 Stationary-Source Local Air Pollution	390
17 Regional and Global Air Pollutants: Acid Rain and Atmospheric Modification	413
18 Mobile-Source Air Pollution	438
19 Water Pollution	463
20 Toxic Substances	495
21 Environmental Justice	523
22 Development, Poverty, and the Environment	549
23 The Quest for Sustainable Development	577
24 Visions of the Future Revisited	603
<i>Problem Set Answers</i>	615
<i>Glossary</i>	622
<i>Name Index</i>	634
<i>Subject Index</i>	640

Contents

Preface

xxi

1 Visions of the Future

1

Introduction

1

The Self-Extinction Premise

1

Some Historic Examples

2

Future Environmental Challenges

3

Climate Change

3

Water Accessibility

4

Meeting the Challenges

4

How Will Societies Respond?

5

The Role of Economics

6

DEBATE 1.1 *Ecological Economics Versus Environmental Economics*

7

The Use of Models

7

The Road Ahead

8

The Issues

8

DEBATE 1.2 *What Does the Future Hold?*

9

An Overview of the Book

10

Summary 12 • *Discussion Questions* 12 • *Further Reading* 13

2 Valuing the Environment: Concepts

14

Introduction

14

The Human Environment Relationship

14

The Environment as an Asset

14

The Economic Approach

16

EXAMPLE 2.1 *Economic Impacts of Reducing Hazardous Pollutant*

Emissions from Iron and Steel Foundries

17

Normative Criteria for Decision-Making

18

Evaluating Predefined Options

18

DEBATE 1.1 *Should Humans Place an Economic Value on the Environment?*

19

EXAMPLE 2.2 <i>Valuing Ecological Services from Preserved Tropical Forests</i>	22
Comparing Benefits and Costs Across Time	24
Finding the Optimal Outcome	25
Static Efficiency	26
Dynamic Efficiency	28
Applying the Concepts	28
Pollution Control	28
EXAMPLE 2.3 <i>Does Reducing Pollution Make Economic Sense?</i>	29
Preservation Versus Development	30
EXAMPLE 2.4 <i>Choosing Between Preservation and Development in Australia</i>	31
Summary 30 • Discussion Question 31 • Problem 31 • Further Reading	32
Appendix: The Simple Mathematics of Dynamic Efficiency	33

3 Valuing the Environment: Methods 34

Introduction	34
Why Value the Environment?	35
Valuing Benefits	35
Types of Values	37
EXAMPLE 3.1 <i>Valuing the Northern Spotted Owl</i>	38
Classifying Valuation Methods	39
DEBATE 3.1 <i>Willingness to Pay Versus Willingness to Accept: Why So Different?</i>	41
EXAMPLE 3.2 <i>Leave No Behavioral Trace: Using the Contingent Valuation Method to Measure Passive Use Values</i>	43
EXAMPLE 3.3 <i>Valuing Damage from Groundwater Contamination Using Averting Expenditures</i>	46
Using Geographic Information Systems for Economic Valuation	47
EXAMPLE 3.4 <i>Using GIS to Inform Hedonic Property Values: Visualizing the Data</i>	49
DEBATE 3.2 <i>Is Valuing Human Life Immoral?</i>	50
Issues in Benefit Estimation	50
Approaches to Cost Estimation	52
The Treatment of Risk	53
Choosing the Discount Rate	55
EXAMPLE 3.5 <i>The Historical Importance of the Discount Rate</i>	56
A Critical Appraisal	57
Cost-Effectiveness Analysis	58
EXAMPLE 3.6 <i>NO₂ Control in Chicago: An Example of Cost-Effectiveness Analysis</i>	60
Impact Analysis	60
Summary 61 • Discussion Questions 62 • Problems 63 • Further Reading 63	

4	Property Rights, Externalities, and Environmental Problems	65
	Introduction	65
	Property Rights	65
	Property Rights and Efficient Market Allocations	65
	Efficient Property Right Structures	66
	EXAMPLE 4.1 <i>Pollution in Transition Economies</i>	67
	Producer's Surplus, Scarcity Rent, and Long-Run Competitive Equilibrium	70
	Externalities as a Source of Market Failure	70
	The Concept Introduced	70
	Types of Externalities	72
	EXAMPLE 4.2 <i>Shrimp Farming Externalities in Thailand</i>	73
	Improperly Designed Property Rights Systems	73
	Other Property Rights Regimes	73
	Public Goods	76
	EXAMPLE 4.3 <i>Public Goods Privately Provided: The Nature Conservancy</i>	79
	Imperfect Market Structures	79
	DEBATE 4.1 <i>How Should OPEC Price Its Oil?</i>	81
	Divergence of Social and Private Discount Rates	81
	Government Failure	82
	The Pursuit of Efficiency	84
	Private Resolution Through Negotiation	84
	The Courts: Property Rules and Liability Rules	85
	Legislative and Executive Regulation	87
	An Efficient Role for Government	88
	<i>Summary</i> 88 • <i>Discussion Questions</i> 89 • <i>Problems</i> 89 • <i>Further Reading</i> 90	
5	Dynamic Efficiency and Sustainable Development	92
	Introduction	92
	A Two-Period Model	93
	Defining Intertemporal Fairness	97
	Are Efficient Allocations Fair?	98
	Applying the Sustainability Criterion	99
	EXAMPLE 5.1 <i>The Alaska Permanent Fund</i>	100
	EXAMPLE 5.2 <i>Nauru: Weak Sustainability in the Extreme</i>	102
	Implications for Environmental Policy	102
	<i>Summary</i> 103 • <i>Discussion Questions</i> 104 • <i>Problems</i> 105 • <i>Further Reading</i> 105	
	<i>Appendix: The Mathematics of the Two-Period Model</i>	107

6	The Population Problem	108
	Introduction	108
	Historical Perspective	109
	World Population Growth	109
	Population Growth in the United States	109
	Effects of Population Growth on Economic Development	113
	The Population/Environment Connection	118
	Effects of Economic Development on Population Growth	119
	DEBATE 6.1 <i>Does Population Growth Inevitably Degrade the Environment?</i>	120
	The Economic Approach to Population Control	123
	EXAMPLE 6.1 <i>Achieving Fertility Declines in Low-Income Countries: The Case of Kerala</i>	128
	Urbanization	129
	EXAMPLE 6.2 <i>Income-Generating Activities as Fertility Control: Bangladesh</i>	130
	Using GIS to Map Population Data	131
	<i>Summary 131 • Discussion Questions 132 • Problems 132 • Further Reading 133</i>	
7	The Allocation of Depletable and Renewable Resources: An Overview	134
	Introduction	134
	A Resource Taxonomy	135
	Efficient Intertemporal Allocations	139
	The Two-Period Model Revisited	139
	The <i>N</i> -Period Constant-Cost Case	139
	Transition to a Renewable Substitute	141
	Increasing Marginal Extraction Cost	143
	Exploration and Technological Progress	145
	EXAMPLE 7.1 <i>Technological Progress in the Iron Ore Industry</i>	146
	Market Allocations	147
	Appropriate Property Right Structures	147
	Environmental Costs	148
	<i>Summary 149 • Discussion Question 150 • Problems 150 • Further Reading 151</i>	
	<i>Appendix: Extensions of the Basic Depletable Resource Model</i>	152
8	Energy: The Transition from Depletable to Renewable Resources	156
	Introduction	156
	EXAMPLE 8.1 <i>Hubbert's Peak</i>	157
	Natural Gas: Price Controls	158

Oil: The Cartel Problem	162
Price Elasticity of Demand	163
Income Elasticity of Demand	164
Non-OPEC Suppliers	164
Compatibility of Member Interests	165
Fossil Fuels: National Security and Climate Considerations	167
The Climate Dimension	167
The National Security Dimension	168
DEBATE 8.1 <i>How Should the United States Deal with the Vulnerability of Its Imported Oil?</i>	170
EXAMPLE 8.2 <i>Strategic Petroleum Reserve</i>	172
The Other Depletable Sources: Unconventional Oil, Coal, and Nuclear	173
Unconventional Oil Sources	174
Coal	174
Uranium	174
Electricity	178
EXAMPLE 8.3 <i>Electricity Deregulation in California: What Happened?</i>	180
EXAMPLE 8.4 <i>Tradable Energy Certificates: The Texas Experience</i>	182
Energy Efficiency	182
Transitioning to Renewables	183
Hydroelectric Power	183
Wind	184
Photovoltaics	184
Active and Passive Solar Energy	184
DEBATE 8.2 <i>Dueling Externalities: Should the U.S. Promote Wind Power?</i>	185
Ocean Tidal Power	185
Biomass Fuels	186
Geothermal Energy	187
Hydrogen	187
<i>Summary 189 • Discussion Questions 190 • Problems 190 • Further Reading 191</i>	

9 Recyclable Resources: Minerals, Paper, Bottles, and E-Waste 192

Introduction	192
An Efficient Allocation of Recyclable Resources	192
Extraction and Disposal Cost	192
Recycling: A Closer Look	194
Recycling and Ore Depletion	195
EXAMPLE 9.1 <i>Lead Recycling</i>	196
Factors Mitigating Resource Scarcity	196
Exploration and Discovery	196
Technological Progress	197

Substitution	197
EXAMPLE 9.2 <i>The Bet</i>	199
Market Imperfections	199
Disposal Cost and Efficiency	200
The Disposal Decision	200
Disposal Costs and the Scrap Market	202
Subsidies on Raw Materials	202
Corrective Public Policies	203
EXAMPLE 9.3 <i>Pricing Trash in Marietta, Georgia</i>	203
DEBATE 9.1 <i>“Bottle Bills.” Economic Incentives at Work?</i>	205
EXAMPLE 9.4 <i>Implementing the “Take-Back” Principle</i>	207
E-Waste	208
Pollution Damage	209
<i>Summary 211 • Discussion Questions 212 • Problems 213 • Further Reading 213</i>	

10 Replenishable but Depletable Resources: Water 215

Introduction	215
The Potential for Water Scarcity	216
The Efficient Allocation of Scarce Water	219
Surface Water	219
Groundwater	221
The Current Allocation System	222
Riparian and Prior Appropriation Doctrines	222
Sources of Inefficiency	224
DEBATE 10.1 <i>What Is the Value of Water?</i>	228
Potential Remedies	229
EXAMPLE 10.1 <i>Using Economic Principles to Conserve Water in California</i>	230
EXAMPLE 10.2 <i>Water Transfers in Colorado: What Makes a Market for Water Work?</i>	231
EXAMPLE 10.3 <i>Protecting Instream Uses Through Acquiring Water Rights</i>	232
EXAMPLE 10.4 <i>Water Pricing in Canada</i>	237
DEBATE 10.2 <i>Should Water Systems Be Privatized?</i>	239
GIS and Water Resources	240
<i>Summary 240 • Discussion Questions 241 • Problems 241 • Further Reading 241</i>	

11 Land 243

Introduction	243
The Economics of Land Allocation	244
Land Use	244
Land Use Conversion	245

Sources of Inefficient Use and Conversion	246
Sprawl and Leapfrogging	246
EXAMPLE 11.1 <i>Using GIS to Analyze Sprawl</i>	248
Incompatible Land Uses	249
Undervaluing Environmental Amenities	249
The Influence of Taxes on Land Use Conversion	250
DEBATE 11.1 <i>Should Landowners Be Compensated for “Regulatory Takings”?</i>	251
Market Power	252
Special Problems in Developing Countries	253
DEBATE 11.2 <i>What Is a “Public Purpose”?</i>	254
Innovative Market-Based Policy Remedies	255
Establishing Property Rights	256
Transferable Development Rights	256
EXAMPLE 11.2 <i>Controlling Land Development with TDRS</i>	257
Wetlands Banking	257
Conservation Banking	258
Safe Harbor Agreements	258
EXAMPLE 11.3 <i>Conservation Banking: The Gopher Tortoise Conservation Bank</i>	259
Grazing Rights	260
Conservation Easements	260
Land Trusts	261
EXAMPLE 11.4 <i>Using a Conservation Land Trust to Protect Farmland</i>	262
DEBATE 11.3 <i>Does Ecotourism Provide a Pathway to Sustainability?</i>	263
Development Impact Fees	263
Property Tax Adjustments	264
EXAMPLE 11.5 <i>Tax Strategies to Reduce Inefficient Land Conversion: Maine’s Open Space Program</i>	265
Summary 264 • Discussion Questions 265 • Further Reading 266	

12 Reproducible Private-Property Resources:	
Agriculture	267
Introduction	267
Global Scarcity	269
Formulating the Global Scarcity Hypothesis	269
Testing the Hypothesis	271
Outlook for the Future	272
EXAMPLE 12.1 <i>Growing Corn for Fuel Not Food: The Expansion of Ethanol</i>	276
EXAMPLE 12.2 <i>Do Mandatory Labels Correct Externalities?</i>	281
The Role of Agricultural Policies	281
DEBATE 12.1 <i>When Organic Goes Mainstream: Do You Get What You Pay For?</i>	282

Summing Up	284
Distribution of Food Resources	284
Defining the Problem	284
DEBATE 12.2 <i>Should Genetically Modified Organisms Be Banned?</i>	285
EXAMPLE 12.3 <i>Are Consumers Willing to Pay a Premium for GMO-Free Foods?</i>	286
Domestic Production in Less Developed Countries	287
The Undervaluation Bias	288
Feeding the Poor	289
Feast and Famine Cycles	290
<i>Summary 293 • Discussion Questions 294 • Problems 294 • Further Reading 295</i>	
13 Storable, Renewable Resources: Forests	296
Introduction	296
Characterizing Forest Harvesting Decisions	297
Special Attributes of the Timber Resource	297
The Biological Dimension	298
The Economics of Forest Harvesting	298
Extending the Basic Model	302
Sources of Inefficiency	304
Perverse Incentives for the Landowner	304
Perverse Incentives for Nations	306
Poverty and Debt	307
Sustainable Forestry	308
Public Policy	309
Changing Incentives	310
EXAMPLE 13.1 <i>Producing Sustainable Forestry Through Certification</i>	311
EXAMPLE 13.2 <i>Conservation Easements in Action: The Blackfoot Community Project</i>	313
Royalty Payments	314
Carbon Sequestration Credits	314
EXAMPLE 13.3 <i>Does Pharmaceutical Demand Offer Sufficient Protection to Biodiversity?</i>	315
EXAMPLE 13.4 <i>Trust Funds for Habitat Preservation</i>	317
<i>Summary 316 • Discussion Questions 318 • Problems 319 • Further Reading 319</i>	
<i>Appendix: The Harvesting Decision: Forests</i>	320
14 Common-Pool Resources: Fisheries and Other Commercially Valuable Species	322
Introduction	322

Efficient Allocations	323
The Biological Dimension	323
Static Efficient Sustainable Yield	325
Dynamic Efficient Sustainable Yield	327
Appropriability and Market Solutions	329
EXAMPLE 14.1 <i>Open-Access Harvesting of the Minke Whale</i>	332
Public Policy Toward Fisheries	332
Aquaculture	332
EXAMPLE 14.2 <i>Harbor Gangs of Maine</i>	333
Raising the Real Cost of Fishing	334
DEBATE 14.1 <i>Aquaculture: Does Privatization Cause More Problems than It Solves?</i>	336
Taxes	339
Individual Transferable Quotas (ITQs)	340
EXAMPLE 14.3 <i>The Relative Effectiveness of Transferable Quotas and Traditional Size and Effort Restrictions in the Atlantic Sea Scallop Fishery</i>	344
Subsidies and Buybacks	345
Marine Protected Areas and Marine Reserves	345
The 200-Mile Limit	347
The Economics of Enforcement	347
Preventing Poaching	348
EXAMPLE 14.4 <i>Local Approaches to Wildlife Protection: Zimbabwe</i>	349
Summary 350 • Discussion Questions 351 • Problems 351 • Further Reading 352	
Appendix: The Harvesting Decision: Fisheries	353

15 Economics of Pollution Control: An Overview	356
Introduction	356
A Pollutant Taxonomy	356
Defining the Efficient Allocation of Pollution	358
Stock Pollutants	358
Fund Pollutants	359
Market Allocation of Pollution	362
Efficient Policy Responses	363
EXAMPLE 15.1 <i>Environmental Taxation in China</i>	364
Cost-Effective Policies for Uniformly Mixed Fund Pollutants	365
Defining a Cost-Effective Allocation	365
Cost-Effective Pollution Control Policies	366
Cost-Effective Policies for Nonuniformly Mixed Surface Pollutants	371
EXAMPLE 15.2 <i>Emissions Trading in Action: The NO_x Budget Program</i>	372
DEBATE 15.1 <i>Should Developing Countries Rely on Market-Based Instruments to Control Pollution?</i>	373

The Single-Receptor Case	373
The Many-Receptors Case	378
Other Policy Dimensions	379
The Revenue Effect	379
EXAMPLE 15.3 <i>The Swedish Nitrogen Charge</i>	380
Responses to Changes in the Regulatory Environment	380
Price Volatility	381
Instrument Choice Under Uncertainty	382
Product Charges: An Indirect Form of Environmental Taxation	383
EXAMPLE 15.4 <i>The Irish Bag Levy</i>	384
<i>Summary</i> 383 • <i>Discussion Question</i> 386 • <i>Problems</i> 386 • <i>Further Reading</i> 387	
<i>Appendix: The Simple Mathematics of Cost-Effective</i>	
Pollution Control	388
16 Stationary-Source Local Air Pollution	390
Introduction	390
Conventional Pollutants	391
The Command-and-Control Policy Framework	391
DEBATE 16.1 <i>Should the New Source Review Program Be Changed?</i>	394
The Efficiency of the Command-and-Control Approach	395
DEBATE 16.2 <i>The Particulate and Smog Ambient Standards Controversy</i>	396
Cost-Effectiveness of the Command-and-Control Approach	397
EXAMPLE 16.1 <i>Controlling SO₂ Emissions by Command-and-Control in Germany</i>	400
Air Quality	400
Innovative Approaches	402
The Offset Program	402
The Effectiveness of This Early Application	403
Smog Trading	404
Emission Charges	405
Hazardous Pollutants	407
EXAMPLE 16.2 <i>Technology Diffusion in the Chlorine Manufacturing Sector</i>	410
<i>Summary</i> 409 • <i>Discussion Questions</i> 411 • <i>Problems</i> 411 • <i>Further Reading</i> 412	
17 Regional and Global Air Pollutants: Acid Rain and Atmospheric Modification	413
Introduction	413
Regional Pollutants	413
Acid Rain	414
EXAMPLE 17.1 <i>Adirondack Acidification</i>	415
EXAMPLE 17.2 <i>The Sulfur Allowance Program</i>	418
EXAMPLE 17.3 <i>Why and How Do Environmentalists Buy Pollution?</i>	419

Global Pollutants	421
Ozone Depletion	421
EXAMPLE 17.4 <i>Tradable Permits for Ozone-Depleting Chemicals</i>	424
Climate Change	425
EXAMPLE 17.5 <i>The European Emissions Trading System (EU ETS)</i>	430
DEBATE 17.1 <i>Is Global Greenhouse Gas Trading Immoral?</i>	432
<i>Summary</i> 435 • <i>Discussion Question</i> 437 • <i>Problems</i> 437 • <i>Further Reading</i> 437	

18	Mobile-Source Air Pollution	438
	Introduction	438
	The Economics of Mobile-Source Pollution	440
	Implicit Subsidies	440
	Externalities	440
	Consequences	441
	Policy Toward Mobile Sources	442
	History	442
	Structure of the U.S. Approach	442
	CAFE Standards	445
	DEBATE 18.1 <i>CAFE Standards or Fuel Taxes?</i>	445
	Alternative Fuels and Vehicles	446
	EXAMPLE 18.1 <i>Project XL—The Quest for Effective, Flexible Regulation</i>	447
	European Approaches	448
	EXAMPLE 18.2 <i>Car-Sharing: Better Use of Automotive Capital?</i>	449
	An Economic and Political Assessment	449
	Technology Forcing and Sanctions	450
	Differentiated Regulation	451
	Uniformity of Control	451
	The Deterioration of New-Car Emission Rates	452
	Lead Phaseout Program	453
	EXAMPLE 18.3 <i>Getting the Lead Out: the Lead Phaseout Program</i>	454
	Possible Reforms	454
	Fuel Taxes	454
	Congestion Pricing	455
	EXAMPLE 18.4 <i>Innovative Mobile-Source Pollution Control Strategies: Singapore</i>	456
	Private Toll Roads	457
	Parking Cash-Outs	457
	Feebates	458
	Pay-As-You-Drive (PAYD) Insurance	458
	Accelerated Retirement Strategies	458
	EXAMPLE 18.5 <i>Modifying Car Insurance as an Environmental Strategy</i>	459
	EXAMPLE 18.6 <i>Counterproductive Policy Design</i>	460
	<i>Summary</i> 459 • <i>Discussion Questions</i> 461 • <i>Problem</i> 462 • <i>Further Reading</i> 462	

19	Water Pollution	463
	Introduction	463
	Nature of Water Pollution Problems	464
	Types of Waste-Receiving Water	464
	Sources of Contamination	464
	Types of Pollutants	466
	Traditional Water Pollution Control Policy	470
	Early Legislation	470
	Subsequent Legislation	471
	The Safe Drinking Water Act	473
	Ocean Pollution	473
	Citizen Suits	474
	Efficiency and Cost-Effectiveness	475
	Ambient Standards and the Zero-Discharge Goal	475
	National Effluent Standards	476
	EXAMPLE 19.1 <i>Effluent Trading for Nitrogen in Long Island Sound</i>	481
	Municipal Waste Treatment Subsidies	482
	Pretreatment Standards	483
	Nonpoint Source Pollution	483
	EXAMPLE 19.2 <i>Cost-Effective Pretreatment Standards</i>	483
	Atmospheric Deposition of Pollution	485
	DEBATE 19.1 <i>Toxics in Fish Tissue: Do Fish Consumption Advisories Change Behavior?</i>	486
	The European Experience	487
	Developing Country Experience	488
	Oil Spills	488
	EXAMPLE 19.3 <i>Economic Incentives for Water Pollution Control: The Case of Colombia</i>	489
	Citizen Suits	491
	An Overall Assessment	491
	<i>Summary 493 • Discussion Questions 493 • Problem 494 • Further Reading 494</i>	
20	Toxic Substances	495
	Introduction	495
	Nature of Toxic Substance Pollution	496
	Health Effects	496
	Policy Issues	497
	Market Allocations and Toxic Substances	499
	Occupational Hazards	499
	EXAMPLE 20.1 <i>Susceptible Populations in the Hazardous Workplace</i>	502
	Product Safety	502
	Third Parties	503

Current Policy	504
Common Law	504
Criminal Law	505
Statutory Law	506
The Toxic Release Inventory Program	509
The 33/50 Program	510
EXAMPLE 20.2 <i>Do New Polluting Facilities Affect Housing Values and Incomes? Evidence in New England</i>	511
Proposition 65	512
International Agreements	512
An Assessment of the Legal Remedies	513
The Common Law	513
The Statutory Law	517
Performance Bonds: An Innovative Proposal	519
EXAMPLE 20.3 <i>Performance Bonds for Brominated Flame Retardants</i>	520
<i>Summary</i> 519 • <i>Discussion Questions</i> 521 • <i>Problem</i> 522 • <i>Further Reading</i> 522	

21 Environmental Justice	523
Introduction	523
The Incidence of Hazardous Waste Siting Decisions	524
History	524
Recent Research and the Emerging Role of Analysis Using GIS	525
The Economics of Site Location	526
The Policy Response	527
EXAMPLE 21.1 <i>Which Came First—The Toxic Facility or the Minority Neighborhood?</i>	528
DEBATE 21.1 <i>Does Offering Compensation for Accepting an Environmental Risk Always Increase the Willingness to Accept the Risk?</i>	531
The Incidence of Pollution Control Costs: Individual Industries	531
A Competitive Industry	532
Monopoly	534
DEBATE 21.2 <i>Jobs Versus the Environment: Which Side Is Right?</i>	537
The Generation of Pollutants	537
The Incidence on Households	538
Air Pollution	538
Water Pollution	542
Noise Pollution	543
Floods	544
Socioeconomic Status and Health	544
Implications for Policy	544
EXAMPLE 21.2 <i>Distributional Impacts of RECLAIM</i>	545
<i>Summary</i> 546 • <i>Discussion Questions</i> 547 • <i>Problem</i> 548 • <i>Further Reading</i> 548	

22	Development, Poverty, and the Environment	549
	Introduction	549
	The Growth Process	550
	Nature of the Process	550
	Potential Sources of Reduced Growth	551
	Limits on Technological Progress	553
	The Natural Resource Curse	553
	EXAMPLE 22.1 <i>The “Natural Resource Curse” Hypothesis</i>	554
	Environmental Policy	554
	EXAMPLE 22.2 <i>Jobs Versus the Environment: What Is the Evidence?</i>	555
	Energy	556
	Outlook for the Near Future	557
	Population Impacts	558
	The Information Economy	558
	The Growth-Development Relationship	559
	Conventional Measures	559
	Alternative Measures	562
	Growth and Poverty: The Industrialized Nations	565
	The Effects on Income Inequality	566
	Poverty in the Less Industrialized Nations	566
	Appropriateness of the Traditional Model	567
	Barriers to Development	568
	EXAMPLE 22.3 <i>Trading Water for Beehives and Barbed Wired in Bolivia</i>	570
	EXAMPLE 22.4 <i>Debt-for-Nature Revisited: The Nature Conservancy, the Tropical Forest Conservation Act, and Costa Rica</i>	573
	<i>Summary</i> 573 • <i>Discussion Questions</i> 575 • <i>Problem</i> 575 • <i>Further Reading</i> 575	
23	The Quest for Sustainable Development	577
	Introduction	577
	Sustainability of Development	578
	Market Allocations	580
	Efficiency and Sustainability	580
	EXAMPLE 23.1 <i>Resource Depletion and Economic Sustainability: Malaysia</i>	582
	Trade and the Environment	584
	EXAMPLE 23.2 <i>Has NAFTA Improved the Environment in Mexico?</i>	588
	Trade Rules Under GATT and the WTO	590
	DEBATE 23.1 <i>Should an Importing Country Be Able to Use Trade Restrictions to Influence Harmful Fishing Practices in an Exporting Nation?</i>	591
	Managing the Transition	591
	Opportunities for Cooperation	592

Restructuring Incentives	593
EXAMPLE 23.3 <i>Reputational Strategies for Pollution Control in Indonesia</i>	600
<i>Summary</i> 599 • <i>Discussion Questions</i> 601 • <i>Problem</i> 602 • <i>Further Reading</i> 602	

24 Visions of the Future Revisited **603**

Addressing the Issues	603
Conceptualizing the Problem	603
Institutional Responses	605
EXAMPLE 24.1 <i>Private Incentives for Sustainable Development: Can Adopting Sustainable Practices Be Profitable?</i>	606
Sustainable Development	609
EXAMPLE 24.2 <i>Public/Private Partnerships: The Kalundborg Experience</i>	611
A Concluding Comment	613
<i>Discussion Questions</i> 614	

<i>Problem Set Answers</i>	615
<i>Glossary</i>	622
<i>Name Index</i>	634
<i>Subject Index</i>	640