

TABLE OF CONTENTS

Chapter I: A Selected Review of the Literature

Introduction.....	1
The Controversy over Pigou's Increasing Cost Theorem.....	2
Between Controversies.....	8
The Controversy over Coase's Neutrality Theorem: the Case for Coase.....	14
The Pigovian Revival: the Case against Coase.....	25
Recent Developments.....	36
Summary and Prelude.....	39

Chapter II: A Theory of Involuntary Transfers

Introduction.....	40
Three Kinds of Jointness.....	45
Sending (1).....	45
Transport Jointness (2).....	46
Receiving (3).....	47
Defensive Strategies.....	51
Formal Model.....	53
Special Case I. Pure Pollution.....	56
Special Case II. Pure Congestion.....	58
Pareto Optimality Conditions.....	59
Special Case III. Neoclassical Equilibrium.....	62
Special Case IV. Samuelson's Public Good.....	64
Consumer-consumer and Consumer-producer Transfers....	66

VIII

General Case.....	67
The Geometry.....	67
Economic Incentives.....	77
Chapter III: Air Pollution in London, an Exemplary Involuntary Transfer	
Introduction.....	82
Setting of the Model.....	82
The Naive Model.....	89
Non-linearities and Lag Structure.....	107
Conclusions and Further Research.....	112
List of Symbols.....	114
APPENDIX.....	116
BIBLIOGRAPHY.....	155