THE PHILOSOPHY AND ECONOMICS OF THE ENVIRONMENT

Reading list for Trinity Term 2013

**Topic One (A): Philosophical Foundations**

**Topic One (B) Economics Foundations: Foundations of welfare economics; Externalities and Public goods**

**Foundations of welfare economics** (The Pareto criterion, utilitarianism, interpersonal utility comparisons, the Kaldor-Hicks compensation criterion); **Externalities and public goods**.

**Questions – answer all, briefly**

1. What, if anything, is wrong with the compensation principle? What, if anything, is wrong with the Pareto criterion?
2. What is an externality?
3. Explain how either (i) establishing property rights or (ii) using Pigouvian taxes ensures that the efficient quantity of an externality is achieved.
4. Should the victims of negative externalities be compensated?
5. Why are most environmental externalities public bads?

**Reading**

**Textbooks**


**Articles**


Topic 2: Intergenerational ethics I
Rights-based approaches and the non-identity problem; applications (including biodiversity, climate change)

Questions

Do we infringe the rights of future people when we leave them a polluted world?

Parfit argues that the non-identity problem should make no difference to our moral judgements. Is he right?

Reading


Topic 3: Humans, animals and the environment

Essay question: What is the range of entities (e.g. adult humans, all humans, all intelligent creatures, all sentient creatures, all living things, all systems capable of reproduction, ...) whose interests have moral weight? To what extent does a concern for the welfare of non-humans support environmentalism?

Core reading:

Singer, P. “All animals are equal.” In Tom Regan and Peter Singer (eds.), Animal Rights and Human Obligations, New Jersey, 1989, pp. 148-162. Available online at e.g.


Further reading:

Thomas Hill, “Ideals of Excellence and Preserving the Natural Environment,“ Sketch of a virtue-ethical account of why one might value nature beyond its use as a resource for sentient beings.


Topic 4: Sustainability, natural capital and trade-offs, the Hartwick rule

Questions

1. What is a sustainable growth path?

2. Is natural capital “special” or can it be substituted for by physical and human capital?

3. What is the optimal depletion rate for (a) non-renewable and (b) renewable resources?

Reading


Essay questions

Answer each of the following questions briefly. Your answer should be 1500-2000 words in total

1. What is meant by “contingent valuation”? Illustrate your definition with a (made-up) example of a possible contingent valuation question for a proposed environmental improvement. Discuss the strengths and weaknesses of your question, as a means to discover the true preferences of respondents.

2. Explain how house prices might be used in a hedonic price analysis to measure the benefits of policy measures to reduce the level of aircraft noise.

3. Explain how averting behaviour and defensive expenditure can be used to measure the potential benefits of environmental improvements.

Applied CBA and techniques


The following readings are optional at this stage: they deal with the foundations of CBA.

John Broome, 'Valuing policies in response to climate change: some ethical issues' available at [http://users.ox.ac.uk/~sfop0060/](http://users.ox.ac.uk/~sfop0060/)


**Topic 6: Intergenerational ethics II: discounting**

**Questions**

Is there any good reason for valuing future wellbeing less than present wellbeing?

When, if ever, would it be right to apply a negative discount rate to some commodity?

**Reading**


Topic 7: Population

Essay question: Answer BOTH part (a) and part (b). Your answer should be 1800-2500 words in total.

a) Should we accept Parfit’s “Repugnant Conclusion”? If not, how should it be avoided?
b) How should the value of a human life be decided, for the purposes of public policy?

Core reading:


Further reading:


Jones-Lee (ed) The value of life and safety. Start with the preface (which provides an overview of the papers in the volume, as well as of the subject in general), then move on to the papers as your interest dictates. (This publication is not widely available in Oxford. Currently you can read it in/borrow it from Nuffield College library.)

And/or follow up the references in Schelling's survey article.
Topic Eight: The choice of instruments: taxes, permits and command and control; justice in the allocation of emissions

Questions

Answer all the following questions. Questions 1-4 should each be answered briefly. Question 5 is an essay question.

1. Explain the circumstances under which the following hold:
   a. there is no difference between tax and permit systems;
   b. a tax is preferable;
   c. a permit system is preferable.
2. Outline how a hybrid scheme of taxes, subsidies and permits works and how it improves on a pure tax and a pure permit system.
3. When is a subsidy to abatement equivalent to a tax on pollution? When are they different, and which is preferable when they are different?
4. If economic instruments are so good, why is command and control still used as an environmental policy instrument?
5. Does the fact that Western countries have emitted more greenhouse gases in the past justify assigning to those countries a higher per capita emission right, a lower per capita emission right, or neither, for future emissions?

Reading

Economics of instruments

Kolstad, C. (1999) Environmental Economics Chapters 8 (Regulating Pollution), 9 (Emission Fees and Marketable Permits), 10 (Regulation with unknown control costs)


Argues that hybrid schemes dominate permits and taxes.


**Justice in the allocation of emissions**


