

Immersion Lecture: Market-Based Approaches to Environmental Policy

Time of Event:

Monday, November 2, 2015 - 10:30 to 11:15

Video:

In this lecture on topics in environmental economics, Dr. Sheila Olmstead presents a summary of the use of market-based approaches to dealing with environmental externalities. She first notes the difference between prescriptive regulations, which generally take the form of laws and policy standards, and market-based regulations, which can use price or quantity instruments like taxes or allocation permits to create new markets that capture the cost of externalities. She presents an analytical example of cap-and-trade approaches to highlight the difference between market-based policies and prescriptive policies. She notes the cost-effectiveness of market-based policies in many scenarios and also identifies cases in which prescriptive policies might be more appropriate. She ends with several examples of market-based approaches to environmental policy and their relative costs and benefits.

Reading List

Ferraro, P.J., and Pattanayak, S.K. (2006). Money for nothing? A call for empirical evaluation of biodiversity conservation investments. *PLoS Biology* 4(4): e105.

Olmstead, Sheila M. 2015. "Applying market principles to environmental policy," in: *Environmental Policy: New Directions for the Twenty-First Century*, 8th edition. Ed. Norman J. Vig and Michael E. Kraft, Congressional Quarterly Press, Washington, DC: 206-229.

Presentation Slides

[Click here to download the presentation slides.](#) ^[1]



^[2][Sheila Olmstead](#) ^[3] is an Associate Professor at the Lyndon B. Johnson School of Public Affairs, University of Texas at Austin, and a Visiting Fellow at Resources for the Future (RFF) in Washington, DC. Before joining the University of Texas in 2013, Dr. Olmstead was a Senior Fellow (2013) and Fellow (2010-2013) at RFF, as well as Associate Professor (2007-2010) and

Assistant Professor (2002–2007) of Environmental Economics at the Yale University School of Forestry and Environmental Studies. Her current research projects focus on adaptation to the water resource implications of climate change, the environmental impacts of unconventional oil and gas development, the influence of federal fire suppression policy on land development in the American West, and free-riding in dam placement and water withdrawals in international river basins. She holds a PhD from Harvard University's John F. Kennedy School of Government (2002), a Masters in Public Affairs from the Lyndon B. Johnson School of Public Affairs, University of Texas, Austin (1996), and a BA from the University of Virginia (1992).

Event type:

Immersion Speaker

Event Attendance:

Private Working Group

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Links

[1] <https://www.sesync.org/sites/default/files/education/economics-3.pdf>

[2] <http://www.clfs.umd.edu/biology/faganlab/people/fagan.html>

[3] <http://www.utexas.edu/lbj/directory/faculty/sheila-olmstead>