

ECON 483
Assignment #3

This assignment is not technical or mathematical. Instead it is a type of literature review. You are to read two papers from the website that deal with “Cap-and-Trade” systems. The papers are:

On Marketable Air-Pollution Permits: The Case for a System of Pollution Offsets

ALAN J. KRUPNICK, WALLACE E. OATES AND ERICVANDEVERG

JOURNAL OF ENVIRONMENTAL ECONOMICS AND MANAGEMENT 10,233-247
(1983)

Marketable Permits for the Prevention of Environmental Deterioration

ALBERT M. MCGARTLAND AND WALLACE E. OATES

JOURNAL OF ENVIRONMENTAL ECONOMICS AND MANAGEMENT 12,207-228
(1985)

The second paper is an extension of the first paper.

Instructions:

1. Describe the basic model common to both papers (1-2 pages max)
2. Explain the contribution of the first paper. In other words, what is its social contribution? What problem does it address? What are the limitations of their work? (1-2 pages max)
3. What is the contribution of the second paper? What issue is it trying to address that is not found in the first paper? (1 page max)

Your answer **MUST** be typed, single sided (12 point font, single spaced, 8.5 by 11)