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Invited Introduction to JEREC

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Fundamental to the field of environmental and resource economics is the question of policy instrument choice. Because many of our environmental and natural resource challenges are rooted in market failures—such as externalities, public goods, common-pool resources, and asymmetric information—environmental and resource economists focus a lot on the analysis of policy instruments that get incentives right to correct market failures. The classic work of William Baumol and Wallace Oates, titled *The Theory of Environmental Policy* and first published in 1975, provided an early organizing framework and still has an enduring effect on the discipline today.

But one thing you will not find in the Baumol and Oates book is a discussion about voluntary- and information-based approaches (VIBAs) to environmental policy. Compared to direct regulations or price-based policies such as taxes or tradable permits, VIBAs refer to more decentralized approaches evident in a growing range of policies, programs, and market trends. Examples include information disclosure programs about potential environmental or health liabilities, markets for “green” goods and services, third party eco-labeling, social comparisons, and programs that offer “reputation” benefits to companies that voluntarily meet environmental standards.

While today VIBAs seem commonplace, it has not always been so. Indeed, Colby College’s distinguished and long-serving environmental economist, Tom Tietenberg (1998), was one of the first to recognize the trend as a “third wave” of environmental policy, following the first wave of command-and-control regulations, and the second wave of market-based instruments. Demonstrating a nice degree of continuity, Colby’s more recent environmental economist, Nathan Chan (2015), is beginning to make contributions in this area of research as well. With the growing reliance on VIBAs in both public and private domains, the question of increasing importance is whether, and under what conditions, they serve as an effective form of environmental management.

This special issue, with original research contributions from Colby students, helps provide some answers. We have papers that consider an impressive array of VIBAs related to a range of environmentally related behaviors: competitions, labels, media coverage, and applications to transportation, electricity consumption, food choice, and several others. Reading through these papers, I applaud the students—and their teachers and advisors—for carrying out these projects that have such tremendous educational value. Beyond that, however, I look forward to using the findings of this research as part of the growing and important literature that helps us understand the strengths and weaknesses of new approaches to environmental policy.

References

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