Editors' Preface to Macmillan Studies in Economics

The rapid growth of academic literature in the field of economics has posed serious problems for both students and teachers of the subject. The latter find it difficult to keep pace with more than a few areas of their subject, so that an inevitable trend towards specialism emerges. The student quickly loses perspective as the maze of theories and models grows and the discipline accommodates an increasing amount of quantitative techniques.

'Macmillan Studies in Economics' is a new series which sets out to provide the student with short, reasonably critical surveys of the developments within the various specialist areas of theoretical and applied economics. At the same time, the studies aim to form an integrated series so that, seen as a whole, they supply a balanced overview of the subject of economics. The emphasis in each study is upon recent work, but each topic will generally be placed in a historical context so that the reader may see the logical development of thought through time. Selected bibliographies are provided to guide readers to more extensive works. Each study aims at a brief treatment of the salient problems in order to avoid clouding the issues in detailed argument. Nonetheless, the texts are largely self-contained, and presume only that the student has some knowledge of elementary micro-economics and macro-economics.

Mathematical exposition has been adopted only where necessary. Some recent developments in economics are not readily comprehensible without some mathematics and statistics, and quantitative approaches also serve to shorten what would otherwise be lengthy and involved arguments. Where authors have found it necessary to introduce mathematical techniques, these techniques have been kept to a minimum. The emphasis is upon the economics, and not upon the quantitative methods. Later studies in the series will provide analyses of the links between quantitative methods, in particular econometrics, and economic analysis.

MACMILLAN STUDIES IN ECONOMICS

General Editors: D. C. ROWAN and G. R. FISHER

Executive Editor: D. W. PEARCE

Published

John Burton: WAGE INFLATION

Miles Fleming: MONETARY THEORY

C. J. Hawkins and D. W. Pearce: CAPITAL INVESTMENT APPRAISAL

David F. Heathfield: PRODUCTION FUNCTIONS

Dudley Jackson: POVERTY

J. E. King: LABOUR ECONOMICS

J. A. Kregel: THE THEORY OF ECONOMIC GROWTH

P. N. Junakar: INVESTMENT: THEORIES AND EVIDENCE

D. W. Pearce: COST-BENEFIT ANALYSIS

Maurice Peston: PUBLIC GOODS AND THE PUBLIC SECTOR

David Robertson: INTERNATIONAL TRADE POLICY

G. K. Shaw: FISCAL POLICY

R. Shone: THE PURE THEORY OF INTERNATIONAL TRADE

Frank J. B. Stilwell: REGIONAL ECONOMIC POLICY

Peter A. Victor: ECONOMICS OF POLLUTION

Grahame Walshe: INTERNATIONAL MONETARY REFORM

Forthcoming

E. R. Chang: PRINCIPLES OF ECONOMIC ACCOUNTING

G. Denton: ECONOMICS OF INDICATIVE PLANNING

N. Gibson: MONETARY POLICY

C. J. Hawkins: THEORY OF THE FIRM

G. McKenzie: MONETARY THEORY OF INTERNATIONAL TRADE

D. Mayston: THE POSSIBILITY OF SOCIAL CHOICE

B. Morgan: MONETARISM VERSUS KEYNSIANISM

S. K. Nath: WELFARE ECONOMICS

A. Peaker: BRITISH ECONOMIC GROWTH SINCE 1945

F. Pennance: HOUSING ECONOMICS

Charles K. Rowley: ANTI-TRUST AND ECONOMIC EFFICIENCY

C. Sharp: TRANSPORT ECONOMICS

P. Simmons: DEMAND THEORY

M. Stabler: AGRICULTURAL ECONOMICS

John Vaizey: ECONOMICS OF EDUCATION

R. E. Weintraub: GENERAL EQUILIBRIUM THEORY

J. Wiseman: PRICING PROBLEMS OF THE NATIONALISED INDUSTRIES

Economics of Pollution

PETER A. VICTOR

*Lecturer in Interdisciplinary Studies, University of Kent
at Canterbury*

Macmillan

© Peter A. Victor 1972
Reprint of the original edition 1972

All rights reserved. No part of this publication may be reproduced or transmitted, in any form or by any means, without permission

First published 1972 by
THE MACMILLAN PRESS LTD
London and Basingstoke
Associated companies in New York Toronto
Dublin Melbourne Johannesburg and Madras

SBN 333 13618 7

ISBN 978-0-333-13618-8

ISBN 978-1-349-01531-3 (eBook)

DOI 10.1007/978-1-349-01531-3

This book is dedicated to my grandfather, Philip Frank Simons, who taught me not to drop toffee wrappers on the ground.

The paperback edition of this book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, re-sold, hired out, or otherwise circulated without the publisher's prior consent in any form of binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.

Contents

<i>Acknowledgements</i>	6
1 Introduction	7
2 The Microeconomic Analysis of Pollution	17
Introduction and a word of warning	17
The theory of externalities	17
Externalities and public policy	23
Public goods and pollution	28
Public goods and public policy	30
The implications of cost minimisation by consumers and producers for environmental quality	36
Controlling private behaviour: effluent standards or effluent charges?	38
3 The Macroeconomic Analysis of Pollution	44
4 Input–Output Analysis of Economic and Environmental Interactions	55
Introduction	55
The basic theory of input–output analysis	56
The extension of input–output analysis to include the environment	60
Alternative economic–environmental input–output models	62
A critical conclusion	71
5 A Concluding Comment	73
<i>Bibliography</i>	75

Acknowledgements

David Pearce, the editor of these studies in economics, is one of the few economists who have turned their attention to the problem of pollution. I am very grateful to him for the help he was able to give me in writing this book. My thanks are also due to Roger Hill and Homa Katouzian, both of the University of Kent, who commented on various parts of the text. Finally I am indebted to the secretarial staff of Darwin College and to Miss Maria Páez, who between them succeeded in translating my scrawl so that others might read what I have to say.

P.A.V.