



# Economic Prescriptions for Environmental Problems: How the Patient Followed the Doctor's Orders

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## Abstract

In this paper, I consider two tools which have received widespread support from the economics community: marketable permits and emission charges. Until the 1960s, these tools only existed on blackboards and in academic journals, as products of the fertile imaginations of academics. However, some countries have recently begun to explore using these tools as part of a broader strategy for managing environmental problems. This paper chronicles the experience with both marketable permits and emissions charges. It also provides a selective analysis of a variety of applications in Europe and the United States and shows how the actual use of these tools tends to depart from the role which economists have conceived for them.

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