

PRICE VS. QUANTITY: AN ANALYSIS OF  
THE U.S. AIR POLLUTION CONTROL POLICY

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Abstract

The deteriorations of living environment, especially those caused by air pollution, have aroused many concerns throughout the United States. But most of the pollution control strategies adopted by the government are of the nature of quantity control which, to the disappointment of economists, not only limit the choice of instruments the polluters may use to decrease emissions but also are swayed by interest groups. Economists proclaimed that the measures of price control, such as pollution fees or taxes, can increase the efficiency greatly and, if well performed, may reach Pareto optimality.

This paper tries to find out, with cost-benefit analysis, the difference in efficiency in terms of cost effectiveness between quantity and price controls of air pollution under different circumstances and summarize that it is hard to reach a definite conclusion due to lack of perfect information and many other unpredictable factors. However, from the U.S. experience in legislation and implementation of pollution control policies, we can see that there is a tendency toward quantity measures either in the setting of standards or the non-degradation schemes.

The U.S. experiment in implementing the air cleansing measures, whatsoever its results, can still serve as a guidance for Taiwan when faced with the same problem. And it is hoped that environmental protection can be developed into a social movement to keep the dirty air away from this beautiful island.