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Abstract: Economists agree that, in environmental policy, economic instruments are more flexible and efficient than direct regulation. In practice, OECD-countries have applied the command-and-control method of direct regulation to control air pollution from its beginning in the early 1970s on. Only after 1990 economic instruments, such as emission trading, have begun to find some application. The history of environmental policy instruments in the US serves to illustrate the development. Developing countries have made a start with their environmental policies after 1990. It appears that they are deploying the command-and-control method of direct regulation as their main instrument of air pollution control. Why is this so? We use environmental policy in Vietnam as the case to illustrate the development and to answer our question. The fundamental question is whether it is a good idea that developing countries in their application of environmental policy instruments 'copy' the developed states. Should their governments not be advised to skip inefficient direct regulation and go straightforward for the efficient economic instruments?