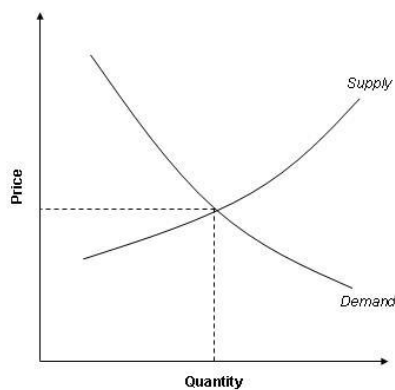


Environmental Economics and Policy

Syllabus



Semester: xxx Class Time and Location: xxx

Instructor: Cameron M. Weber

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website: cameroneconomics.com

Office hours: xxx

COURSE DESCRIPTION:

The foundations of environmental and natural resource economics are examined. Current economic approaches to the valuation of environmental issues, including economic incentive policies, internalization of environmental costs, public policy, and related multilateral trade issues, are discussed. Students analyze property rights as well as uses and restrictions of the global commons.

COURSE OBJECTIVES:

By the completion of the course, students should:

- a) Develop the logic of thinking like an economist and gain command over the fundamental economic logical tools as they apply to the natural environment.
- b) Understand what is meant by the law of supply and demand as applied to private and social costs, public choice rent-seeking in policy formulation, economic incentives and property rights.
- c) Describe economic goods, public goods, externalities and common-property resources.
- d) Explain what is ecological economics, the relationship between ecological and macroeconomic modeling, and the role of the carrying capacity of the natural environment.
- e) Know the key points of contention surrounding the economics of “climate change”, especially relating to inter-generational equity, time-discounting, creative destruction, uncertainty and capitalism’s effect on the natural environment.
- f) Relate environmental economics ideas to international policy formulation and the role of, and limitations to, international institutions in regulating the Global Commons.

NATURE OF COURSE:

This course is suitable both for economics and non-economics majors because the course gives an overview of environmental economics without being overly technical. At the same time the course provides a solid foundation of the related issues for those wishing to pursue further education in economics. Differing perspectives from mainstream economics, especially Austrian School, Public Choice, Classical and Institutional economics, are introduced throughout the course in order to give the student an insightful perspective to understand and critique contemporary debates over public policy. Additionally students will have an opportunity to form teams to research further a topic in environmental economics of their interest and to present the findings of their research in a class presentation. Grading is based on a written in-class quiz using narrative describing the law of supply and demand, multiple choice and true/false exams, class participation, and group research and presentation.

RESOURCES AND READINGS:

Main text (Required)

Jonathan M. Harris, *Environmental and Natural Resource Economics, Second Edition*, Tufts University. Free download:

http://www.ase.tufts.edu/gdae/publications/textbooks/env_nat_res_economics.html

The above text for this class, available free on the internet, is a good-read compared to most textbooks and covers all the fundamental topics on economy and the environment. We will follow the text closely in our class. Please read all chapters assigned in advance for class on that day (see Topics for class schedule).

In addition students should stay current on topical events in the economy related to the environment by reading relevant contemporary news sources; students are encouraged to present current events for class discussion.

Optional Texts

Any entry-level microeconomic textbook or on-line source for a review of welfare economics. Any entry-level macroeconomic textbook or on-line source for a review of national income accounting. (Mankiw's micro- and macro-econ texts are on reserve at the library). Optional texts are only necessary if a student requires material in addition to that discussed in class and/or office hours.

Supplemental Required Reading Material

Freeman Dyson, William Nordhaus, *et al.* (2008). "The Question of Global Warming" and "The Question of Global Warming: An Exchange", *New York Review of Books*. <http://www.nybooks.com/articles/archives/2008/jun/12/the-question-of-global-warming/?page=2>

Robin Hahnel (2012). "Left Clouds over Climate Change Policy," *Review of Radical Political Economics*, <http://cameroneconomics.com/RRPE.pdf>

F.A. Hayek (1945). "The Use of Knowledge in Society," *American Economic Review*, <http://www.econlib.org/library/Essays/hykKnw1.html>

Anne O. Krueger (1974). "The Political Economy of the Rent-Seeking Society," *American Economic Review*, <http://cameroneconomics.com/kreuger%201974.pdf>

Cass R. Sunstein (2013). "The Battle of Two Hedgehogs," *New York Review of Books*, December 5. Available, <http://www.nybooks.com/articles/archives/2013/dec/05/battle-two-hedgehogs/>

Youtube videos as supplementary required materials

Hayek and Bork on intellectuals, <http://www.youtube.com/watch?v=km0-La2gGt4>

Energy from Waste: Myth Debunked,
<http://www.youtube.com/watch?v=XB5iOtxlpCs>

Stossel Show on Distortions around Global Warming Debate,
http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/sternreview_index.htm

Stossel Show on Global Warming Debate as Science or Religion (2 parts),
<http://www.youtube.com/watch?v=RiYX09H4Q6k>

Jerry Taylor on Green Economies and Renewable Energy,
<http://www.youtube.com/watch?v=ZjiilzE24eA>

Links

Stern Review on Climate Change,
http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/sternreview_index.htm

United Nations Climate Change, http://unfccc.int/kyoto_protocol/items/2830.php/

Wiki entry on Stern Review, http://en.wikipedia.org/wiki/Stern_Review

World Bank Development Indicators, <http://data.worldbank.org/indicator>

TOPICS:

The topics for class lectures and discussion are organized around the class text published on-line by Tufts University. It is anticipated that what follows will be the schedule of topics, though the schedule might change depending on class comprehension and class discussion.

Course Topics and Week

Week 1 & 2: The Economy and the Environment

Week 3, 4 & 5: Economic Analysis of Environmental Issues

Chapters from Text

Ch.s 1, 2

Micro & macro review

Hayek and Bork youtube

Hayek 1945

Sunstein 2013

Krueger 1974

Atlas Shrugged movie

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|---|--|
| Week 5 & 6: Ecological Economics | Ch.s 7, 9 |
| Week 7: Economics of Recycling | Ch.12 (2 nd part) Jerry Taylor youtube |
| Week 8 & 9: Pollution and Industrial Ecology | Ch.s 16, 17 “Energy from Waste” youtube |
| Week 10: International Aspects of Environmental Economics | Ch.s 19, 20 <i>The Formula</i> film |
| Week 11, 12 & 13: Global Climate Change | Updated Ch. 18 Hahnel 2012 <i>U.N. Me</i> film <i>Stossel Show</i> youtubes |
| Week 14 & 15: Class Presentations | |
| Week 16: Final Exam and Review of Final Exam | |

GRADING SCHEDULE:

| | |
|------------------------------------|------------|
| Quiz & extra-credit | 20% |
| Midterm Exam | 15% |
| Group research & presentations | 20% |
| Final Exam | 25% |
| Class participation and attendance | <u>20%</u> |
| | 100% |

Additional (Optional) References

Frank Ackerman and Lisa Heinzerling (2004). *Priceless: On Knowing the Price of Everything and the Value of Nothing*, New Press.

Lisa Heinzerling and Frank Ackerman (2002). *Pricing the Priceless: Cost-Benefit Analysis of Environmental Protection*
<http://www.ase.tufts.edu/gdae/publications/C-B%20pamphlet%20final.pdf>

Daniel W. Bromley, editor (1995). *The Handbook of Environmental Economics*, Blackwell.

Herman E. Daly (1996). *Beyond Growth: The Economics of Sustainable Development*, Beacon, any edition.

Peter Diamond, *et al.* (1994). Symposium on Contingent Evaluation, *Journal of Economic Perspectives* 8, Fall.

Paul Ehrlich (1968). *The Population Bomb*, any edition.

F.A. Hayek, editor (1963). *Capitalism and the Historians*, University of Chicago, any edition.

Anthony de Jasay (1989). *Social Contract, Free Ride: A Study of the Public-Goods Problem*, Liberty Fund.

Rev. Thomas Malthus (1798). *Essay on the Principle of Population as it Affects the Future Improvement of Society*, any edition.

Patrick J. Michaels (2012). "Correcting the EPA's Record on Global Warming and Climate Change"

http://www.cato.org/publications/commentary/correcting-epas-record-global-warming-climate-change?utm_source=Cato+Institute+Emails&utm_campaign=ce577d8a8a-E_Update_July_2012&utm_medium=email&mc_cid=ce577d8a8a&mc_eid=8837dbdabd

Douglass North and Robert Paul Thomas (1973). *The Rise of the Western World: A New Economic History*, Cambridge University Press, any edition.

David Osterfeld (1992). *Prosperity versus Planning: How Government Stifles Economic Growth*, Oxford, any edition.

Paul Sabin (2013). *The Bet: Paul Ehrlich, Julian Simon, and Our Gamble Over Earth's Future*, Yale University Press.

Joseph Schumpeter (1954). *History of Economic Analysis*, Oxford, any edition.

Julian Simon, editor (1995). *The State of Humanity*, Blackwell, any edition.

Julian Simon (1996). *The Ultimate Resource II*, any edition.

http://www.juliansimon.org/writings/Ultimate_Resource/

Adam Smith (1776). *The Wealth of Nations*. (Available on-line through many sources.)

Robert N. Stavens, editor (2000). *Economics of the Environment*, any edition, Norton.

Nicholas Stern, *et al.* (2006). "Stern Review on the Economics of Climate Change",

http://webarchive.nationalarchives.gov.uk/+/http://www.hm-treasury.gov.uk/sternreview_index.htm

Optional Journals

Consilience, Ecological Economics, Environmental and Resource Economics, Environmental Values, Harvard Environmental Law Review, and Land and Water Law Review.

COURSE REQUIREMENTS AND GRADING PROCEDURE:

Class attendance and participation: 20%

All discussions initiated by students will add to a student's grade for class participation. In order to get an "A" for this portion of the grading protocol a student must participate in class discussion.

In-Class Quiz and extra-credit: 20%

There will be one in-class quiz based on "the law of supply and demand" and will ask the students to draw and narrate a graph representing differing environmental economic scenarios as discussed in class. The student has an option to redo the quiz for extra-credit based on the Instructor's comments to earn up to the full 15 points by returning a re-written and improved quiz (include the original quiz which contains the Instructor's comments).

Group research and presentations: 20%

On the three days of class before the final exam student groups will present the results of their research into a topic related to environmental economics. The groups can choose their own topic, or, can use one of the Instructor's recommended topics (available on Instructor's website).

Groups are able to form of their own (group size will be between 3 and 6 students) and can choose as a group their research topic. Alternatively those who do not form groups on their own (or topics for their teams) will be assigned a group (and/or topic) by the Instructor. Self-selected groups will be formed and research topics chosen by xxx (date), those without groups or groups without topics will be assigned by the Instructor on xxx (date). Each group presentation will be 20 minutes long, with a group-lead 5 minute discussion period after each presentation.

The Instructor will make available throughout the semester a sign-up sheet for students to sign-up as groups for this exercise. There is no grade penalty for not signing-up with a group in advance of the deadline. Groups who decide on their own topic are encouraged to discuss the topic with the Instructor in order to ensure that the topic is relevant to the class material.

Exams: 40%

There will be two exams for the class, a midterm and a final. The midterm exam (date xxx) counts for 15% of the class grade, the final exam (date xxx) will count for 30% of the class grade and is cumulative, as is the discipline of economics. All potential exam material will be covered in class so students are encouraged to ask questions (again part of class discussion) if they do not understand a concept as it is presented in class. Each exam will be True/False and Multiple Choice questions. The final exam will be 40 questions, and the midterm will be 25 questions. Each exam will be reviewed in class the class period after the exam is given.

Grading policy:

“A”: 91-100% of possible points for the semester, “A-“: 90 points, “B+””: 89 points, “B””: 81-88 points, “B-””: 80 points, “C+””: 79 points, “C””: 71-78 points, “C-””: 70 points, “D” 60-69 points. Everything below 60 points is an “F”.

Course Schedule

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|--|-----------|
| First day of class | Date: xxx |
| Review of potential Quiz topics | xxx |
| Quiz on Supply and Demand | xxx |
| Midterm Exam | xxx |
| Self-selected groups formed and topics chosen | xxx |
| Instructor-assigned groups and topics | xxx |
| Group | xxx |
| Review for final exam (and extra-credit due, optional) | xxx |
| Final Exam | xxx |
| Review of final exam | xxx |