

Environmental Economics-ECON 3545-200

University of Colorado, Department of Economics

Summer, 2014 B

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Lecture: M-F: 9:15-10:50am, July 8-August 8, ECON 117
Office Hours: M-Th 11:00am-12:00pm and by appointment.
Website: <http://learn.colorado.edu>

Course Description

At a fundamental level, the environment is the ultimate source of scarcity. The earth provides all the material for anything ever produced and the energy to do so. As such, environmental quality has become a major focus of public concern. At the heart of the matter is the sustainability of our economic growth and its interaction with the carrying capacity of the earth. Numerous environmental agencies have been established to influence environmental policy. Politicians now must include environmental issues as part of their agenda. Specialized fields have emerged to allow engineers, scientists, lawyers, and economists to focus their efforts on analyzing and solving environmental problems.

This course is designed to extend your economic understanding by studying the economic approach to analyzing and solving environmental problems. Environmental economics focuses on the study of externalities, particularly pollution and other non-market goods (and bads). Economics is crucial in understanding the human behavior which leads to these externalities as well as the possible solutions. Even where markets fail, economics still provides powerful tools to study the decisions of how to allocate scarce resources. Over the course of the semester we will consider how the economy and the environment impact one another. We also address the role of the role of property rights and externalities in the economy, learn to use cost-benefit analysis, discuss how to discern the economic value of the environment, explore various sources of pollution and the economic tools available to alter polluting behavior—including the political economy. In the end, economics should provide you with an analytical tool with which to analyze possible environmental policies.

The course will be a combination of learning the theory and models behind the concepts as well as discussing real world examples.

Prerequisites

Basic microeconomic knowledge is required. Students must have taken ECON-1000 or ECON 2010. In addition, the course is for non-econ majors.

This course requires basic algebra tools. It will be assumed that students possess these and there will be little formal math review.

Readings

Two books will be utilized in addition to articles posted on the course website.

Textbook: Tom Tietenberg & Lynne Lewis (2009). *Environmental Economics & Policy*, Pearson, 6th Edition

The textbook is considered required. Naturally, not all of the textbook will be covered in class. Reading the book prior to lecture is a great way to make the learning process easier. You may want to consider the ebook option, it is considerably cheaper. The CU bookstore has access codes for sale. The ebook ISBN is: 0-321-60818-6

Essays and Articles: Robert N. Stavins (2012). *Economics of the Environment: Selected Readings*, Norton, 6th Edition

Other required short readings will be provided on the Desire 2 Learn course website.

Lectures

Attendance of the first three classes is mandatory or you may be administratively dropped from the course. Beyond this, no formal attendance will be taken. In many cases, lecture will extend beyond the content of the textbook, so it is strongly encouraged you attend lecture. While lecture slides, when used, will be provided on line, they are not exhaustive of what is covered in lecture. I would recommend getting any additional notes from a classmate if you do miss class.

Grading Policies

There will be 4 components of your final grade.

Exam 1	25%	Friday, July 18 th
Exam 2	25%	Friday, July 8 th
Paper	20%	Proposal –Monday, July 21 st , Final Draft—Wednesday, August 6 th
Homework	30%	Various Dates; see course schedule

Grading Scale

A	92.00-100.00	C	72.00-77.99
A-	90.00-91.99	C-	70.00-71.99
B+	88.00-89.99	D+	68.00-69.99
B	82.00-87.99	D	62.00-67.99
B-	80.00-81.99	D-	60.00-61.99
C+	78.00-79.99	F	<59.99

Exams

The exams will not be cumulative beyond the cumulative nature of the material. I do not give make-up exams nor do I give exams early. If you do have a **valid** emergency which precludes you from taking the exams on the given date your final score will be recalculated reweighting the other components. Please communicate any conflicts with exam dates immediately, you will find instructors are a lot more flexible when you do not wait until the last minute to deal with conflicts. The exams will be a mixture of multiple choice and short answer questions. Finally, **no cell phone calculators are permitted for exams**. Please bring a basic calculator or be prepared to do calculations with pen and paper.

Homework

Over the semester there will be 3 problem sets and multiple reading assignments. No late assignments will be accepted and no assignment will be dropped from your grade. Grading will be done on a completion basis (note that quality can still be considered).

Problem Sets: As we progress through the semester I will post 3 problem sets on the course website. A hard copy is due at the beginning of class on the given date. They are intended to apply the theory and concepts from the textbook and lecture and help prepare you for the exams. I encourage you to work in small groups on these assignments, though I require everyone to turn in their own copy. Each problem set will make up 6% of your overall grade.

Article Summaries: You will be reading articles throughout the semester. For each one, you will need to write up a short summary (1 page). The summaries will be due prior to the beginning of class on the day it is to be discussed. Official due dates will be announced in class, though the articles are tentatively scheduled below. The summaries will be due prior to the designated class submitted on the course website. The summaries will collectively account for 12% of your grade.

Project/Proposal

The final portion of your grade will be a paper or proposal. It may be completed with one partner if you wish to team up. I expect the paper to be 8-12 double spaced pages. The subject matter is up to you, so long as it is related to environmental economics. You may choose to either analyze a current or historical issue in environmental economics using the tools and models from class or create a proposal for a research project on an environmental issue. A short document will be due on Monday, July 21st identifying intended topic. Further details will be provided concerning my expectations of the project.

Tentative Course Schedule

Due dates and exam dates are firm. Topic coverage is subject to change.

Date	Topic	Textbook Ch.	Due
Introduction			
July 8	Economics Primer		
July 9	The Sustainability Problem and Economics	Ch. 1	-Stavins & Fullerton (1998) -Solow (1992)
July 10	Property Rights and Coase	CH. 4	-Coase (1960)
July 11	Population	CH. 6	-Malthus (1798)*
Week 2			
July 14	Cost-Benefit Analysis	CH. 2	
July 15	Valuing the Environment	CH. 3	-Kelman (1981) and responses
July 16	Valuing the Environment		-Hanemann (1994) -Diamond & Hausman (1994)
July 17	Review		Problem Set 1 Due
July 18	Exam 1		
Week 3			
July 21	Economics of Pollution	CH. 14	Proposal Due
July 22	Pollution Control Instruments		-Sandel (1997) and responses
July 23	Pollution Control Instruments		-Goulder & Parry (2008)
July 24	Stationary Sources	CH. 15	

July 25	Climate Change	CH. 16	-Aldy et al. (2009)
Week 4			
July 28	Climate Change		
July 29	Mobile Sources	CH. 17	-Mankiw (2006)* Problem Set 2 Due
July 30	Water Pollution	CH. 18	-Hoag & Hughes-Popp (1997)*
July 31	Development and the Environment	CH. 21	-Frankel (2004) -Stern (2004)*
August 1	Development and the Environment	CH. 20 (skip p. 458-464)	-Galiani et al. (2005)*
Week 5			
August 4	Payment for Environmental Services		-Alston et al. (2013)*
August 5	Accounting for the Environment/Presentations	CH. 20 (p. 458-464)	-World Bank (2010)*
August 6	Project Presentations		Project Due
August 7	Project Presentations/Review		Problem Set 3
August 8	Exam 2		

*Reading not in *Economics of the Environment* made available on D2L

Office Hours

These are for your benefit, please take advantage of them. It is an excellent opportunity to get individual or small group help to clarify concepts from class. If my office hours do not work for you due to another class or work, please email me and we can arrange a time to meet.

Email

Please use email wisely. It will be your best option to communicate with me outside of office hours and lecture. I will do my best to respond to emails in a timely fashion, usually less than 24 hours. If your question has to do with clarification, it may be difficult to explain fully over email, so I will suggest coming to office hours. If I feel the entire class could benefit from the clarification, I will do so in lecture. Finally, I will be hesitant to answer emails which ask something administrative which is included on the syllabus, i.e. "when is the exam?" or "are any assignments dropped?"

University Policies

Students with Disabilities

If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. University policies regarding disabilities are available at www.colorado.edu/disabilityservices/. Disability Services can be contacted by telephone at (303) 492 8671 or in person at Willard 322.

Religious Observances

Campus policy regarding religious observances requires that faculty make every effort to deal reasonably and fairly with all students who, because of religious obligations, have conflicts with scheduled exams, assignments, or required attendance. If you have a conflict due to a religious obligation, please see me **at least one full week in advance** so that alternate arrangements can be made. Policies regarding religious observances are available at www.colorado.edu/policies/fac_relig.html.

Classroom Behavior

Students and faculty each have responsibility for maintaining an appropriate learning environment. Those who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, culture, religion, politics, sexual orientation, gender, gender variance, and nationalities. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. Policies regarding classroom behavior are available at <http://www.colorado.edu/policies/classbehavior.html> and at http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code.

Discrimination and Harassment

The University of Colorado at Boulder policy on Discrimination and Harassment, the University of Colorado policy on Sexual Harassment, and the University of Colorado policy on Amorous Relationships apply to all students, staff, and faculty. Any student, staff, or faculty member who believes s/he has been the subject of sexual harassment or discrimination or harassment based upon race, color, national origin, sex, age, disability, creed, religion, sexual orientation, or veteran status should contact the Office of Discrimination and Harassment (ODH) at (303) 492 2127 or the Office of Judicial Affairs at (303) 492 5550. Information about the ODH, the above referenced policies, and the campus resources available to assist individuals regarding discrimination or harassment can be obtained at <http://www.colorado.edu/odh>.

Academic Misconduct

All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council (honor@colorado.edu, (303) 735 2273). Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, or expulsion). Other information on the Honor Code can be found at www.colorado.edu/policies/honor.html and at www.colorado.edu/academics/honorcode.