Environmental Policy
Economics 622 Spring 2010
Syllabus

Instructor Name: Rob Hicks
E-mail: rob.hicks@wm.edu
Office: Morton 129
Class Time: MW 1:30-2:50
Classroom: Morton 102

Logistics

• Office Hours
  I am available on Tuesdays from 10-12am, or by appointment. If my door is open, you are free to drop by at any other time.

• Email Policy
  I will respond to emails but only if they contain the tag ‘[PUBP622]’ in the subject line. If they do not, my email program will likely delete your email.

• Grades
  Your grade will be based on a Mid-term (30%), a Final Paper (40%), a presentation (15%) for a chosen topic in Unit II, and a group project (15%) on fisheries management in the Chesapeake Bay.

• Travel and Makeup Dates
  Because of grant commitments, I will be traveling on March 22 and 24. On those days, classes will be cancelled. Additional class cancellations may arise and you will be notified of these in advance.

• Course Materials
  We will be using the textbook Environmental Economics by Tom Teitenberg\(^1\). Older editions are probably sufficient for your needs. I will place a copy on reserve at the Library. Additional readings are on the course blackboard site.

Content

This course covers economic approaches to environmental and natural resource problems. In this course we will investigate the interaction between economic decisions made by firms or consumers and the environment. The main topic areas are as follows:

1. Unit I: Market failure and regulatory approaches for environmental problems.

   We start by focusing on using economics to describing and fixing environmental problems. We analyze various regulatory approaches to address environmental problems

\(^1\)ISBN-10: 0321485718
(e.g. standards, market-based incentives) and discuss the relative economic efficiency of those approaches. We will also briefly discuss current U.S. environmental regulatory approaches.

2. Unit II: Topics in environmental economics.
In this section we will use our environmental economics tool-kit and apply it to numerous issues. As time permits, we will investigate:

(a) Biodiversity
(b) Climate change
(c) Energy Policy
(d) Water Policy
(e) Transportation Policy

Schedule of Classes and Topics [dates approximate]

January 20 Introduction to the course. Definition of Public Policy as Applied to Environmental Problems.

Unit I: Diagnoses and Fixes for Market Failure

January 25, 27 Review of micro-economics. Externalities and public goods. Discuss basic market failures when environmental goods are not traded in markets. Focus on defining externalities and public goods with plenty of examples relating to environment. Readings: Tietenberg Chapter 2; Problems of social cost (Coase); Tietenberg Chapter 4.

February 1, 3 A brief primer on U.S. environmental policy. Discuss major air, water, pollution, and solid waste policies in US. Readings: Portney, Public Policies for Environmental Protection.

February 8, 10 Regulations and Incentives. Compare and contrast different regulatory approaches including market-based incentives in microeconomic setting. The costs of U.S. Environmental Regulation. Readings: Tietenberg Chapters 15 and 16, Economic Instruments for Environmental Regulation (Tietenberg); Its immoral to buy the right to Pollute (Sandel with replies); Toward a new conception of the environmental-competitiveness relationship (Porter et al.); Tightening Environmental Standards (Palmer et al.); Environmental Regulation and the Competitiveness of U.S. manufacturing (Jaffe et al.).

February 15 Mid Term #1.
Readings: None.

February 22, 24 Natural resource extraction and market failure: the case of fisheries. Readings: Tietenberg Chapter 13; The tragedy of the commons (Hardin).

March 1, 3 Case study. Class will be broken into groups covering the law, science, and policy of Chesapeake Bay Menhaden fisheries management problem. We will work together as a group to come up with specific recommendations for addressing the problem.
March 8,10 Spring Break

Unit II: Environmental Policy Issues

March 15,17 Biodiversity and Development. The economics of biodiversity: what are we protecting. Species versus habitat protection. Ecosystem valuation. Readings: Conflicts and choices in biodiversity (Weitzman); Willingness to Pay for Charismatic Megafauna (Kontoleon)

March 22,24 Class cancelled.

March 29,31 Eco-labeling. Can eco-labeled products lead to socially desirable levels of associated bads? How important is the veracity of the label. Examples of eco-labeling. Readings: Ecolabeling and the Price Premium (Sedjo and Swallow)

April 12,14 Climate change and trans-boundary pollutants. Readings: Reflections on the economics of climate change (Nordhaus), Executive summary of the Stern Report.


April 19,21 Watershed Management, pollution permits and taxes. Readings TBA

The remainder of the semester will be in workshop format as you move toward your final paper.

Final Paper Due: