

Environmental Economics

ECON 331, Fall Semester 2009

Mondays and Wednesdays 4:40-6:05 pm

S2140

Web site accessible through blackboard.binghamton.edu

Course Description: The management of environmental resources is inherently economic, involving trade-offs between things we desire, the costs of production, and damages to environmental resources. Economists can offer unique perspectives on existing incentives to deplete and protect environmental resources, and provide insights on valuing environmental resources and incorporating these values into policy design. For example, the generation of electricity provides things we desire, but it became clear in the 1970s and 1980s that prevailing methods of electricity generation contributed to “acid rain” pollution, particularly in the northeastern states. Economic analyses were instrumental in the determination that the benefits of reducing the pollutants causing acid rain exceeded the costs of adopting less polluting methods of electricity generation. Moreover, to achieve the desired abatement levels, economic principles were pivotal in the design of a flexible, market-based abatement program that saved billions of dollars and allowed pollution reduction targets to be met more quickly than traditional regulatory approaches.

This course explores the economic foundations for public decision-making about environmental issues. Emphasis is placed on the conventional welfare economics approach centering on market failure due to externalities and public goods, benefit-cost analysis, cost-effective policy design, and non-market valuation. Property rights/institutional perspectives and ecological economics/sustainability concepts are also introduced.

Econ331 is intended for undergraduate students in Economics, Environmental Studies, and in other disciplines who are interested in extending concepts from microeconomic principles to the design of environmental policy. Lectures and readings presume an introductory understanding of microeconomic theory. Assigned readings include chapters from an environmental economics text as well as several contemporary and “classic” articles in environmental economics.

Topics:

- 1) Social choice and environmental economics
- 2) Foundations: Market success and Pareto efficiency
- 3) Market failure: Public goods, commons goods, and externalities
- 4) Economic instruments for cost-effective pollution control
- 5) Benefit-cost concepts and non-market valuation

Prerequisites: Grades of C or better in ECON 160 and 162. Calculus is also recommended.

Text: Tietenberg/Lewis Environmental and Natural Resource Economics, 8th edition, Addison-Wesley
ISBN 10: 0321-48571-8
Required

Fullerton/Stavins Economics of the Environment: Selected Readings, 5th edition, WW Norton,
ISBN 10: 0393927016
Not Required/Optional

Instructor:

Ghazi Alam
PhD student

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Office Hours: Immediately after Monday and Wednesday lectures, in the classroom or in my office. I first talk with anyone who might have a quick question, then with anyone who might like to talk at more length. If you'd like to make sure I'll be available, feel free to schedule an appointment with me. If the after-class time doesn't work for you, we can select another time.

Course Web site: The course Web site is accessible through blackboard.

Course Readings: In addition to the Tietenberg/Lewis text, a selected set of readings outside of this book will be required. These readings will be provided electronically through the class web site.

Grading: Grades will be calculated out of 100 points, distributed as follows:

Assignments, 40% of grade. The course will include several assignments. Due dates will be made explicit on the individual assignments and on the course Web site. Assignments must be handed in by the beginning of class on the due date to receive full credit. While each student should hand in their own answers, problem sets are to be viewed as learning exercises rather than as take-home exams. As such, collaboration is encouraged, but the final write-up must be one's own. I encourage students not to skip any problem set, as this is likely to result in missing practice of some course material.

Preliminary exam, 25% of grade. This in-class examination is scheduled for Wednesday, October 14 (Tentative). It will ask about the material covered through Monday, October 12. The preliminary and final exams will be based on the assignments, the lectures, and the reading

Final exam, 35% of grade. A comprehensive final examination covering the entire course, but emphasizing work covered after the first exam, is scheduled during the normal final exam period.

To facilitate consistency and fairness, all appeals relating to scores assigned during grading must be submitted in writing to the instructor. Relevant materials should accompany a written statement describing the case for appeal. Where a student's appeal is based in part on comparisons of his or her answer with that of another student, the other student's paper should be submitted with the appeal.

Students with Disabilities: If you have a documented disability and want to discuss academic accommodations, please get in touch with the instructor as soon as possible.

Binghamton University Code of Academic Integrity: Each student is expected to abide by the University Code of Academic Honesty (see <http://bulletin.binghamton.edu/integrity.htm>). With the exception of the homework discussion provided above, any work submitted by a student for academic credit is to be the student's own work.

ECONOMICS DEPARTMENT POLICY REGARDING MAKE-UP FINAL EXAMS

ALL make-up final exams in Economics will be given **Friday, December 18 from 8:00 to 10:00 AM**. All officially scheduled final exams are linked from the Registrar's [website](#) and on the [BU Brain](#) – check **NOW** for conflicts. If a conflict exists you may request a make-up exam from the instructor of **ANY** of the conflicting courses. If you choose to request a make-up exam for an economics course, a sign-up list to request the make-up exam will be available in class after the add/drop deadline – ask the instructor. Students **MUST** make their request for a make-up exam in economics **NO LATER THAN FRIDAY, October 9**.

It is **the student's responsibility** to learn from the instructor if the request has been approved. Only students who are approved may take a make-up final exam. Students who have not requested a make-up exam in an economics course by **October 9** will be required to resolve conflicting exams with the instructor in one of their other courses.

Make-up exams are approved **ONLY** for the following conditions:

- Conflicts with the **OFFICIAL** final exam schedule (e.g. exams at the same time or more than two exams within 24 hours).
- **DOCUMENTED** personal illness or family emergency.