

**ECON 683:**  
**GRADUATE SEMINAR IN ENVIRONMENTAL ECONOMICS**  
**(Fall 2009)**

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**Office Hours**

Tuesday, Thursday, 10:30 a.m. – noon

**Course Format**

Each class meeting will start with a student presentation of *at least one* of the articles/chapters listed below. This will be followed by a detailed discussion in which *all students* are expected to participate fully. Therefore, it is imperative that you complete the assigned reading and come to the class well prepared. All required readings are available on Course Reserves.

Final grades will be determined on the basis of your presentation, including a final paper presentation, and class participation.

**Required textbooks**

Baumol, William J. and Wallace C. Oates, 1988. *The Theory of Environmental Policy*, Cambridge University Press, 2<sup>nd</sup> edition.

Champ, Patricia, Boyle, Kevin J., and Thomas C. Brown, 2003. *A Primer on Non-Market Valuation*. (eds.) Kluwer Academic Publishers.

**Syllabus and Reading List**

**General Overview**

Baumol, William J. and Wallace C. Oates, 1988. Selected chapters: 1, 2, 3, 4, 5, 6, 7, 8.

Fullerton, Don and Robert N. Stavins, 1998. How economists think about the environment. In, Stavins, Robert N. (editor), *Economics of the Environment*, 2000 (4<sup>th</sup> edition). W.W. Norton. **Please read this article and be prepared to discuss it in the first class.**

Spulber, Daniel, 1985. Effluent Regulation and Long Run Optimality. *Journal of Environmental Economics and Management*, 12: 103-116.

Baumol, William J. and Wallace C. Oates, 1971. The Use of Standards and Prices For Protection of the Environment. *Swedish Journal of Economics*, 73(1): 42-54.

Cropper, Maureen and Wallace Oates, 1992. Environmental Economics: A Survey. *Journal of Economic Literature*, 30(2): 375-740, June.

**Non-Market Valuation**

Champ, Patricia, Boyle, Kevin J., and Thomas C. Brown, 2003. Chapters 1, 2, 4, 8, 9, and 10.

Boyle, K.J., J. Poor, and L.O. Taylor, 1999. Estimating the Demand for Protecting Freshwater Lakes from Eutrophication, *American Journal of Agricultural Economics*, 74(4): 991-1002. (Read this to understand the hedonic method chapter in Champ et al.)

Chattopadhyay, 1999. Estimating the Demand for Air Quality: New Evidence Based on Chicago Housing Markets, *Land Economics*, 75(1): 22-38. (Read this to understand the hedonic method chapter in Champ et al.)

Shaw, W. Douglas and Paul Jakus, 1996. Travel Cost Models of the Demand for Rock Climbing. *Agricultural and Resource Economics Review*, 25(2): 133-142.

Hanley N., Koop G., Alvarez-Farizo B., Wright R.E., and C. Nevin, 2000. Go Climb a Mountain: An Application of Recreation Demand Modelling to Rock Climbing in Scotland. *Journal of Agricultural Economics*, 52(1): 36-52.

Grijalva T., Berrens R., Bohara A., Jakus P. and W.D. Shaw, 2002. Valuing the Loss of Access to Rock Climbing in Wilderness Areas: A National-Level Random Utility Model. *Land Economics*, 78(1): 103-20.

McCluskey, Jill J. and Gordon C. Rausser, 2003. Hazardous Waste Sites and Housing Appreciation Rates, *Journal of Environmental Economics and Management*, 45(2): 166-176.

Portney, Paul R., 1994. The Contingent Valuation Debate: Why Economists Should Care. *Journal of Economic Perspectives*, 8(4): 3-17. Autumn. Optional.

Hanemann, Michael W., 1994. Valuing the Environment Through Contingent Valuation, *Journal of Economic Perspectives*, 8(4): 19-43. Autumn. Optional.

Diamond, Peter A., and Jerry A. Hausman, 1994. Is Some Number Better Than No Number? *Journal of Economic Perspectives*, 8(4): 45-64. Autumn. Optional.

**Voluntary Pollution Prevention**

Foster, Andrew and Emilio Gutierrez, 2009. Direct and Indirect Effects of Voluntary Certification: Evidence from the Mexican Clean Industry Program. *Mimeo*.

Dawson, Na Li and Kathleen Segerson, 2008. Voluntary Agreements with Industries: Participation Incentives with Industry-wide Targets, *Land Economics*, 84: 97-114.

Khanna, Madhu and Lisa A. Damon, 1999. EPA's Voluntary 33/50 Program: Impact on Toxic Releases and Economic Performance of Firms. *Journal of Environmental Economics and Management*, 37(1): 1-25. January.

Vidovic, Martina and Neha Khanna, 2007. Can Voluntary Pollution Prevention Programs Keep Their Promises? Evidence from the 33/50 Program. *Journal of Environmental Economics and Management*, 53(2): 180-195, March.

Videras, Julio and Anna Alberini, 2000. The Appeal of Voluntary Environmental Programs: Which Firms Participate and Why? *Contemporary Economic Policy*, 18(4): 449-461. October.

Arora Seema and Subhashis Gangopadhyay, 1995. Towards a Theoretical Model of Voluntary Over-Compliance. *Journal of Economic Behavior Organization*, 28(3): 289-309.

Maxwell J.W., Lyon T.P., and S.C. Hackett, 2000. Self-Regulation and Social Welfare: The Political Economy of Corporate Environmentalism. *Journal of Law and Economics*, 43(2): 583-617. Optional.

Sergeson, Kathleen, and Thomas J. Miceli, 1998. Voluntary Environmental Agreements: Good or Bad News for Environmental Protection? *Journal of Environmental Economics and Management*, 36(2): 109-130.

Wu JunJei and Bruce A. Babcock, 1999. The Relative Efficiency of Voluntary vs Mandatory Environmental Regulations. *Journal of Environmental Economics and Management*, 38(2): 158-175.

### **Trade and the Environment**

Copeland, Brian R., and M. Scott Taylor, 1994. North-South Trade and the Environment. *Quarterly Journal of Economics*, 109(3): 755-787. August.

Copeland, Brian R., and M. Scott Taylor, 1995. Trade and Transboundary Pollution. *American Economic Review*, 85(4): 716-737. September.

Antweiler, Werner, Copeland, Brian R., and M. Scott Taylor, 2001. Is Free Trade Good for the Environment? *American Economic Review*, 91(4): 877-908. September.

Copeland, Brian R. and M. Scott Taylor, 2004. Trade, Growth and the Environment. *Journal of Economic Literature*, 42(1): 7-71. March. Optional.

### **Environmental Kuznets Curve**

Grossman, Gene M. and Alan B. Krueger, 1995. *Quarterly Journal of Economics*, 110(2): 353-377. May.

Harbaugh, William T, Levinson, Arik, and David Molloy Wilson, 2002. Reexamining the Empirical Evidence for An Environmental Kuznets Curve. *Review of Economics and Statistics*, 84(3): 541-551. August.

Andreoni, James and Arik Levinson, 2001. The Simple Analytics of the Environmental Kuznets Curve. *Journal of Public Economics*, 80(2): 269-286. May.

Plassmann, Florenz and Neha Khanna, 2003. Preferences, Income and the Environment: Understanding the Environmental Kuznets Curve Hypothesis. *American Journal of Agricultural Economics*, 88(3): 632-643, August.

McConnell, Kenneth E., 1997. Income and the Demand for Environmental Quality. *Environment and Development Economics*, 2: 383 – 399.

Lieb, Christoph, 2002. The Environmental Kuznets Curve and Satiation: A Simple Static Model. *Environment and Development Economics*, 7: 429 – 448.

Plassmann, Florenz and Neha Khanna, 2006. A Note on “The Simple Analytics of the Environmental Kuznets Curve”. *Environment and Development Economics*, 11(6): 697-707, December. Optional.

Millimet, Daneiel L., List, John A., and Thanasis Stengos, 2003. The Environmental Kuznets Curve: Real Progress of Misspecified Models? *Review of Economics and Statistics*, 85(4): 1038-1047. November. Optional.

Chimeli, Ariaster B. and John B. Braden, 2005. Total Factor Productivity and the Environmental Kuznets Curve. *Journal of Environmental Economics and Management*, 49: 366-380. Optional.

Khanna, Neha and Florenz Plassmann, 2007. Total Factor Productivity and the Environmental Kuznets Curve: A Comment and Some Intuition. *Ecological Economics*, 63: 54-58, June. Optional.

**Climate Change: time permitting only (time permitting only)**

Nordhaus, William, 1994. *Managing the Global Commons: The Economic of Climate Change*. MIT Press. Selected chapters

Nordhaus, William and Joseph Boyer, 2000. *Warming the World: Economic Models of Global Warming*. MIT Press. Chapters 1-3, and 7-9.

Nordhaus, William, 2006. The “Stern Review” on the Economics of Climate Change. NBER Working Paper 12741, December.

\_\_\_\_\_, 2007. To Tax or Not to Tax: Alternative Approaches to Slowing Global Warming. *Review of Environmental Economics and Policy*, 1(1):26 – 44. Winter.

Stern, Nichols, 2006. The Stern Review on the Economics of Climate Change, 2006. Her Majesty’s Treasury, London. Online access available at: <http://www.hm->

[treasury.gov.uk/independent\\_reviews/stern\\_review\\_economics\\_climate\\_change/stern\\_review\\_report.cfm](http://treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/stern_review_report.cfm) (executive summary only)

Parry, Ian, 2003. Fiscal interactions and the case for carbon taxes over grandfathered carbon permits. *Resources For the Future*, Discussion Paper 03-46. December.

\_\_\_\_\_, 2007. Should we Abandon Cap and Trade in Favor of a CO2 Tax? *Resources For the Future*, Summer.

Copeland, Brian R. and M. Scott Taylor, 2000. Free Trade and Global Warming: A Trade Theory View of the Kyoto Protocol. *NBER Working Paper # 7657*.

**Double dividend hypothesis (time permitting only: articles not included on ERES)**

Parry, Ian, 1995. *JEEM*

Bovenberg L. and L.H. Goulder, 1996. Optimal Environmental Taxation in the Presence of Other Taxes: General Equilibrium Analysis, *American Economic Review*, 86: 985-1000.

Goulder L.H., Parry I.W.H., Williams III R.C., and D. Burtraw, 1999. The Cost-Effectiveness of Alternative Instruments for Environmental Protection in a Second-Best Setting, *Journal of Public Economics*, 72: 329-360.

Bento and Jacobsen, 2007. *JEEM*.