

University of California, San Diego
Department of Economics

Fall Quarter 2007
Professor T. Groves

Economics 131: Environmental Economics

Syllabus and Reading List

Course Overview

This course is an introduction to an economics perspective of environmental systems and their problems, with special attention to the use, misuse, and overuse of natural and environmental resources.

The first part of the course will develop appropriate economic concepts, models, and tools for analyzing environmental and natural resource issues and problems. The organizing principle of this part is to address the question of what constitutes a "best" or "desireable" use of natural and environmental resources and an acceptable level of environmental pollution. The second part of the course will discuss the role and the ability of the government to effectively manage environmental resources and regulate and control environmental problems. Here, we address the question of how well the government has done and is doing in these tasks. The third part of the course will explore the future (and, to some extent, the present) governmental policies that use incentive-based and market-like methods for managing the environment. This section asks how the government (and society) might better address its environmental challenges.

Lectures and Class Room

The course lectures during the Fall Quarter will be Tuesdays and Thursdays, from 8:00 - 9:20 a.m., in Center Hall 216. In addition approximately weekly sections will be held at times and places to be announced.

TA's, Sections, and Office Hours

There are two T.A.'s for the course: Ms. Sheila Walsh and Mr. Jacob LaRiviere. They will hold sections and office hours at times to be announced. The sections will be used to go over pre-requisite economics material, questions arising from the lectures, and, especially exam-type questions that will be posed from time to time during the lectures or posted on the UCSD WebCT class website. All instructors' office hours will be posted on the class website. Please take advantage of office hours and also use e-mail to contact any instructor at other times or if you need to make an appointment.

Please use WebCT for all course-related e-mail. E-mail sent to other addresses (e.g. official UCSD accounts) may not receive a timely response and you may be requested to repost your message to our WebCT mailboxes. You must be logged into WebCT to send e-mail to WebCT mailboxes.

Exams and Grading

Your grade for this course will depend on a Mid-Term Exam (35%) to be given in class on **TUESDAY, October 30** and a Final Exam (65%) to be given on **TUESDAY, December 11** from 8:00 - 11:00 a.m. The exams will consist of questions similar (but not identical) to the exam-type problems mentioned above.

Textbook and other Readings

The textbook for this course is Eban S. Goodstein, *Economics and the Environment*, Fifth Edition, Wiley, 2007. (The Fourth Edition is acceptable as well. The chapter topics and numbers are the same in the two editions, with the exception that the fourth edition has an extra chapter 19. Some of the material in the fifth edition has been updated and some new problems and examples are also in the fifth edition. All problems assigned from the text will be from the fifth edition, but will also be posted on the WebCT course web site for those using the fourth edition.)

In addition to the textbook various other readings will also be assigned. Where available in electronic form they will be made available through the course WebCT site (for copyright reasons).

Course Outline and Reading Assignments

Introduction: Environmental Challenges and the Role of Economics: The Case of Global Warming (1 lecture)

Readings:

Goodstein, Chapter 1.

Part I. Criteria for Evaluating Environmental Problems and Policies (4 weeks)

1. Ethics, Economics, and the Environment

Readings:

Goodstein, Chapter 2.

2. Externalities and Efficiency

Readings:

Goodstein, Chapters 3 and 4.

3. The Safety Standard

Readings:

Goodstein, Chapter 5.

4. Sustainability

Readings:

Goodstein, Chapters 6 and 7.

5. Measuring Benefits and Costs

Readings:

Goodstein, Chapters 8, 9, and 10.

TUESDAY, October 30th, MIDTERM EXAM 8:00 - 9:20 A.M. (in class)

Part II. Government Policies: Legislation, Regulation, and Enforcement (1 1/2 weeks)

6. Regulation

Readings:

Goodstein, Chapter 12.

7. Legislation

Readings:

Goodstein, Chapters 13 and 14.

8. Enforcement

Readings:

Goodstein, Chapter 15.

Part III. The Future of Governmental Policy (3 1/2 weeks)

9. Incentive-Based Regulation

Readings:

Goodstein, Chapters 16 and 17.

10. Promoting Clean Technology

Readings:

Goodstein, Chapter 18.

11. Energy Policy

Readings:

Goodstein, Chapter 19 (5th edition) or Chapter 20 (4th edition).

12. Global Warming: Redux

Readings:

Goodstein, Chapter 22 (5th edition) or Chapter 23 (4th edition).

TUESDAY, December 11th FINAL EXAM 8:00 - 11:00 A.M.