

Economics 306
Dr. Philip King

Environmental Economics
Spring 2009

Office: HSS 149

Office Hrs.: MW 2:30-4 or by appt.

Web page: <http://bss.sfsu.edu/pgking/index.htm> [Go to lectures, then Econ 605]

e-mail: pkings@sbcglobal.net Do not use my SFSU email—it is unreliable.

The purpose of this class is to provide a background in economics for environmental studies majors. The class assumes no background in economics though if you have one, that helps. We will study both neoclassical and non-neoclassical paradigms. The emphasis of the class will be on using economics in applied public policy analysis. Whether you like economics or not, you will encounter it in your career and should be familiar with the basic concepts both to support your case and to refute false statements made by other parties. This class is an elective for environmental studies majors but NOT for economics majors.

Text and reading: The main text is *Economics and the Environment*, by Eban Goodstein. (Hereafter referred to as Goodstein.). Additional readings are listed below; some readings are available on the web and can be accessed through the hyperlinks on my web page.

Grading and attendance: Grades in the class will be determined by two midterm examinations, a final exam, and a class presentation from an assigned article or a synopsis of the readings (see below), and class participation. Attendance is considered an important part of participation (if you don't attend you're not participating). The grade breakdown is as follows:

Midterm exams	20% x 2 = 40%
Final exam	30%
Class presentation	15%
Class participation	<u>15%</u>
Total	100%

Presentations: Each Presentation **must** be in PowerPoint. Your presentation should be 10 minutes long (12-20 slides). **Please send me a copy of your presentation by email** (if the file is large you may send it as a pdf) **at least two days before class so that I can give you comments.** Failure to do so will substantially lower your grade.

Outline

Week 1: Intro to Economics

Scarcity, Opportunity Cost, Tradeoffs, Economic Systems

Required Reading:

Scarcity: http://www.amosweb.com/cgi-bin/awb_nav.pl?s=cls&c=dsp&crs=micro&fcd=lsn&lsn=3

Week 2: Supply and Demand, Elasticity

Market Equilibrium, Shortages and Surpluses, Price Controls

Required Reading:

Demand: http://www.amosweb.com/cgi-bin/awb_nav.pl?s=cls&c=dsp&crs=micro&fcd=lsn&lsn=5

Supply: http://www.amosweb.com/cgi-bin/awb_nav.pl?s=cls&c=dsp&crs=micro&fcd=lsn&lsn=6

Markets: http://www.amosweb.com/cgi-bin/awb_nav.pl?s=cls&c=dsp&crs=micro&fcd=lsn&lsn=7

Shocks: http://www.amosweb.com/cgi-bin/awb_nav.pl?s=cls&c=dsp&crs=micro&fcd=lsn&lsn=8

Week 3: Production, Cost, Perfect Competition, Monopoly

Required Reading:

Production: http://www.amosweb.com/cgi-bin/awb_nav.pl?s=cls&c=dsp&crs=micro&fcd=lsn&lsn=14

Cost: http://www.amosweb.com/cgi-bin/awb_nav.pl?s=cls&c=dsp&crs=micro&fcd=lsn&lsn=15

Perf.Comp: http://www.amosweb.com/cgi-bin/awb_nav.pl?s=cls&c=dsp&crs=micro&fcd=lsn&lsn=16

Week 4: Market Failure, the Coase Theorem and Pollution Permits

Required Reading: Goodstein, ch. 3, 4

A Simple Illustration of the Coase Theorem,

<http://www.sjsu.edu/faculty/watkins/coasetheorem.htm>

Optional Reading:

http://tutor2u.net/economics/content/topics/externalities/what_are_externalities.htm

http://www.linfo.org/public_good.html

Coase, R.H. , The Problem of Social Cost, *Journal of Law and Economics* 3, 1-44 (1960), available at: <http://www.ccer.edu.cn/download/7874-4.pdf>

Cheung, Steven N. S., "The Fable of the Bees: An Economic Investigation," *Journal of Law and Economics* XVI (1973), 11-33.

Week 5: The Tragedy of the Commons and Applications of Market Failure

Case Study: Over fishing and the Tragedy of the Commons

Case Study: RECLAIM

Case Study: Cap and Trade Systems and Global Warming

Case Study: Auto Emissions Controls

Required Reading: Goodstein, ch. 3 appendix, ch 16, 17

Emissions Trading in the U.S., (Pew Center Report, 2003)
http://www.pewclimate.org/docUploads/emissions_trading.pdf
The Tragedy of Overfishing and Possible Solutions, Stephanie Bellotti,
www.uvm.edu/~gflomenh/VTLAW-EcoEcon/papers/paper1/Belloti-1.doc
<http://www.springerlink.com/content/n7861583179v2454/> (Aaron look up)
Reclaim: <http://www.aqmd.gov/RECLAIM/reclaim.html>

Optional Reading:

The Tragedy of the Commons: Twenty-two years later,
http://home.cc.umanitoba.ca/~berkes/feeny_1990.pdf
The Impact of Federal Fishing Policies on Coastal Maine and the town of Harpswell,
<http://eprints.ccsu.edu/archive/00000264/02/ElderFT.pdf>
Questioning the Assumptions of the Tragedy of the Commons Model,
<http://www.jstor.org/pss/3146965> (must be downloaded at school)

Week 6: Exam

Week 7: The Economics of Government Legislation and Regulation

The Capture Theory, the Economics of Safety, Crime and Enforcement and the Law of Unintended Consequences
Case Study: Coal and the Clean Air Act
Case Study: The Endangered Species Act

Required Reading: Goodstein, ch. 5, 15

The Economics of Recycling,
<http://www.acs.brockport.edu/~gsaxton/pad680/Economics%20of%20Recycling.pdf>
Benefits of Acid Rain Program, <http://www.rff.org/documents/RFF-DP-98-28-REV.pdf>
Endangeres Species Act:
http://www.rff.org/Publications/WPC/Pages/08_08_04_Adler_Endangered_Species.aspx

Optional Reading:

Jonathan H. Adler, *Money or Nothing: The Adverse Environmental Consequences of Uncompensated Regulatory Takings*, http://www.bc.edu/schools/law/lawreviews/bclawreview/meta-elements/pdf/49_2/01_adler.pdf

Week 8: Valuing Non-Market Activities

Contingent Valuation Theory, Revealer Preference Techniques, Hedonic Measures
Case Studies: California's Beaches
Case Study: How much is a human Life worth?

Required Reading:

Goodstein, ch.8
Contingent Valuation: Is some number better than no number?
http://sard.ruc.edu.cn/zengyinchi/files/paper/Contingent_Valuation-Is_Some_Number_better_than_No_Number.pdf
Valuing the Environmental through Contingent Valuation, <http://www.jstor.org/pss/2138337>
(download at school)
http://www.law.harvard.edu/programs/olin_center/papers/pdf/422.pdf

Week 9: The Economics of CEQA and Environmental Impact Reports

Case Study: The Bakersfield Case and Wal-Mart

Required Reading: Goodstein ch. 12

Optional Reading: BAKERSFIELD CITIZENS FOR LOCAL CONTROL, Plaintiff and Appellant, v. CITY OF BAKERSFIELD, Defendant and Respondent; PANAMA 99 PROPERTIES LLC, Real Party in Interest., COURT OF APPEAL, CALIFORNIA, FIFTH DISTRICT
December 13, 2004 http://ceres.ca.gov/ceqa/cases/2004/Bakersfield_Citizens_for_Local_Control-F044943.htmv

Week 10: Cost Benefits Analysis

Present Value, Properly Accounting for Costs and Benefits, Why are most CB studies flawed?

Case Study: High Speed Rail in California

Case Study:

Required Reading:

Goodstein, ch. 10,

Optional Reading:

<http://www.usgbc.org/Docs/News/News477.pdf>

http://www.cahighspeedrail.ca.gov/images/chsr/20081003150751_HSR%20Bay%20Area%20Report%20Final.pdf

http://www.ce.utexas.edu/prof/kockelman/public_html/HSR_BPJ1994.pdf

Week 11: Exam

Week 12: Sustainable Economics 1

Overview of Macroeconomics, Critiques of Neoclassical Economics by Marx, Galbraith, Daly and others, measuring sustainability

Required Reading:

Goodstein, ch. 1, 6

http://books.google.com/books?hl=en&id=EgI30Za9mvcC&dq=sustainable+economics+daly&printsec=frontcover&source=web&ots=BLbNDtJmd_&sig=S9tMzG60MMksaga30dpd1j9M9Ok&sa=X&oi=book_result&resnum=7&ct=result#PPA52,M1

Optional Reading:

Ethanol and global warming, <http://www.sciencemag.org/cgi/content/abstract/1151861>

Week 13: Sustainable Economics 2

Required Reading: Goodstein, ch. 7, 11

Optional Reading: TBA

Week 14: Global Warming and AB 32

Case Study : Sea Level Rise

Case Study: The Economic Impact of AB 32 on California

Case Study: The Cost of Global Warming Abatement

Required Reading:

Goodstein, ch.

The Economics of Climate Change,

http://news.bbc.co.uk/2/shared/bsp/hi/pdfs/30_10_06_exec_sum.pdf

http://are.berkeley.edu/~dwrh/CERES_Web/Docs/California%20Climate%20Risk%20and%20Response.pdf

<http://www.cbo.gov/doc.cfm?index=4171>

http://www.laedc.org/sclc/studies/SCLC_AB32Challenge.pdf

Week 15: Poverty and the Environment

Required Reading: Goodstein, ch. 20, 21

Optional Reading: TBA