Environmental Economics and Environmental Policy/ Business and the Environment  
Econ 451/MEc 494  
Fall 2019

This course will examine the relationship between environmental economics and environmental policy and raises more general questions about government regulation and public policy. The course will focus on air pollution, water pollution, hazardous wastes, and global climate change. The course will examine critically two prescriptions that economics usually endorse: (1) the "balancing" of benefits against costs (e.g., cost-benefit analysis) and the use of risk analysis in evaluating policy alternatives. (2) the use of market incentives (e.g., prices, taxes, charges, or marketable permits) instead of traditional command-and-control regulations to implement environmental policy.

Students write two papers. Each paper is limited to 1,500 words. All papers must be typed, double spaced, and spell-checked. Students will be required to revise each of these papers in response to the comments and resubmit them. Each paper will count 20% of the final grade. For more information about the papers, see below.

There will be two exams. Each exam will count for 20% of the final grade. 
The first exam will be on Thursday, October 24.
The second exam will be in class on Thursday, December 5. The second exam is NOT cumulative. It will cover only material since the First Exam.

Reading assignments are to be completed before the class on the date indicated on the syllabus. There will also be three unannounced 10 minute "pop quizzes" on the day's reading assignment. These will be given at the start of the class period. The three quizzes together will count a total of 15% of the final grade.

If you are unable to attend class, send Professor Pollak AND the TA an email before class.

There will also be a 15 minute quiz on Thursday, September 5 on Schoenbrod, Stewart, and Wyman, Breaking the Logjam: Environmental Protection That Will Work. This quiz will count 5% of the final grade. (Those with a valid excuse for missing the quiz on September 5 will have the opportunity to take a 15 minute oral quiz at a later date.)

The course will rely primarily on six books:


For economic analysis beyond the course readings, you may want to consult a textbook on environmental economics. A number of textbooks are now available, for example:


You may want to refer to one of these or some other environmental economics text.

For each of the two papers, students will submit a proposal for approval, a draft for comments from the professor or teaching assistant, and a final paper for a grade.

The first paper should be on air pollution, water pollution, hazardous wastes, or issues related to cost-benefit analysis, risk analysis or some other topic suggested by the Schoenbrod, Stewart, and Wyman book (*Breaking the Logjam...*) or the Breyer book (*Breaking the Vicious Circle...*).

A proposal indicating the topic and direction for the first paper is due Tuesday, September 10. The proposal must be at least 250 words, typed, double spaced and spell-checked, with at least three citations to articles or books, at least one of them NOT an assigned reading.

The draft of the first paper is due Tuesday, October 1.

The final version of the first paper is due Thursday, October 17.

The second paper should be on federalism, distributional issues (e.g., environmental justice), political economy, biodiversity or population. Look at the assigned readings on your topic before submitting your proposal.

A proposal indicating the topic and direction for the second paper is due Tuesday, October 22. The proposal must be at least 250 words, typed, double spaced and spell-checked, with at least three citations to articles or books, at least one of them NOT an assigned reading.

The draft of the second paper is due Tuesday, November 14.

The final version of the second paper is due Tuesday, December 3.

Papers should address an issue in environmental policy. In selecting a topic, do not try to cover too much. For instance, you might advance or critique a policy solution, explain the political economy of environmental legislation or implementation, or present a case study of an approach to environmental policy. Papers should not be simply summaries, but should advance a point of view. Papers will be evaluated for:

* A persuasive application of economics and policy to the issue at hand. Students should draw on what they have learned in the course, including an appreciation of tradeoffs that are inherent in policy decisions. They should also consider knowledge and methods from other courses, especially in economics, but also in the social sciences and other relevant curricula.
* Quality of presentation, including clarity, coherence, organization, and lack of mechanical mistakes. Covers are unnecessary and undesirable. Papers should progress toward an argument for their thesis, not drift or wander.

* The quality of research, primarily the strength of supporting evidence. Strong research extends beyond course textbooks and popular journals. Students are encouraged to seek out economics journals such as the *Journal of Economic Perspectives*, and the *Review of Environmental Economics and Policy*. Also, look at the journals *Science* and *Nature*. For more technical discussions, see the *Journal of Economic Literature* and the *Journal of Environmental Economics and Management (JEEM)*.

Attention to problems of bias in sources is valued. Avoid out-of-date sources; be cautious citing material that is more than ten years old. If you are citing material that is reprinted (e.g., from the Stavins book), use both the original publication date and the reprint date. Due to the uneven quality of information available online, special care should be taken when presenting web pages as authoritative evidence. Needless to say, correct citing of sources and academic honesty is mandatory. Students must cite both facts (other than general knowledge) and ideas proposed by others.

* Originality and creativity in addressing an issue.
August 29. Introductory Lecture - 1  Read the course description. Look at the books for the course: at Stavins; at Portney and Stavins; at Breyer; at Revesz; at Schoenbrod, Stewart, and Wyman; and at Nordhaus. Ask yourself: "Will this course be more work than I want to do?"

August 31. Introductory Lecture - 2


September 7. Water Pollution. Portney and Stavins. Chapter 6, Freeman, "Water Pollution Policy."


September 21. No Class: Rosh Hashanah.


October 5. Regulatory Tools. Revesz. Chapter 6, "The Choice of Regulatory Tools" (excerpts from articles by Ackerman and Stewart; Baumol and Oates; Bohm; Shavell; Magat and Viscusi).


October 17. No Class: Fall Break.

October 19. The Tragedy of the Commons. Revesz, Chapter I, Hardin (and look at the questions at the end of the chapter) Revesz, Chapter 2, "Noneconomic Perspectives on Environmental Degradation" (excerpts from articles by Sagoff and by Taylor). Stavins. Chapter 18, Sandel "It's Immoral to Buy the Right to Pollute," and replies. **FINAL VERSION OF FIRST PAPER DUE.**


October 26. **FIRST EXAM**


November 2. Demography - 1. Lam, "How the World Survived the Population Bomb: Lessons From 50 Years of Extraordinary Demographic History." Lee, "The Demographic Transition: Three Centuries of Fundamental Change." (both to be distributed in class)


November 21. Discussion

November 23. No class: Thanksgiving.


December 5. Final Lecture. Stavins, Chapter 34, Hahn, "The Impact of Economics on Environmental Policy" **FINAL VERSION OF SECOND PAPER DUE.**

December 7. **SECOND EXAM.** (This exam is NOT cumulative. It will cover only material since the First Exam.)
IMPORTANT DATES -- Fall 2017

September 5. 15 MINUTE QUIZ on Schoenbrod, Stewart, and Wyman, *Breaking the Logjam: Environmental Protection That Will Work*.

September 12. PROPOSAL INDICATING TOPIC AND DIRECTION FOR FIRST PAPER DUE

October 3. DRAFT OF THE FIRST PAPER DUE.

October 19. FINAL VERSION OF FIRST PAPER DUE.

October 24. PROPOSAL INDICATING TOPIC AND DIRECTION FOR SECOND PAPER DUE.

October 26. **FIRST EXAM**

November 14. DRAFT OF THE SECOND PAPER DUE.

December 5. FINAL VERSION OF SECOND PAPER DUE.

December 7. **SECOND EXAM.** (This exam is NOT cumulative. It will cover only material since the First Exam.)