

Environmental Economics Spring 2007

This syllabus and related information may be found at:

<http://s07.middlebury.edu/ECON0265A/?M=A>

For some, environmental economics is an oxymoron. After all, how could economic reasoning -- the lifeblood of self-interested individuals and global corporations -- help to reduce environmental damage and preserve precious ecosystems? Isn't it precisely economic growth that has put our planet at risk? As environmentalists, shouldn't we be rallying *against* economics?

This course is dedicated to the proposition that economic reasoning is critical for (a) analyzing the persistence of environmental damage and ecosystem destruction and (b) designing cost-effective environmental policies.

Over the next twelve weeks, my objective is that each of you:

1. Understands the economic approach to the environment:
2. Can use microeconomics to illustrate the theory of environmental policy:
3. Comprehends and can critically evaluate:
 - alternative environmental standards;
 - benefits and costs of environmental protection;
 - incentive-based environmental policies;
 - socially responsible business practices;
 - the role of social capital in determining environmental outcomes;
 - challenges in the global commons, including biodiversity preservation, energy production, and climate change.
4. Researches and helps to compile a first-rate consulting project.

The course [schedule](#), outlined below, is the 12-week road map for our [reading](#), discussions, and writing. Throughout the semester, feel free to contact me at the coordinates listed on the ['professor'](#) page.

Good luck in this course.

Professor Isham

Week	Day	Date	Topic	Reading
Week 1				
Back to top of schedule	Tu	13-Feb	Introduction	
	Th	15-Feb	The economic approach to the environment	'Four Economic Questions about Global Warming.' (Goodstein, Chapter 1)
				'How Economists See the Environment.' Don Fullerton and Robert N. Stavins (Stavins, Chapter 1)
				Lomborg, Bjorn. 2002. " The Environmentalists are Wrong ." <i>The New York Times</i> (August 26, 2002)
				Tierney, John. 2006. " And on the Eight Day, God Went Green ." <i>The New York Times</i> (February 11, 2006)
				Akst, Daniel " Bang for your Buck " <i>Slate</i> (February 14, 2006)
Week 2				
Back to top of schedule	Tu	20-Feb	Ethics, economics and the environment	'Ethics and the Environment:' (Goodstein, Chapter 2)
				' Never the Twain Shall Meet .' <i>The Economist</i> (January 31st, 2002)
	Th	22-Feb	Externalities, public goods, and common property	'Pollution as an Externality.' (Goodstein, Chapter 3)
				' Production, Consumption and Externalities .' Robert U. Ayres and Allen V. Kneese. <i>American Economic Review</i> LIX, June 1969. (Read only pp. 282 - 288)
				'The Tragedy of the Commons.' Garret Hardin (Stavins, Chapter 2)
				' In Mexico, Greed Kills Fish by the Seaful ' <i>The New York Times</i> (August

				27th, 2000) (Lexis-Nexis)
Week 3 Back to top of schedule	Tu	27-Feb	Defining environmental goals: the efficiency standard	'The Efficiency Standard.' (Goodstein, Chapter 4)
				' Polluters Should Have to Pay ' Carol Browner - <i>The New York Times</i> (March 1, 2002) (Lexis-Nexis)
	We	28-Feb		Problem Set 1 due by 5:00 PM in course slot in Munroe Hall. Answers to Problem Set 1
	Th	1-Mar	Defining environmental goals: the safety standard	'The Safety Standard.' (Goodstein, Chapter 5)
				Memo from Lawrence Summers (December 12, 1991)
				'Rethinking the Cleanup Rules for Polluted Sites.' Raymond Hernandez - <i>The New York Times</i> (August 29th, 1999) (Lexis-Nexis)
				'Technology's Toxic Trash is Sent to Poor Nations.' John Markoff - <i>The New York Times</i> (February 25th, 2002) (Lexis-Nexis)
Week 4 Back to top of schedule	Tu	6-Mar	Defining environmental goals: the sustainability standard	Sustainability: A Neoclassical View' (Goodstein, Chapter 6)
				'Sustainability: An Economist's Perspective.' Robert Solow (Stavins, Chapter 5)
				Krugman, Paul " Earth in the Balance Sheet " <i>Slate</i> (April 17, 1997)
				The Genuine Progress Indicator
	Th	8-Mar	Energy challenges and opportunities in Addison County, Vermont.	"Report on Addison County Energy Sources" - Alyssa Jumars, Middlebury 2006, January 2007

				<p>Economic Feasibility of Renewable Energy Resources in Addison County. <i>Prepared for the Addison County Relocalization Network (ACoRN) by Ana Cheung '06, Robert Hillas '06, Allison Kennedy '07, Philip Picotte '08, and Lauren Sullivan '07</i></p>
Week 5	Tu	13-Mar	The benefits of environmental protection	'Measuring the Benefits of Environmental Protection.' (Goodstein, Chapter 8)
Back to top of schedule				' Conservation Reconsidered. ' <i>American Economic Review</i> LVII (4), September 1967, 777-86..
	Th	15-Mar	The Economics of the Climate Crisis	Measuring the Costs of Environmental Protection.' (Goodstein, Chapter 9)
				' The Stern Review: The Economics of Climate Change. ' Executive Summary
				' Recalculating the Costs of Global Climate Change. ' Hal Varian. <i>The New York Times</i> (December 14, 2006)
				' What to Do about Climate Change ' Ruth Greenspan Bell, <i>Foreign Affairs</i> (May/June 2006)
	Fr	16-Mar		<p>Problem set 2 due by 5:00 PM in course slot in Munroe Hall.</p> <p>Answers to Problem Set 2</p>
Week 6	Tu	20-Mar	Cost-benefit analysis in action	'Benefit-Cost in Practice: Implementing the Efficiency Standard' (Goodstein, Chapter 10)
Back to top of schedule				'Cost-Benefit Analysis: An Ethical Critique.' Steven Kelman; and 'Replies to Kelman.' James V. DeLong et al. (Stavins, Chapter 15)
				' A Useful Poison. ' <i>The Economist</i> (January 31st, 2002)
				<p>Project summaries due in class</p> <ul style="list-style-type: none"> ○ What is the product? ○ Why is the product important? ○ How will you achieve the product?
	Th	22-Mar	Midterm exam	<p>First exam from 2002</p> <p>Solutions to first exam from 2002</p>

				First exam from 2003 Solutions to first exam from 2003 First exam from 2006 Solutions to first exam from 2006
				SPRING RECESS (March 23 - April 2)
Week 7 Back to top of schedule	Tu	3-Apr	An introduction to incentive based regulation	'Environmental Problems and Policy: 2000-2050' Paul R. Portney, <i>Resources</i> , Winter 2000 (Issue 138)
				'Incentive-Based Regulation: Theory' (Goodstein, Chapter 16)
				'It's Immoral to Buy the Right to Pollute.' Michael J. Sandel; and 'Replies to 'Michael Sandel.' Steven Shavell et al. (Stavins, Chapter 19)
	Th	5-Apr		Day for working together on projects
Week 8 Back to top of schedule	Tu	10-Apr	Cost-effective government regulation	Handouts for tradable permits exercise: Handout 1 - illustration Handout 2: trading form
				'Incentive-Based Regulation: Practice' (Goodstein, Chapter 17)
				'A Tale of Two Fisheries.' John Tierney - <i>The New York Times</i> (August 27th, 2000)
				'The 50 cents-a-Gallon Solution.' Greg Easterbrook, <i>The New York Times</i> , May 25, 2004.
				Friedman, Thomas. 2006. " Who's Afraid of a Gas Tax? " <i>The New York Times</i> (March 1, 2006)
	Th	12-Apr	Information-based policies	" Does Being a 'Top Ten' Polluter Affect Facility Environmental Releases? Evidence from the U.S. Toxic Releases Inventory. " Jason Scorse, The Monterey Institute of International Studies. January 2007.

				'Communities, Markets, and Public Information.' <i>Greening Industry: New Roles for Communities, Markets and Governments'</i> (Chapter 3 of <i>Greening Industry</i>)
Week 9 Back to top of schedule	Tu	17-Apr	The wealth of communities in the 21st Century (part 1)	<i>Deep Economy</i> . Bill McKibben. New York: Times Books. 2007. (Introduction and Chapters 1 - 3)
	We	18-Apr		Problem Set 3 due by 5:00 PM in course slot in Munroe Hall
	Th	19-Apr	The wealth of communities in the 21st Century (part 2)	<i>Deep Economy</i> . Bill McKibben. New York: Times Books. 2007. (Chapters 4 - 5 and afterward)
Week 10 Back to top of schedule	Tu	24-Apr		Project updates due in class <ul style="list-style-type: none"> ○ Are you on track to achieve your product? How have your goals changed, if at all? Why have they changed? ○ Is the product shaping up to be important? Why or why not? What mid-course corrections have you made to assure that the product has a high impact? ○ How well are you achieving the product? What mid-course corrections have you made to improve your management of the project?
	Th	26-Apr	Challenges in the global commons	'Poverty, Population and the Environment' (Goodstein, Chapter 21)
				"Participation and Poverty Reduction: An Analytical Framework and Overview of the Issues" John Hoddinott. <i>Journal of African Economies</i> 11(1):1146-68.
				'Population Estimates Fall as Women Assert Control' Barbara Crossette - <i>The New York Times</i> (March 10th, 2002)

Week 11 Back to top of schedule	Tu	1-May	Updates on the economics of climate change	'Energy Policy and the Environment' (Goodstein, Chapter 20)
				McKibbin, Warwick J. and Peter J. Wilcoxon. 2002. " The Role of Economics in Climate Change Policy " <i>Journal of Economic Perspectives</i> 16 (2): 107-29. (Stavins, Chapter 8).
				" The Costs of an Overheated Planet. " Steve Lohr - <i>The New York Times</i> (December 12th, 2006)
	Th	3-May	Business practices in the age of clean energy and poverty alleviation	'Corporate Social Responsibility: An Economic and Public Policy Perspective'. Paul R. Portney, in <i>Environmental Protection and the Social Responsibility of Firms</i> (and the response from Dennis Aigner(, 2005, Resources for the Future ((ERES))
				The Fortune at the Bottom of the Pyramid. K. Prahalad and Stuart Hart. University of Michigan Working Paper.
				' Study says US Companies Lag on Global Warming. ' Claudia Deutsch - <i>The New York Times</i> (March 22, 2006)
				Ceres conference. ' Advancing Sustainable Prosperity ' April 25 - 26, 2007.
Week 12 Back to top of schedule	Tu	8-May	The challenge of global climate change	In class visit from Bjorn Lomborg
	Tu	8-May	7:00- 9:00 PM	Lecture and Discussion: Bjorn Lomborg and Bill McKibben, "Global Warming: Interpreting the Facts." Center for the Arts Concert Hall
	We	9 May	7:15 - 8:45 PM (coffee and cookies served at 7:00 PM)	Project presentations in the Kirk Alumni Center.
	Th	22-May		Projects due in Isham's office and via email
		Exam week	Final exam - Self-scheduled exam	Final exam from spring 2002 Final exam from spring 2003 Answers to final exam from spring 2003 Final exam from spring 2006