

## Eco 240 Spring 2008

- Location: Comenius 213
- Time: 7:30-8:40 Tuesday and Thursday
- Instructor: Jason M. Hockenberry
- Email: [jmhockenberry@moravian.edu](mailto:jmhockenberry@moravian.edu)
- Office: Comenius 210 (In the Economics Dept Office Suite)
- Phone: 610.625.7702
- Office Hours: Tuesday, 2-4; Thursday, 2-4 and MWF by appointment
- Textbook: Kolstad, Charles *Environmental Economics*
- Other texts: You will also be required to read:
- Stroupe, Richard L. *Eco-nomics*
  - Other journal and popular press readings as assigned
- Objectives: Our three main objectives for the semester is to ensure you as a student
- develop familiarity with the principles by which economists deal with issues of scarcity as they relate to the natural environment
  - develop an understanding of the economic issues related to the environment, and become familiar with the economics literature on the subject
  - develop the ability to analyze economic arguments/regulations/policies related to the environment and to think critically about their benefits and consequences
- Evaluation: Your performance evaluation in this course will be based on three components
- Mid Semester Evaluation (30%)
  - End of Semester Evaluation (30%)
  - Response, Analysis and/or Position papers (30%)
  - Contribution to the classroom community (10%)
- Community: Because contribution to the classroom community is counted as 10% of your grade, regular attendance is necessary but not sufficient to receive full credit in this category. You need to be an active and willing participant in order to receive maximum credit in this category.
- Classroom: It is an incredibly technologically advanced society we live in and I appreciate that each student has the ability to communicate with just about anyone at anytime. However, this technological capacity comes with the responsibility to use it in a manner that will not infringe upon the rights of others. As such I ask you to silence cellphones, twoways, pagers, etc. If your life/livelihood or the life/livelihood of others depends on you being able to respond to these devices, please minimize the disruption to the best of your ability. With respect to laptops, I do not forbid their use, I do however suggest you evaluate whether this is an effective method for accumulating knowledge, particularly in a class where graphs and formulas are regularly used.

**Accommodation:** Should you have any individual concerns regarding any disability including, but not limited to hearing, speech, vision, or seating, please discuss this with me during the first week of class in person or via email. Individuals from the counseling center will work with you to verify your need for accommodation and will help determine the environment in which you will have the opportunity to succeed in this course

**Integrity:** The policy listed in the student handbook is the reference for any questions related to this topic.

**Readings:** Below are the readings for the course. Readings should be done *before* class. This list may change as the semester goes on, but I will provide updates.

Key to where to find the reading:

Kolstad--should be self explanatory

\* On BB or via Email

\*\* JSTOR

\*\*\* Lexis Nexis

### **The Role of Government**

Kolstad, Chapters 1, 2

### **Economic Efficiency and Benefit-Cost Analysis**

Kolstad, Chapters 3 and 4

Arrow, Kenneth, et al, "Is there a Role for Benefit-Cost Analysis in Environmental Health, and Safety Regulation?" *Science*, April 12, 1996 \*\*\*

Farrow, Scott and Michael Toman. March, 1999. "Using Benefit-Cost Analysis to Improve Environmental Regulation." *Environment*, 12-15 and 33-37.\*

Kelman, Steven, "Cost-Benefit Analysis: An Ethical Critique" with replies\*

Viscusi, W. Kip, "Regulating the Regulators," *University of Chicago Law Review*, 63, 1996, 1423-61 \*\*\*

"What Price Posterity," *Economist* March 23, 1991\*\*\*

"Creating Incentives," *Economist*, May 29, 1993 \*\*\*

### **Public Goods and Externalities**

Kolstad, Chapters 5, 6

Coase, Ronald H. "The Problem of Social Cost," *The Journal of Law and Economics*, 3, October 1960, 1-44 (Chapter 3 in EESR)\*

## **The Optimal Regulation of Pollution**

Kostad, Chapters 7, 8, 9, 10, 11

Barthold, Thomas A., "Issues in the Design of Environmental Excise Taxes," *Journal of Economic Perspectives*, 8 (1), Winter 1994, 133-51.\*

Cohen, Mark A. 1998. "Monitoring and Enforcement of Environmental Policy." mimeograph, Vanderbilt University. ([http://www.worldbank.org/nipr/work\\_paper/cohen/cohen.pdf](http://www.worldbank.org/nipr/work_paper/cohen/cohen.pdf)).

Fullerton, Don and Thomas C. Kinnaman, "Household Response to Pricing Garbage by the Bag." *American Economic Review*, 86 (4), September 1996, 971-84.\*

Fullerton, Don and Sarah West. "Tax and Subsidy Combinations for the Control of Car Pollution." NBER Working Paper #7774, (<http://dsl.nber.org/papers/w7774.pdf>).\*

William D. Nordhaus, "Reflections on the Economics of Global Climate Change," *Journal of Economic Perspectives*, Fall 1993\*\*

Pizer, Billy. 1999. "Choosing Price or Quantity Controls for Greenhouse Gases," RFF Policy Brief #17 ([http://www.rff.org/issue\\_briefs/PDF\\_files/ccbrf17.pdf](http://www.rff.org/issue_briefs/PDF_files/ccbrf17.pdf))\*

Sandel, Michael J. "It's Immoral to Buy the Right to Pollute," *New York Times*, Dec. 15, 1997, p. A29 (Chapter 19 in EESR; also read replies in EESR)\*\*\*

"Clean and Green, or Lean and Mean?," *Economist* June 28, 1997.\*\*\*

"Taxes for a Greener Environment," *Economist* June 28, 1997.\*\*\*

Schmalensee, et al.. "An Interim Evaluation of Sulfur Dioxide Emissions Trading", *Journal of Economics Perspectives*, 12 (3), Summer 1998, 53-68 (Chapter 20 in EESR).\*\*

Stavins, Robert N. "What Can We Learn from the Grand Policy Experiment? Lessons from SO<sub>2</sub> Allowance Trading", *Journal of Economics Perspectives*, 12 (3), Summer 1998, 69-88 (Chapter 21 in EESR).\*\*

## **Risk, Uncertainty, and Liability**

Kolstad, Chapters 12

## **Environmental Regulation and Economic Activity**

Kolstad, Chapter 13

Oates, Wallace E. and Robert M. Schwab, "Economic Competition Among Jurisdictions: Efficiency Enhancing or Distortion Inducing?" *Journal of Public Economics*, 35 (3), April 1988, 333-354.\*

Becker, Randy and Vernon Henderson. 2000. "Effects of Air Quality Regulations on Polluting Industries," *Journal of Political Economy*, 108: 379-421.\*\*

Henderson, J. Vernon. 1996. "Effects of Air Quality Regulation," *American Economic Review*, 86: 789-813.\*\*

Grossman, Gene and Alan Krueger. 1995. "Economic Growth and the Environment," *Quarterly Journal of Economics*, 110(2): 353-377.\*\*

Bhagwati, Jagdish and Herman Daly, "Debate: Does Free Trade harm the Environment?" *Scientific American*, pp 41-57 (Nov. 1993).\*\*\*

Sanger, David E., "Trade Group Orders U.S. to Alter Law for First Time," *New York Times*, January 18, 1996.\*\*\*

## **Costs of Environmental Regulations**

Kolstad, Chapter 14

Porter, Michael E. and Class Van der Linde. Fall 1995. "Toward a New Conception of the Environment-Competitiveness Relationship," *Journal of Economic Perspectives*, 9 (4): 97-118 \*\*

Palmer, Karen, Wallace E. Oates, and Paul R. Portney. Fall 1995. "Tightening Environmental Standards: The Benefit-Cost or the No-Cost Paradigm?" *Journal of Economic Perspectives*, 9 (4): 119-32. \*\*

"An Invaluable Environment," *Economist* April 18, 1998. \*\*\*

Hecht, Joy. Spring 1999. "Environmental Accounting: Where we are now, Where we are heading," *Resources*, 135: 14-17. (published by Resource for the Future)\*

Morgenstern, Richard D. April 1996. "Environmental Taxes: Is There a Double Dividend?" *Environment*, 38 (3): 16-20, 32-4.\*

Passell, Peter. "When the Benefits are Mostly Modest, What Price Clean Air?," *New York Times*, April 3, 1997.\*\*\*

## **Measurement of Benefits**

Kolstad, Chapter 15

"Treasuring the Environment," *Economist* March 3, 1990.\*\*\*

"A Price on the Priceless?" *Economist* August 17, 1991.\*\*\*

Kolstad, Chapter 16

Ashenfelter, Orley and Michael Greenstone 2001. "Using Mandated Speed Limits to Measure the Value of a Statistical Life: Evidence from the Introduction of the 65-mph Speed Limit on Rural Interstates," mimeograph, University of Chicago. (available at: <http://www.src.uchicago.edu/~mgree/papers/papers.html>).\*

Rosen, Sherwin. 1974. "Hedonic Prices and Implicit Markets: Product Differentiation in Perfect Competition," *Journal of Political Economy*, 82 (1): 34-55.\*\*

Viscusi, W. Kip. 1993. "The Value of Risks to Life and Health." *Journal of Economic Literature*, 31: 1912-1946.\*\*

## **Household Production**

Kolstad, Chapter 17

## **Contingent Valuation**

Kolstad, Chapter 18

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

Diamond, Peter A., and Jerry A. Hausman, "Contingent Valuation: Is Some Number Better than No Number?," *Journal of Economic Perspectives*, 8 (4), Fall 1994, 45-64 \*\*

"The Price of Imagining Arden," *Economist*, December 3, 1994.\*\*\*