Objectives of the Course: This course examines how markets allocate resources and discusses the appropriate role of government when markets "poorly" allocate. This is actually one of two courses on how economists view our natural environment: the one about bunnies, i.e. Natural Resource Economics, considers whether markets are efficient in allocating renewable and non-renewable resources: Are we over fishing salmon? Are we destroying too much natural habitat?; the other, about gunk, i.e. Environmental Economics, examines how the natural environment is affected by the production and consumption of goods: How should emissions of sulphur dioxide from power plants be controlled? What is the “optimal” amount of arsenic in drinking water?

This is an economics class. Its main purpose is to show how economists view environmental problems and look at the kinds of solutions they propose. Because economists think in a manner consistent with the existence of scarcity, economists are increasingly influential in formulating environmental policy. ECON 152 is a prerequisite; we will use theoretical tools developed in that class. We will also learn some new theory along the way. The emphasis in this class will be on the application of economic theory to environmental issues.

Required Texts: Environmental Economics by Charles D. Kolstad (CK)  
Economics by Richard L. Stroup (AL)  
Other required readings will be handed out in class or put on reserve.

Office Hours: You are encouraged to ask questions during and after class. If you want to speak with me at length or need assistance, I am usually available in my office, Comenius Hall 207, from 3:30 – 5:30 on Tuesdays; 2:00 – 4:00 on Wednesdays; and by appointment. Set up an appointment by calling (625.7101) or emailing (preferred) me. I will work around your schedule.

Celebrations of Learning, Pre-Parties / Home Excitements, Exposition, and Blogging: There will be three in-term Celebrations of Learning and one Ultimate Exposition and Report, which will account for 70% of your grade. The weights are as follows:

<table>
<thead>
<tr>
<th>THE MOST EXCELLENT CLASS ACTIVITIES</th>
<th>WEIGHT</th>
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</thead>
<tbody>
<tr>
<td>In Class Pre-Parties / Home Excitements</td>
<td>15%</td>
</tr>
<tr>
<td>First Celebration of Learning</td>
<td>20%</td>
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<tr>
<td>Second Celebration of Learning</td>
<td>20%</td>
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<tr>
<td>Third Celebration of Learning</td>
<td>20%</td>
</tr>
<tr>
<td>Ultimate Exposition and Report</td>
<td>25%</td>
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Celebrations of Learning: There will be three in-term Celebrations of Learning. These Celebrations will consist of multiple-choice, short answer, and essay questions. All Celebrations will be cumulative and comprehensive, with emphasis placed on the material presented after the previous Celebration. **No make-ups for the in-term Celebrations will be given.** If you miss one in-term Celebration, its weight will automatically shift to the other Celebrations, at no penalty to you. **No Celebration of Learning grades will be dropped.** If you choose to participate in a Celebration of Learning, the grade you receive will become part of your average for the class. If you miss more than one in-term Celebration, I reserve the right to either give you a zero on one or both missed Celebrations, or require additional work from you.

In Class Pre-Parties/ Home Excitements: represent 15% of your grade. These assignments will consist of essay and short answer questions that reinforce the topics discussed in class. **Absolutely NO late Home Excitements will be accepted.**

Ultimate Exposition and Report: Throughout the semester our class will be collecting data on the greenhouse gas emissions of Moravian College. This greenhouse gas inventory will focus on four main sources of greenhouse emissions: Waste; Heating and Cooking Oil; Electricity; and Fleet Gasoline and Diesel Use. I will assign students to groups during the second week of class. Your group will develop an executive report (10 pages) and give a presentation during the last 4 days of class. The exposition grade will be based on the report, the clarity of the class presentation, and the presenter’s ability to answer questions from the class. More information will be provided the second week of class.

Grading: Academic regulations and procedures as found in the Moravian Catalog govern all grading and academic policies. Because each class and assignment is unique, the grading scale may vary. This is a rough idea of the scale you can expect:

\[
85 - 100 = A \quad 70 - 84 = B \quad 55 - 69 = C \quad 45 - 54 = D \quad < 45 = F
\]

The actual grading scale will be determined only at the end of the semester.
Grade Appeals: Any course grade dispute must be initiated in accordance with College and Department policies.

Attendance: If I plan to give a worthless lecture, I will cancel class. Attendance is not required, though highly recommended. If you are consistently absent from class without sufficient reason, you sacrifice your office hours privileges. Initially, I will take role as an inexpensive way to learn your names. If I am late, please wait 10 minutes before leaving the classroom. Please switch all phones and pagers to vibrate. If you are late, minimize your disturbance.

Students with Disabilities: As a Faculty member at Moravian College I will make every reasonable effort to accommodate the unique and special needs of students with respect to speech, hearing, vision, seating, or other possible disabilities. During the first week of class please contact me if you require special accommodations and I, along with representatives from the Counseling Center, will work with you.

Academic Integrity: Academic dishonesty will be treated per the stated regulations in the *Moravian Student Handbook*. All work must be your own or the groups own as it pertains to Home Excitements done by a group. It is your responsibility to ensure that you are not in conflict with the stated regulations.

I reserve the right to make adjustments to the syllabus at any time during the course.

<table>
<thead>
<tr>
<th>Week</th>
<th>Readings</th>
<th>Assignment</th>
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<tbody>
<tr>
<td>8-Feb</td>
<td>1-4</td>
<td>Celebration of Learning #1</td>
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<tr>
<td>15-Mar</td>
<td>5-11</td>
<td>Celebration of Learning #2</td>
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<td>12-Apr</td>
<td>12-18</td>
<td>Celebration of Learning #3</td>
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<td>17-Apr</td>
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<td>Presentation # 1</td>
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<td>Presentation # 2</td>
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<td>24-Apr</td>
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<td>Presentation # 3</td>
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<td></td>
<td>Presentation # 4; Expositions Due</td>
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</tbody>
</table>
1. Introduction: The Role of Government

Kolstad, Chapters 1, 2


2. Economic Efficiency and Benefit-Cost Analysis

Kostad, Chapters 3 and 4


* “Creating Incentives,” *Economist*, May 29, 1993

3. Public Goods and Externalities

Kolstad, Chapters 5, 6


4. The Optimal Regulation of Pollution

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

Choice of Policy Instruments


“Clean and Green, or Lean and Mean?,” *Economist* June 28, 1997.


**The SO2 Experiments**


5. **Risk, Uncertainty, and Liability**

Kolstad, Chapters 12

6. **International and Interregional Competition: Is there a Race to the Bottom? Is there an Income Effect?**

Kolstad, parts of Chapter 13


Do Environmental Regulations Retard Local Economic Activity?


**Environmental Kuznets Curves**


Does Trade Harm the Environment?


7. **The Costs of Environmental Regulations**

Kolstad, Chapter 14

**Productivity Growth/Porter Hypothesis**


Green National Accounting


The Double Dividend Hypothesis


8. The Measurement of Benefits

Kolstad, Chapter 15


Hedonic Price Indices

Kolstad, Chapter 16


Household Production

Kolstad, Chapter 17


Contingent Valuation

Kolstad, Chapter 18

