**Environmental Economics – ECON 120**

Palomar College

Jonathan Smith

**Lecture:** T/Th **Office:** MD-380

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**Catalog Description:**

This course will study major environmental issues from an economics perspective. Models will be developed and used to explore case studies on issues and policies. A strong emphasis will be placed on resource management problems. Course will provide a rationale for government involvement in the market-based economy.

**Jon’s Description:**

The primary aim of this class is to introduce the economist’s way of thought in terms of resource management. We briefly explore the market system as a solution to the fundamental economic problem of scarcity and unlimited wants, but we will focus on individual consumers and firms make decisions that are not socially optimal. We will also investigate the government’s role in these circumstances.

**Successful Students:**

Will be able to: (1) assess the impact of current events using market analysis, (2) explain how and why individual markets have evolved and failed in certain circumstances, (3) analyze current policy in place intended to rectify these failures, (4) offer suggestions to improve existing policy in terms of social welfare.

**Required Text:**

Environmental Economics. Barry Field, Martha K Field. **0071276246** I will also occasionally provide addenda to the lectures from other sources.

**Assignments:**

There are four categories that you can earn points throughout the semester.

**Book/Reading Assignments 200 points**

**Midterm Exam 100 points**

**Final Exam 200 points**

**Project 200 Points**

**Participation 100 Points**

**TOTAL POSSIBLE POINTS 800 points**

**Grade Distribution:**

I will allocate grades according to the following table. Depending on the final scores, I may curve the grade distribution in your favor. Periodically, there will be opportunities for extra credit assignments.

|  |  |  |
| --- | --- | --- |
| **If you earn at least this many points:** |  | **Then your minimum grade will be:** |
| **720** |  | **A** |
| **640** |  | **B** |
| **560** |  | **C** |
| **480** |  | **D** |
| **0** |  | **F** |

**Book/Reading Assignments**

There will be weekly graded assignments from the textbook and other readings. These assignments will largely be graded on effort and secondarily accuracy of answers.

**Exams:**

Each of the two exams will mostly be short response and essay. Of course there will be an emphasis on written analysis and graphs.

**Project:**

Each student is expected to submit a term project. Projects may be chosen from a preselected list of environmental issues. A successful project will include a thorough description of the issue as well as thoughtful economic analysis of past and present policy in regards to this issue. Students wishing to excel will provide additional analysis of a potential solution that has not been previously employed.

**Participation:**

**I will drop any student who fails to attend two out of the first three classes.**

Attendanceis a minimal requirement to receive full credit for class participation. In addition, students are expected to participate actively in the learning process. Quality participation in class may be achieved by asking intelligent questions, and by offering well-reasoned input. However, do not let the prior statement discourage you from participating. It is okay to be wrong; in fact, we often learn more from our wrong answers than from our right ones. Questions are only stupid when the person asking has no serious interest in learning the answer. **I deduct points increasingly for each absence after your second, regardless of excuse. Please arrive on time, do not leave, if must be late be as unobtrusive as possible.**

**Outline for the Course:**

We will cover the following topics in detail. Please read the corresponding chapters in advance.

1. Economics and the Environment, Overview
   1. What is Environmental Economics?
   2. The Economy and the Environment
2. Analytical Tools
   1. Benefits and Costs, Supply and Demand
   2. Economic Efficiency and Markets
   3. The Economics of Environmental Quality
3. Environmental Analysis
   1. Frameworks of Analysis
   2. Benefit-Cost Analysis: Benefits
   3. Benefit-Cost Analysis: Costs

**MIDTERM – Date TBD**

1. Environmental Policy Analysis
   1. Criteria for Evaluating Environmental Policies
   2. Decentralized Policies: Liability Laws, Property Rights, Voluntary Action
   3. Command-and-Control Strategies: The Case of Standards
   4. Incentive-Based Strategies: Emission Charges and Subsidies
   5. Incentive-Based Strategies: Transferable Discharge Permits
2. Environmental Policy in the United States
   1. Federal Water Pollution-Control Policy
   2. Federal Air Pollution-Control Policy
   3. Federal Policy on Toxic and Hazardous Substances
   4. State and Local Environmental Issues
3. International Environmental Issues
   1. Comparative Environmental Policies
   2. International Environmental Agreements

**FINAL EXAM - TBD**