

Spring 2015
Economics 4621/5621 – Advanced Environmental Economics

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Office Hours: Th and F: 10 – 12 noon. Or, send an email and we can make an appointment.

Description and Objectives: The environment around us is an input to the production of the goods and services we consume. Since environmental quality is a scarce resource, conflicts arise over who will use these environmental resources. We will be examining a paradigm that allows us to evaluate the actual versus optimal manner these scarce resources are used.

Required text and materials: The text is Environmental Economics, (2nd edition) by Charles Kolstad. I will be posting supplementary materials to the website listed above. These materials will consist of publications, problem sets and assignments.

Exams: There will be a midterm and a final exam. These will be weighted equally in your final grade. The exams will constitute 60% of your overall grade.

Assignments: There will be a number of assignments given out during the semester. Some will be problem sets and some will be short (2 page) writing assignments. These will constitute 30% of your final grade. Those taking the class for graduate credit will have 2 additional assignments and will be expected to do some additional readings.

Attendance/Participation: I don't take attendance. But, this is an upper level/grad course so I figure you should want to be here. I'm reserving 10% of your grade for class participation. We will be doing some in class exercises to illustrate points I'm making in the lectures. The results (data) of these exercises will be used in some of the problem sets. If you miss one of these class exercises you will have trouble completing the assignment.

Conduct: Environmental issues can sometimes lead to heated debate. I expect that the discussions in the class will conform to normal rules of academic debate. All sides can be presented and listened to during a debate.

Topics:

1. Introduction – environmental economics, the property rights paradigm, the precautionary principle, the role of information and transaction costs
2. Environmental Problems – air and water pollution, toxic chemicals, climate change and weather extremes, endangered species, preservation of ecosystems
3. Tools for assessing the appropriate level (optimal) of environmental protection – individual decision making, collective decision making, measurement

4. Markets and Market Failures – how these relate to the issues identified in topic 2. Public goods, externalities, common property resources, information asymmetry.
5. Bargaining remedies – the Coase Theorem, voluntary agreements for resource uses such as agreements over common properties
6. Policy remedies – taxes and subsidies, regulatory command, information disclosure and market methods
7. Some issues in Appalachia – coal, timber, forest management
8. Other topics as time permits