

York University, Department of Economics  
GS/ECON 5460 Economics of the Environment and Natural Resources  
Fall 2014

Instructor: Andrea Podhorsky  
Course Website: <http://dept.econ.yorku.ca/~andrea>  
Email: [andrea@econ.yorku.ca](mailto:andrea@econ.yorku.ca)  
Office: 1058 Vari Hall  
Office Hours: Monday, 2:00 – 3:00 pm  
Phone: 736-2300 ext. 77030  
Class Time and Location: Tuesday, 4:00 – 7:00 pm, Rm SC 220

Course Description:

Undue environmental degradation occurs because there are no markets for many environmental goods and services. The objective of this course is to explore this market failure at an advanced level and to discuss and illustrate various policy tools in a variety of applications. The course examines such broad topics as public goods, externalities, limits on information and the potential usefulness of policy tools such as property rights, taxes and subsidies, cost-benefit analysis, and the provision of information.

Required Course Materials:

Text: Environmental Economics by Charles D. Kolstad, 2<sup>nd</sup> Edition

Evaluation:

Attendance and Class Participation	5%	
Presentation*	25%	TBA
Paper*	20%	
Final Exam (in class)	50%	December 2

\*Students are required to present and summarize scholarly articles listed on the course syllabus. The written component will require a critical analysis that assesses the contribution of the paper to the literature. Each paper will be due in class 1 week after the scheduled presentation.

Important Dates:

Last date to enroll without permission of course instructor	September 22
Last date to enroll with permission of course instructor	October 14
Last date to drop courses without receiving a grade	October 27

Important Course Information:

Final course grades given by the instructor will use the standard York grading scale and may be adjusted to conform to Program or Faculty grades distribution profiles. All students are expected to familiarize themselves with the following information, available from the York University website:

- York's Academic Honesty Policy and Procedures (Academic Integrity Website)
- Ethics Review Process for research involving human participants
- Course requirement accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities
- Student Conduct Standards and Grading/Feedback Policy
- Religious Observance Accommodation

## Topics:

### Introduction and Overview

- Kolstad Ch. 1, 2, 3
- Fullerton D., Stavins, R., 1998. How do economists really think about the environment? *Nature*. 395(6701), 433-434.
- Heal, G., 2007. A Celebration of Environmental and Resource Economics. *Review of Environmental Economics and Policy*. 1(1), 7-25.

### Efficiency and Markets

- Kolstad Ch. 4

### Market Failure: Public Bads and Externalities

- Kolstad Ch. 5

### Property Rights and the Tragedy of the Commons

- Kolstad Ch. 13
- Coase, R. 1960. The Problem of Social Cost. *Journal of Law and Economics*. 3, 1-44.
- Hardin, G., 1968. The Tragedy of the Commons. *Science* 162(3859), 1243-1248.
- Ostrom, E., Burger, J., Field, C., Norgaard, R., Policansky, D., 1999. Revisiting the commons: Local Lessons, Global Challenges. *Science*. 284(5412), 278-282.
- Stavins, R., 2011. The Problem of the Commons: Still Unsettled after 100 Years. *The American Economic Review*. 101(1), 81-108.

### Cost Benefit Analysis and Discounting

- Kolstad Ch. 6
- Arrow, K., Cropper, M., Eads, G., Hahn, R., Lave, L., Noll, R., Portney, P., Russell, M., Schmalensee, R., Smith, V., Stavins, R., 1996. Is There a Role for Benefit-Cost Analysis in Environmental, Health, and Safety Regulation? *Science*. 272(5259), 221-222.
- Stern, N. 2006. *Stern Review: The Economics of Climate Change*. Executive Summary. Available from:  
<http://siteresources.worldbank.org/INTINDONESIA/Resources/226271-1170911056314/3428109-1174614780539/SternReviewEng.pdf>
- Nordhaus, W., 2007. A Review of the Stern Review on the Economics of Climate Change. *Journal of Economic Literature*. 45(3), 686-702.
- Dasgupta, P., 2007. Commentary: The Stern Review's Economics of Climate Change. *National Institute Economic Review*. 199, 4-7.

### Emission Fees and Marketable Permits

- Kolstad Ch. 11, 12, 14
- *The Economist*, 2002. The Invisible Green Hand. Available from:  
<http://www.economist.com/node/1200205>
- Parry, I., 2002. Is Gasoline Undertaxed in the United States? *Resources*, 148, 28-33. Available from:  
<http://www.rff.org/RFF/Documents/RFF-Resources-148-gasoline.pdf>
- Tietenberg, T., 1995. Tradable permits for pollution control when emission location matters: What have we learned? *Environmental and Resource Economics*. 5(2), 95-113.

### Regulation with Unknown Control Costs

- Kolstad Ch. 15
- Weitzman, M., 1974. Prices vs. Quantities. *The Review of Economic Studies*. 41(4), 477-491.
- Goulder, L., Parry, I., 2008. Instrument Choice in Environmental Policy. *Review of Environmental Economics & Policy*. 2(2), 152-174.

### Voluntary Actions and Agreements

- Kolstad Ch. 17
- Segerson, K., Miceli, T., 1998. Voluntary Environmental Agreements: Good or Bad News for Environmental Protection? *Journal of Environmental Economics and Management*. 36, 109-130.
- Hamilton, J., 1995. Pollution as News: Media and Stock Market Reactions to the Toxics Release Inventory Data. *Journal of Environmental Economics and Management*. 28, 98-113.
- Arora, S., Cason, T., 1995. An Experiment in Voluntary Environmental Regulation: Participation in EPA's 33/50 Program. *Journal of Environmental Economics and Management*. 28, 271-286.
- Antweiler, W., Harrison, K., 2003. Toxic Release Inventories and Green Consumerism: Empirical Evidence from Canada. *Canadian Journal of Economics*, 36(2): 495-520.

### Risk and Uncertainty

- Kolstad Ch. 18
- Menell, P., 1991. The Limitations of Legal Institutions for Addressing Environmental Risks. *The Journal of Economic Perspectives*, 5(3), 93-113.
- Dewees, D., 1992. The Role of Tort Law in Controlling Environmental Pollution. *Canadian Public Policy*. 18(4), 425-442.

### Natural Resource Economics

- Brander, J., Taylor, M. S., 1988. The Simple Economics of Easter Island: A Ricardo-Malthus Model of Renewable Resource Use. *The American Economic Review*. 88(1), 119-138.
- Sachs, J., Warner, A., 2001. Natural Resources and Economic Development: The Curse of Natural Resources. *European Economic Review*. 45, 827-838.