

Introduction to Environmental & Resource Economics

ARE 336 / EC 336

North Carolina State University

Spring 2020

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- Grader: Chi Zhang
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Available by appointment only
- Class Hours: MW 10:15-11:30am
- Class Room: 218 Daniels Hall
- Class Website: We will use Moodle.
- Objective: We will survey economic perspectives on environmental and resource problems. In the process, you will learn how to think about timely policy issues from an economic perspective. My hope is that you will gain an appreciation for how economics can improve environmental and resource policy and, more generally, human welfare.
- Prerequisites: EC/ARE 201 (i.e., introductory microeconomic theory with algebra and graphs)
- Texts: Keohane, Nathaniel and Sheila Olmstead. *Markets and the Environment*, 2nd Edition. Island Press, 2016.
- The NCSU Bookstore has this text in stock, although it might be cheaper elsewhere. I will place several additional readings on Moodle.
- Email: Occasionally, I will send you emails with important class announcements. If you prefer a different email address from your NCSU Unity account, let me know. If you do not periodically check your email, you may miss something important.
- Grades: Your final grade will be determined as follows:
- | | |
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| Article Analyses / Homeworks / Class Participation | 35% |
| Midterm (Feb 12 th) | 20% |
| Midterm (March 25 th) | 20% |
| Comprehensive Final (Apr 27, 8am) | 25% |

Absolutely no make-up midterms are given. If you can supply me a signed note from your physician describing a medical condition that required YOUR hospitalization and prevented you from attending a midterm, a signed note from the University Counseling Center for a family emergency or death that conflicted with a midterm, or a note from the university staff in charge of an event or intercollegiate athletic contest that requires you to be away from campus on the day of a midterm, I will shift the weight of your missed exam to the final.

Article
Analyses:

To encourage you to become knowledgeable of current environmental policy issues, you will be required to submit two analyses of current (i.e., July 2019 - present) news/opinion articles about local, national, or global environmental issues. Good places to find articles include:

Raleigh News & Observer (www.newsobserver.com)
 Durham Herald-Sun (www.herald-sun.com)
 Charlotte Observer (www.charlotte.com/)
 Asheville Citizen-Times (www.citizen-times.com/)
 Wilmington Star (www.wilmingtonstar.com/)
 Other North Carolina newspapers (<http://www.usnpl.com/ncnews.php>)
 Atlanta Journal-Constitution (www.ajc.com/)
 Wall Street Journal (www.wsj.com)
 Washington Post (www.washingtonpost.com)
 Washington Times (www.washtimes.com)
 New York Times (www.nytimes.com)
 Other U.S. newspapers (www.usnpl.com/)
 The Economist (www.economist.com)
 BusinessWeek (www.businessweek.com/)
 Resources (<http://www.rff.org/research/resources-magazine-listing>)
 Choices (www.choicesmagazine.org)
 Regulation (www.cato.org/pubs/regulation)
 Time (www.time.com)
 Newsweek (www.newsweek.com)
 U.S. News & World Report (www.usnews.com/usnews/home.htm)
 Environmental Economics blog (www.env-econ.net)
 Environmental & Urban Economics blog (greeneconomics.blogspot.com/)
 Property and Environmental Research Center (www.perc.org)

There are many, many more places to find articles on the web, so start surfing! And you can always go to the library's current periodicals room.

No two students can write on the same article. Therefore, once you find an article, send me an electronic copy (*.pdf or *.doc files, not web links) as soon as possible to reserve it. You then must submit by the appropriate deadline a 2-3 page (double-spaced, one-inch margins) critical assessment that **connects the article's content to the economic principles and topics covered in class**. A longer assessment is not necessarily better. If the article includes policy recommendations, critically assess them in terms of efficiency / distributional impacts / sustainability. If it says something economically interesting or moronic, tell me why. I do not want you to simply regurgitate the key points of the article (although a brief three-sentence

summary is okay as part of your assessment), so it is crucial that you find articles that you can relate to the concepts in class.

To assist you with this task, I have placed some excellent analyses from my previous classes on the course website. I am also willing to help you find your first article, and I will give everyone the opportunity to rewrite her first analysis based on my comments. The offer expires one week after I hand the analyses back in class. It gives you the chance to improve your grade. However, you must choose your second article and write its analysis *on your own*.

The first summary is due in class March 4th (the last day before spring break), and the second is due April 22nd (the last day of the semester). Please submit a paper copy of your analysis (double-spaced, one-inch margins, twelve-point font) along with the article attached (absolutely no electronic versions of your analysis may be sent to me by email). I strongly recommend that you not wait until the last minute on this task. The sooner you get started, the larger and better your choice set of articles will be.

- Homework:** From time to time, I will post homework sets. The homework sets are designed to give you an idea of what to expect on the exams (and possibly the pop quizzes – see below). I will also post answer keys, and I may organize optional review sessions to go over the answers in detail.
- Pop Quizzes:** To encourage class attendance, we will have pop quizzes throughout the semester. They will be given either at the start or end of class on randomly selected days, and we will use Top Hat (<https://app.tophat.com/login>; join code = 124074). These quizzes are EXTRA CREDIT and will give you the chance to add one percentage point per quiz to your final grade. If you keep up with the assigned readings, pay attention in class, and do the voluntary homework sets, you should be able to add points to your final grade. (NOTE: the rules on calculators discussed in the exams section apply to pop quizzes as well – see below).
- Exams:** Your midterm and final exams will be a mix of short answer/problems, true-false-uncertain, and multiple choice questions. You may use a simple calculator on the exams, but the calculator cannot have memory storage, communication, or graphical capabilities (no cell phones, iPads, tablets, etc.). If you have any questions about a specific calculator, please ask me before the exam. All materials covered in class, the books, or the assigned readings are fair game. I will place some old exams on the class website. Note that a change from past exams that I will be incorporating this semester is the option to answer some of the problems either graphically or algebraically. Many of you will find this added flexibility attractive. Finally, be aware that in the past I have curved exams.
- Academic Integrity:** Academic dishonesty of any sort will be prosecuted within the guidelines established in the University's Code of Student Conduct:
<http://policies.ncsu.edu/policy/pol-11-35-01>
- Special** Any student with a documented disability may request arrangements to

Needs:	accommodate their disability. Such arrangements include the provision of services and reasonable accommodations appropriate to the student's disability. This should be arranged through the DSO office. See the office's website for more information: https://dso.dasa.ncsu.edu/
Incomplete Grades & Withdrawals:	Incomplete grades and class withdrawals will only be granted under exceptional circumstances. University policy will be strictly followed in these matters.
Non-Discrimination Policy:	NC State University promotes equal opportunity and prohibits discrimination and harassment based upon one's age, color, disability, gender identity, genetic information, national origin, race, religion, sex (including pregnancy), sexual orientation and veteran status. This policy will be strictly enforced in this classroom.
Classroom Etiquette:	Inappropriate classroom behavior such as sleeping, web surfing, texting, crossword puzzling, newspaper reading, doing homework for other classes, talking with classmates, arriving late, and leaving early will not be tolerated. This behavior is disruptive to the learning environment, completely unacceptable, and will have significant implications for your final grade. I would rather you not come if you will behave inappropriately.
Email Etiquette:	All email communications sent to me must satisfy the following minimal set of etiquette guidelines: 1) the subject line must read: "ARE336: Question from <i>YOUR NAME</i> "; 2) in the body of the email, clearly identify the reason for the communication and what action(s) you wish me to take; and 3) be courteous – begin the email with "Attention Professor," "Dear Dr. von Haefen," "Hello Sir" or the like, and sign the email with your name at the bottom.

Class Schedule

(subject to change – see Moodle for updates and articles)

Jan 6	Introduction	1) Keohane and Olmstead, Chapter 1
Jan 8-	Micro Review / Economic	1) Keohane and Olmstead, Chapter 2-4
Jan 15	Efficiency	2) Review on your own 3) Paul Krugman and Robin Wells, <i>Microeconomics</i> , Chapters 3 & 4 (M) – optional – 4) Lawrence Goulder and Robert Stavins, “An Eye on the Future” (M)
Jan 20-	Market Failure / Externalities /	1) Keohane and Olmstead, Chapters 5, 8-10
Feb 10	Public Goods / Open-Access Resources / Government Remedies & Failures	2) Jonathan Gruber, “Externalities” (M) 3) Milton Friedman, “The Social Responsibility of Business is to Increase its Profits” (M) 4) Robert Hahn and Cass Sunstein, “The Precautionary Principle as a Basis for Decision Making” (M) 5) James Sanchirico and Richard Newell, “Catching Market Efficiencies” (M)
Feb 12	MIDTERM	
Feb 17-	Agriculture	1) Lichtenberg, “The Farm Bill, Conservation, and the Environment” (M)
Feb 19		
Feb 24-	Benefit-Cost Analysis / Nonmarket	1) Richard Bishop et al. “Putting a Value on Injuries to Natural Assets: The BP oil spill” (M)
Mar 4	Valuation	2) McConnell, K.E. et al. “BP Gulf Oil Spill Caused Damages to Recreationists from Across the United States” (M) 3) Michael Porter and Claas van der Linde, “Toward a New Conception of the Environment-Competitiveness Relationship” (M) 4) Karen Palmer, Wallace Oates, and Paul Portney, “Tightening Environmental Standards: The Benefit-Cost or the No-Cost Paradigm?” (M)
Mar 4	1st ARTICLE ANALYSIS DUE	
Mar 9-	SPRING BREAK	
Mar 11		
Mar 16 -	Sustainability	1) Keohane and Olmstead, Chapters 6-7 & 11
Mar 18		2) Tom Tietenberg, <i>Environmental & Natural Resource Economics</i> , <i>7th Edition</i> , Chapter 5 (M) 3) Robert Solow, “Sustainability: An Economist’s Perspective” (M)
Mar 23	Catch-up	
Mar 25	MIDTERM	
Mar 30-	Climate Change	1) MOVIE: Bjorn Lomborg, <i>Cool It</i> (shown in class)
Apr 15		
Apr 20-	Water	1) Roger von Haefen, “Let Price Signals Flow to Water Bills” (M)
Apr 22		
Apr 22	2nd ARTICLE ANALYSIS DUE	
Apr 27	FINAL EXAM – 8am	

KEY: M = on Moodle website