

ECONOMICS 3250  
Spring 2014

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CLASS MEETING TIME and PLACE: 11:50–1:10 MW, in BuC 204. The final exam will be in the same room, but at a different time which is listed in the schedule later on in this document.

TEXT: *Environmental Economics: An Elementary Introduction*, by R. Kerry Turner, David Pearce, and Ian Bateman. Johns Hopkins University Press. ISBN 0-8018-4863-6.

Old exams are available at [www.econ.utah.edu/lozada](http://www.econ.utah.edu/lozada) (click on “Econ. 3250”).

COURSE DESCRIPTION: We will study the way firms use the natural environment; externalities; the effects of different types of government regulation on firm behavior, consumer welfare, and the natural environment (including plants and animals); the ethics of resource depletion; and environmental degradation in developing countries. This course has no prerequisites, either in Economics or in Mathematics. As an alternative to this course, Econ. 5250 is available for students (mostly Economics majors) who meet its prerequisite requirements and who desire a significantly more mathematical coverage of these topics.

COURSE OVERVIEW: We will cover the economic causes of environmental degradation; economic decision-making and the environment; methods of business regulation which governments can use to protect the environment; depletion by firms of renewable and non-renewable natural resources, and whether such depletion is appropriate or not; the application of these general considerations to specific environmental problems; and non-orthodox economic approaches to environmental destruction and resource exhaustion.

TENTATIVE SCHEDULE:

Although the following schedule is tentative, I will always give you at least one week’s notice of the *exact* date of your exams.

<u>Dates</u>	<u>Chapters</u>
1/6, 1/8:	5 (How Markets Work and Why They Fail)
1/13, 1/15:	6 (How Governments Fail the Environment), 7 (Cost-Benefit Thinking)
1/22, 1/27, 1/29:	6 (Valuing Concern for Nature), 9 (Coping With Uncertainty)
2/3, 2/5:	10 (Using the Market to Protect the Environment)
2/10, 2/12, 2/19:	11 (Charging for Use of the Environment), Exam 1 (Chs. 5–11)
2/24, 2/26:	12 (Green Taxes), 13 (Trading Environmental Permits)
3/3:	14 (Setting Environmental Standards)
3/5:	15 (Renewable Resources)
3/17, 3/19, 3/24:	16 (Non-renewable Resources), 17 (Business and the Environment)
3/26:	18 (Managing Waste)
3/31, 4/2:	Exam 2 (Chs. 12–18); 19 (Climate Change)
4/7, 4/9:	20 (Economics and the Ozone Layer), 21 (Conserving Biological Diversity)
4/14:	22 (International Environmental Policy: Acid Rain), 27 (Environment in the Developing World)
4/16:	1 (The Big Economy), 2 (Environment and Ethics)
4/21, 4/23:	3 (Economic Growth, Population Growth, and the Environment), 4 (Sustainable Development)
Friday April 25:	comprehensive Final Exam from 10:30 am–12:30 pm

I may give you some additional readings in mid- to late April.

**COURSE OBJECTIVES:** The objective is for you to: (1) develop an understanding of the approach which orthodox (“neoclassical”) economists use to determine what amount of environmental degradation is appropriate; and (ii) be able to critically evaluate the strengths and weaknesses of the neoclassical approach. As economist Joan Robinson once wrote (*Collected Economic Papers*, 1980, Vol. 2 p. 17):

“The purpose of studying economics is not to acquire a set of ready-made answers to economic questions, but to learn how to avoid being deceived by economists.”

**COURSE WORKLOAD:** This is a 3 credit hour course. According to the University of Utah’s Policy 6-100 III Sec. 3F, (see [www.regulations.utah.edu/academics/6-100.php](http://www.regulations.utah.edu/academics/6-100.php)), “at the University of Utah we assume that there is at least one hour in class and two hours outside of class per week [or the equivalent combination] connected to every credit hour” (brackets added). So you should expect to study for Econ. 3250 about 6 hours outside of class every week.

**MY BACKGROUND:** My current rank is Associate Professor. I hold a BA degree in Economics and a BS degree in Physics, both from Louisiana State University. I hold an MS degree in Engineering-Economic Systems, an MA degree in Economics, and a PhD degree in Economics, all from Stanford University. My main area of research is the microeconomic theory of exhaustible resource industries, both from a neoclassical and from an “ecological economics” perspective. Knowing physics is quite helpful in the second type of approach. However, I have published work in other areas of dynamic economics, such as finance. I regularly teach microeconomics at the undergraduate and PhD levels, and resource and environmental economics at the introductory, advanced undergraduate, and advanced PhD levels. I have also taught Mathematical Economics at the PhD level.

**OFFICE HOURS:** My office hours this semester will be MW 10:50–11:45am. You may also make an appointment to see me. In addition, you can stop by my office without an appointment at any time, and if I am not being pressured by other work I will make time then to answer your questions.

**GRADING:** There are a total of 100 points possible for the semester. There will be two closed-book in-class exams, each worth 25 points. The final exam will be comprehensive, and will be worth 50 points. At the end of the semester, your course grade will be based on the sum of the grades you have made on the three exams. (No “extra credit” is possible.) As a rough guide, I do not expect the final grade distribution to be significantly worse than the following: 15%, A; 30%, B; 35%, C; 15%, D; 5% or less, E.

The reason that neither class attendance nor class participation is part of the grade is that this is primarily a lecture course, so class discussions are not a fundamental part of the teaching and learning method.

Please bring a “blue book” to exams to write your answers in.

The instructions to my exams say, in part, that “correct answers which are unsupported by explanations will not be awarded points.” Students often wonder how much explanation they should put in their answers. A rule of thumb is that you do not have to explain things you knew before you started taking this class, but you have to explain everything you learned since you started taking this class. Do not assume anything is “obvious” unless you knew it before you began taking this class and you are sure most other students knew it before they began taking this class. If you have any doubt about the adequacy of your answer during a test, just ask me during the test. That’s one of the things I am there for.

## POLICIES:

1. You cannot miss an exam and take a makeup exam unless I give you permission to do so. Without my permission, you will earn a zero on any exams which you miss.

To get my permission to take a makeup exam, you must give me notice before the class takes its exam (if at all possible), and before you take the makeup exam, you must supply written evidence of your reason for missing the in-class exam. If the reason is illness, a note from a doctor will be sufficient.

I will let you know if I think your reason is good enough to warrant letting you take a makeup exam. If your reason is that you are participating in a university-sponsored activity, I will always allow you to take a makeup. Otherwise, I will make the decision on a case-by-case basis.

In addition, there are limited circumstances in which I may let you take an exam early.

The final exam time and date is listed on the schedule above. If you have a schedule conflict, resolve it now.

2. Incompletes will be given only for reasons of illness or a family emergency. You must supply written evidence for the reason. According to university regulations (Policy 6-100 III Section G2, at <http://regulations.utah.edu/academics/6-100.php>), you must be passing the class at the time you get an incomplete.
3. Cheating on exams and other forms of academic dishonesty may lead to expulsion from the class, failure of the class, or more severe penalties. Under University Policy 6-400, Section V, "Academic Misconduct," B4 (<http://regulations.utah.edu/academics/6-400.php>), I am required to submit a report of all incidents of academic dishonesty to your dean for inclusion in your file.
4. All students are expected to maintain professional behavior in the classroom setting, according to the Student Code, available at

[www.regulations.utah.edu/academics/6-400.php](http://www.regulations.utah.edu/academics/6-400.php).

Students have specific rights in the classroom as detailed in Section II of the Code. The Code also specifies proscribed conduct (Sections III and V) that involves cheating on tests, plagiarism, and/or collusion, as well as fraud, theft, etc. Students should read the Code carefully and know they are responsible for the content. Students have the right to appeal sanctions imposed under the Code to the Student Behavior Committee.

5. The University of Utah seeks to provide equal access to its programs, services and activities for people with disabilities. If you will need accommodations in the class, reasonable prior notice needs to be given to the Center for Disability Services ("CDS"), 162 Olpin Union Building, (801) 581-5020 (V/TDD), <http://disability.utah.edu/>. CDS will work with you and me to make arrangements for accommodations. All information in this course can be made available in alternative format with prior notification to the CDS.

*Note.* If I am going to be more than five minutes late for class due to weather or other reasons, and no Departmental representative has met the class to tell you when instruction will begin, you can find out by calling the Economics Department at (801) 581-7481. A description of my other responsibilities as a faculty member can be found at [www.regulations.utah.edu/academics/6-316.html](http://www.regulations.utah.edu/academics/6-316.html).