

# University of Toronto, Economics Department, Winter 2015

## Environmental Economics & Policies: ECO313H1S

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**Office Hours:** Mondays 4:00-5:00pm, Room GE344

### **Course Description:**

This course demonstrates a rigorous application of microeconomic techniques in order to respond to various environmental problems. First, we look at the interaction between natural and economic systems, and the nature of the environmental deterioration, caused mainly by fast expansion of the level of economic activities. Then, we will seek solutions to these problems in the framework of neoclassical economics, even though, we will look, however short, at the alternative critical views. Case studies and real life environmental policies will be discussed as much as the timing of the course allows.

### **Pre-requisites:**

Prerequisite: ECO200Y1/ECO204Y1/ECO206Y1,  
ECO220Y1/ECO227Y1/(STA220H1,STA255H1)/(STA257H1,STA261H1)

### **Textbooks and Readings:**

This course is involved with a lot of reading. However, there is no single textbook that can be used for it. Among others, there will be references to following textbooks. The readings will be assigned throughout the semester, and will be available in library reserve. There may not be enough time in classes to go over all the details of the reading materials, but students are required to read the materials carefully, and are responsible for everything.

Charles D. Kolstad (2010), Environmental Economics, 2<sup>nd</sup> Edition, Oxford University Press,

Scott J. Callan and Janet M. Thomas (2013), Environmental Economics & Management: Theory, Policy and Applications, 6<sup>th</sup> edition, South-Western Cengage Learning.

Roger Perman, Yue Ma, Michael Common, David Maddison, James McGilvray (2011), Natural Resource and Environmental Economics, 4<sup>th</sup> edition, Pearson Publishing.

Ahmed Hussen (2012), Principles of Environmental Economics and Sustainability: An Integrated Economic and Ecological Approach, 3<sup>rd</sup> Edition, Routledge.

### **Requirements:**

Midterm	35%	<b>(Feb. 12, 2015)</b>
Writing Assignment	10%	<b>(March 19, 2015, at 2 pm)</b>
Final Exam	55%	<b>(TBD by the registrar office)</b>

- If for emergency reasons, acceptable by the university rules, you miss the midterm term test, you must take a makeup on **March 30, 2015**. The makeup test is a one hour test that may cover **MORE CHAPTERS** than the midterm. If you miss the midterm test, you must email me within 3 days, and submit the documentations to me or economics department front desk within a week of the missed test. **If you miss the makeup test, you will receive zero mark, no matter why you miss the test.**

- The details of the writing assignments will be announced later on. The assignment files must be received by email, before the dates and times in above. The deadline will not be extended. No excuse like network failure or system interruption ... is acceptable. If you miss the writing assignments, they cannot be substituted by anything else.

### **Website and Email:**

- I will post course materials and announcements on the Blackboard. It is your responsibility to follow up and get the information about test, makeup test, and other issues.

- Notes posted on the website may not be complete. They will be completed in class. The complete version will **NOT** be available.

- Emails are used only as the last resort, and after checking the outline and website. For questions regarding the course materials you should talk to me or TA during the office hours. In case of email, you should put your **last name, student ID#, and course name in the subject line, otherwise your email will not be read. You must use your UofT email account for your emails and to send the assignment files.**

### **Appeals:**

For re-grading your term test, you should submit the test paper, together with your detailed explanation, written on a separate paper to me within 2 weeks after the distribution of the test papers in class. You should NOT change, write, or put any mark on your test paper. No request will be accepted, after the deadline. In revision your grade can go either way, up or down.

### **Behavior and Conduct in Class:**

Your cell phone must be off in class. No distraction in class will be tolerated. You will be asked to leave the class, if you distract the class by talking, surfing the internet, or by your electronic devices like cell phone, iPod ...

### **Academic Integrity:**

- Students should note that any form of academic misconduct will not be tolerated. Any student caught engaging in such activities will be subject to academic discipline ranging from a mark of zero on a test or examination to dismissal from the university as outlined in the academic handbook. Any student abetting or otherwise assisting in such misconduct will also be subject to academic penalties. All suspected cases will be reported to the Department of Economics and OSAI. Please consult with the university's *Code of Behavior on Academic Matters*: (<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>).

### **Other Issues:**

- Some supplementary examples, graphs, and materials might be discussed in class. For the test and exam, you are responsible for all the materials that are discussed in class.
- There will be some grade adjustments in terms of the final letter grade of the course, at the instructor's discretion. In case of petition for re-grading of the final exam, the adjustment may be revised.

**Topics:**

**This is a tentative schedule for this course.  
Actual pace and materials might be different**

<b>Week</b>	<b>Topics</b>
1	Economics and Environment: Neoclassical vs. Ecological Views
2	Sustainability and Limits to Economic Growth
3	Social Choice, Economic Efficiency and Environment
4	Market Failure and Environment: Externalities and Public Goods
5	Solutions to Environmental Problems: The Command and Control Approach
6	<b>Midterm Test (Feb. 12, 2015)</b>
7	Solutions to Environmental Problems: The Market Based Approach
8	Solutions to Environmental Problems: Property Right Regulation under uncertainty
9	Assessing Benefits of the Environmental Services: The Contingent Valuation Method, Total Cost Method, Hedonic Price Method, ...
10	Assessing Costs of the Environmental Services, and Benefit-Cost- Analysis
11	The Theory of Optimal Resource Extraction: Non-Renewable Resources
12	Renewable Resources