COURSE DESCRIPTION. The course will apply the tools of microeconomics to analyze a variety of environmental and natural resource problems and policies. Economic reasoning will be used to examine the causes of environmental/resource problems, the consequences of these problems, and the measures for dealing with them.

PREREQUISITES. Econ 11 and 12 are prerequisites for the course. Students must be familiar with the material in Econ 11 on the theory of the firm and the functioning of competitive markets.

REQUIREMENTS AND GRADING. Approximately four homework sets will be assigned over the course of the semester. Homework will not be collected, however, answer sheets will be provided. Feel free to ask me about problems you have trouble with. Depending on circumstances, I will go over them in class.

Four quizzes based on the homeworks, readings, and lecture notes will be given over the course of the semester. Each quiz will be announced one week before it is given. There will be no make-up quizzes, however, the lowest quiz grade will be dropped.

In addition to the quizzes, a midterm exam and a final exam will be given. The midterm exam is tentatively scheduled for March 9. Make-up exams will be given only in extraordinary circumstances, and only if arranged at least one week in advance.

The course grade will be calculated using the following weights:

- midterm exam - 35%
- quizzes - 30%
- final exam - 35%

For extra credit, you may write a seven to ten page paper analyzing an environmental/natural resource issue from an economic perspective. A list of possible topics will be handed out, but you may choose your own topic, subject to my approval. The paper will be due on May 1, 2007; papers will not be accepted after this date. Up to four percentage points will be added to your overall course score for writing a paper. Papers should be formatted with 1 inch margins and 12 point font.

TEXTBOOKS. (1) James Kahn, The Economic Approach to Environmental and Natural

TOPICS AND READINGS. A tentative list of topics to be covered and accompanying readings are presented below. Readings are divided into two categories -- required and optional. Optional readings are marked with an asterisk. Readings outside the texts will be available via Blackboard or handed out in class.

**Topic 1: Background**

JK, Chap. 1

EG, Chaps. 1 and 2


Bjorn Lomborg, "The Truth About the Environment," The Economist, August 2, 2001. Only available online at:
http://www.economist.com/opinion/displayStory.cfm?Story_ID=718860

Union of Concerned Scientists, “UCS examines The Skeptical Environmentalist by Bjørn Lomborg.” Only available online at:

**Be sure to read the report by Peter Gleick** that appears as a link on this page under “Related Links.” You can read more about the book and the controversy surrounding it at: http://www.lomborg.com/books.htm


**Topic 2: Property Rights and Market Failures**

EG, Chap. 3 including Appendix 3A

JK, Chap. 2 (only to p. 33)


George Monbiot, "The Tragedy of Enclosure," Scientific American, January 1994. Only available online at:


**Topic 3: Biodiversity**

JK, Chap. 14


**Topic 4: Government Failures**


**Topic 5: Benefit-Cost Analysis**

JK, Chap. 4

EG, Chaps. 9 and 10


Steven Kelman, "Cost-Benefit Analysis: An Ethical Critique," *Regulation,* Vol. 10, Jan./Feb 1981, pp. 33-40, along with the replies to this article that appeared in the March/April, 1981 issue of *Regulation.*

**Topic 6: Economics of Pollution Control**

JK, Chap. 3

EG, Chaps. 4, 16 including Appendix 16A, 17


**Topic 7: Overview of U.S. Environmental Policy**

EG, Chaps. 12, 13 and 14


*J. Clarence Davies and Jan Mazureck, Pollution Control in the United States: Evaluating the System, Resources for the Future, 1999.*

**Topic 8: Global Environmental Problems**

JK, Chap. 7

EG, Chap. 23


Larry Karp, "Why we should be willing to devote more resources to avoid climate change," Gianini Foundation for Agricultural Economics, University of California. 2006.


**Topic 9: Exhaustible Resources**

JK, Chap. 2 (pp. 32-37), Appendices 2A and 2B, Chap. 18


**Topic 10: Renewable Resources—Forests**

JK, Chap. 12 and 13


**Topic 11: Sustainable Development**

EG, Chaps. 6 and 7


