

EEP 1/ECON 3 Spring 2015
Introduction to Environmental Economics & Policy

Lecture	Tuesdays and Thursdays	2:00–3:30	390 Hearst Mining
Faculty Instructor	Dr. Gordon Rausser Robert Gordon Sproul Distinguished Professor	Office: Email: Hours:	230 Giannini Hall rausser@berkeley.edu Tues, Thurs. 3:30-5p
Graduate Student Instructors	Gabriel Kahn	Office: Email: Hours:	236 Giannini gabrielvkahn@gmail.com Tu 11-1
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Description An introduction to microeconomics with emphasis on resource, agricultural, environmental, and public-policy analysis.

Units Four (4) units (unless you have already taken Econ 1 or 2, in which case you will receive credit for only two additional units from this course).

Prerequisites You need a reasonably good grasp of algebra to handle the material we will cover in this course. If you are considering majoring in EEP or Econ, you should consider taking Math 1 A/B or Math 16 A/B as soon as possible.

Schedule	<u>Day</u>	<u>Time</u>	<u>Room</u>
Lecture	TuTh	2–3:30 pm	390 Hearst Mining
Discussion 101	M	3-4 pm	156 Dwinelle
Discussion 102	W	9-10 pm	2032 VLSB
Discussion 103	W	4-5 pm	2070 VLSB
Discussion 104	F	2–3 pm	2032 VLSB

Grading Course grades will be based on: Midterm Exam (25%), Final Exam (40%), Problem Sets (20%), and Class Participation/Narrative Assignments (15%).
Problem Sets will be due almost every Thursday at the beginning of class.
No credit will be given for late problem sets.
Your lowest problem set score will be dropped.

Web Site Additional readings, problem sets, and answer keys will be posted on bCourses web page. Please check the site daily for new materials.

Required Texts *Principles of Microeconomics*, 6th ed. Pearson, 2011. Mankiw, N. Gregory.

The Economics of the Environment, 1st ed. Addison-Wesley, 2011. Berck,
P. and Helfand, G.

Topics & Readings

Note: An asterisk (*) before a reading means it has been posted on
bCourses.

Week 1

Tuesday 1/20

What is Economics?

Mankiw, Chapter 1, "The 10 Principles of Economics"

Thursday 1/22

Economic Fundamentals and What is Policy?

Mankiw, Chapter 2, "Thinking Like an Economist"

Week 2

Tuesday 1/27

Supply and Demand

Mankiw, Chapter 4, "The Market Forces of Supply and Demand"

Thursday 1/29

Elasticity

Mankiw, Chapter 5, "Elasticity and Its Application"

Week 3

Tuesday 2/3

Governmental Intervention

Mankiw, Chapter 6, "Supply, Demand, and Government Policies"

Thursday 2/5

Markets and Welfare

Mankiw, Chapter 7, "Consumers, Producers, and the Efficiency of
Markets"

Week 4

Tuesday 2/10

Costs

Mankiw, Chapter 13, "The Costs of Production"

Thursday 2/12

Competitive Markets

Mankiw, Chapter 14, "Firms in Competitive Markets"

Week 5

Tuesday 2/17 **Monopoly**
Mankiw, Chapter 15, "Monopoly"

Thursday 2/19 **Regulation & Antitrust**
Mankiw, Chapter 17, "Oligopoly"

Week 6

Tuesday 2/24 **Externalities**
Mankiw, Chapter 10, "Externalities"

Thursday 2/26 **Public Goods and Common Resources**
Mankiw, Chapter 11, "Public Goods and Common Resources"

Week 7

Tuesday 3/3 **Social vs. Private Cost**
R. H. Coase, "The Problem of Social Cost," *Journal of Law and Economics*
3: 1–44 (1960).

Thursday 3/5 **MIDTERM**
2–3:30 p.m.

Week 8

Tuesday 3/10 **Consumer Preferences and Indifference Curves**
Berck and Helfand, Chapter 4, "Consumer Behavior and the Environment"
Mankiw, Chapter 21

Thursday 3/12 **Valuation: Revealed vs Stated Preference Methods**
Berck and Helfand, Chapter 6 & 7, "Revealed Preference Methods," "Stated
Preference Methods"

Week 9

Tuesday 3/17 **Air Pollution**
Berck and Helfand, Chapter 10, "Maximizing Net Benefits in the Presence
of Externalities"

Thursday 3/19 **Property Rights and Externalities**
Berck and Helfand, Chapter 11, "Private Markets and the Environment:
The Coase Theorem"

SPRING BREAK March 23–March 27

Week 10

Tuesday 3/31

Benefit-Cost Analysis

Berck and Helfand, Chapter 14, "The Time Factor: Discounting" Berck and Helfand, Chapter 15, "Benefit-Cost Analysis"

Thursday 4/2

Government Policies for Environmental Protection

Berck and Helfand, Chapter 12, "Government Policies for Environmental Protection"
Berck and Helfand, Chapter 13, pp. 318–21 (section on "Political Economy")

Week 11

Tuesday 4/7

Depletable Resources

Berck and Helfand, Chapter 16, pp. 380–400 (sections on "Opportunity Cost and Resource Pricing" and "Adjustments to the Hotelling Model")
Krutilla, John V. "Conservation reconsidered." *The American Economic Review*(1967): 777-786.
([http://links.jstor.org/sici?sici=0002-8282\(196709\)57:4%3C777:CR%3E2.0.CO;2-V](http://links.jstor.org/sici?sici=0002-8282(196709)57:4%3C777:CR%3E2.0.CO;2-V))

Thursday 4/9

Agriculture

Rausser, Gordon, "Predatory Versus Productive Government: The Case of U.S. Agricultural Policies"
Miranowski, John A., and Gerald A. Carlson, "Agricultural Resource Economics: An Overview"

Week 12

Tuesday 4/14

Food

Rausser, Gordon, David Zilberman, and Gabriel Kahn. "An Alternative Paradigm for Food Production, Distribution, and Consumption: A Noneconomist's Perspective."
"Can Biotech Food Cure World Hunger?" Room for Debate, A New York Times Blog.
(<http://roomfordebate.blogs.nytimes.com/2009/10/26/can-biotech-food-cure-world-hunger/>)
EPA "Climate Impacts on Agriculture and Food Supply"
(<http://www.epa.gov/climatechange/impacts-adaptation/agriculture.html>)

Thursday 4/16

Water and Water Pollution

Gill, Gurmukh S., Edward C. Gray, and David Seckler, "The California Water Plan and Its Critics"

Letson, D., "Point/Nonpoint Source Pollution Reduction Trading: An Interpretive Survey"

ERS Background on Irrigation and water use:

<http://www.ers.usda.gov/topics/farm-practices-management/irrigation-water-use/background.aspx>

Week 13

Tuesday 4/21

Forests

Berck and Helfand, Chapter 17, pp. 431–34 (section on "Forests: the Other Renewable Resource")

Berck and Helfand, Chapter 18, p. 465 (section on "Paying Developing Countries to Preserve Forests")

Berck and Helfand, Chapter 19, pp. 470–72 (section on "Multiple-Use Management and the U.S. Forest Service")

Thursday 4/23

Fisheries

Berck and Helfand, Chapter 17, pp. 411–417 and 436–40 (sections on "Overfishing Herring in the North Sea"; "Renewable Resources"; and "Regulating Renewable Resources") (*see next page for additional reading*)

Rausser, Gordon C., Marty Kovach, Ryan Stifter, and Stephen Hamilton, "Unintended Consequences: The Spillover Effects of Common Property Regulations"

Week 14

Tuesday 4/28

Energy

Berck and Helfand, Chapter 16, pp. 402–406 (section on "Oil")

Forbes Magazine- "Why Falling Oil Prices Don't Hurt the Demand for Renewable Energy"

<http://www.forbes.com/sites/edfenergyexchange/2015/01/05/why-falling-oil-prices-dont-hurt-demand-for-renewable-energy/2/>

NYT Article "The Problem with Energy Efficiency"

http://www.nytimes.com/2014/10/09/opinion/the-problem-with-energy-efficiency.html?_r=0

Thursday 4/30

Recyclable Resources

Richard C. Porter, "Market Failure in Recycling"

Course Syllabus

Spring 2015

Week 15

Tuesday 5/5

Reading, Review, Recitation (RRR) period

Thursday 5/7

Reading, Review, Recitation (RRR) period; Course Evaluations

Week 16

Monday 5/11

FINAL EXAM

11:30 -2:30