

## ENVIRONMENTAL ECONOMICS

Econ 4545

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### Course Description

Environmental Economics (Econ 4545) considers the efficient and equitable use of society's environmental resources, which like all resources are scarce. Environmental resources include air, water, undeveloped land, wilderness, parks, wildlife, genetic diversity, and ecological systems. The environment is where we get the stuff that sustains us and determines, to a large extent, the quality of our lives; the environment is also where we must dump our waste.

e in applied welfare economics: how to increase the welfare  
 tive goal is to make society better off; the primitive goal for economists is  
 prove the environment. So, making society better off might mean preserving  
 ental resource or it might mean preserving less of it—more pollution rather

der market failures (particularly externalities and common-property  
 economic valuation of environmental amenities such as clean air, wilderness  
 ns. My expertise is in the valuation of environmental resources. Put simply,  
 something inherent to the market that keeps the market equilibrium from

l resources will be considered from four perspectives: the market allocation  
 ld allocate them if the market were left to its own devices (no government  
 ent allocations, equitable allocations (“environmental justice”), and  
 , some successful, some not, to achieve more efficient and more equitable

ental economics and natural resource economics both consider natural  
 n that natural resource courses have historically dealt with the inter-  
 of conventional renewable and nonrenewable natural resources such as  
 es and fish; whereas environmental courses have considered pollution and  
 ssues, historically from a static perspective. This historical distinction is

ant to make a few comments about what economics is not. Economics is  
 ney or how to run a firm. Economics is the study of the allocation of

society's scarce resources. Economics per se is not pro-market or pro-government. The purpose of this course is not to argue that government action to protect the environment is bad or good; sometimes it is bad, sometimes it is good, often it is necessary if one wants environmental resources to be more efficiently allocated.

The purpose of this course is not to extol the virtues of the market. Markets have many virtues, but, when it comes to the environment, they also have many faults. In some ways, this course could be described as a course on market failures and government actions to correct those failures.

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Details

My hope it that the end of the semester you conclude the course was difficult but worth the effort.

Web pageMy web site is located at







**Applications/topics** Some of the applications/issues/topics we are likely to consider include extinction and animal preservation, pollution permits, parks and wilderness areas, valuation (travel-cost, contingent valuation, and choice experiments), global warming, conservation, mobile-source pollution (from cars and trucks), and acid deposition.

**Class format:** View the readings and my lectures as complements rather than substitutes.

A lot of the basic material that you will be responsible for will be presented in lecture and is material that is not explicitly in the readings. Class time will be devoted to lectures, problem solving and discussion. It is important that you do the appropriate readings before each lecture. Some class time will be devoted to working on the review questions. Prepare for these review sessions by answering the questions to the best of your ability. I will ask a lot of questions and will sometimes offer extra credit for correct answers. Expect to be called on.