



Introduction to Environmental Economics

Professor Nir Becker and David Lehrer

3 weekly lecture hours, 3 credits.

Graduate course

Course description

This course will survey economic thinking on environmental issues. A wide range of topics will be considered, including economic approaches to pollution control; the extent to which environmental regulations impede production of conventional goods and services; water markets; valuation of environmental resources; natural resource damage assessment; global warming; loss of biodiversity; environmental issues in developing countries; and sustainability. The course will seek to introduce students to the insights that economics can provide and to make them aware of the pitfalls of economic approaches.

Readings:

Field, B.C. and M.K. Field. Environmental Economics. 7th edition. McGraw Hill Publishing, 2016.

Stavins, R.N. Economics of the Environment: Selected Readings, 4th. Ed., Norton, 2012.

Grade components:

- Course project – 15%
- Course paper – 15%
- Final exam – 50%
- Class participation – 20%

Course Project

The instructions about the format of the course project will be distributed in the 3rd class.

Last lecture – course project due

Course Paper

The instructions about the format of the course paper will be distributed in the 5th class.

Last lecture – course paper due

Final Exam

Date to be determined.

Course schedule and readings:

Class No.	Lecturer	Subject	Reading Assignment for class
1.	Nir	Introduction and Overview of Class.	
2.	David	Demand and Supply	Field – Chapter 3
3.	David	Competition and Efficiency	Field – Chapter 3
4.	David	Efficiency vs. Market Failures: Externalities and Public Goods	Field – Chapter 4
5.	Nir	Market Failure: The Tragedy of the Commons	Field – Chapter 4 Stavins – Chapter 2 Hardin (1968)
6.	Nir	Cost Benefit Analysis Project Evaluation. Includes Discounting and Risk Analysis. Also Problem Solving and Introduction to Valuation.	Field – Chapter 4 Schmidt & Courant (2006)
7.	Nir	Valuation of Environmental Resources – Revealed Preferences: Morbidity, Mortality, Hedonic Price Models and Travel Cost Models	Field – chapter 7 Maile & Mendelshon (1993) Becker Lavee (2003) Hacket (2000) Small & Kazimi (1994)
		Valuation Direct Method: The Contingent Valuation Model	Stavins – Chapter 7-11 Carson (2000) Herath & Kennedy (2004) Kincaid (1986) Rosenberger & Loomis (2001)
8.	David	Environmental Regulations: Command and Control	Field – chapter 11-13
9.	David	Environmental Regulations: Taxes and Permits	Field – chapter 11-13
10.	Nir	Guest lecturer, Summary Problem Solving.	T.B.D.
11.	David	Summary and Review	