

Introduction to Environmental Economics and Policy

AREc 250 / AREc 299

Spring Term 2007

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Class Meetings: MWF 2:00 – 3:10 pm, Withycombe 217

Office Hours: TA: MF 12:00 – 2:00 pm, Instructor: TTh 2:00 – 4:00 pm

Credits: AREc 250 is a 3-credit course and runs from April 2 to May 23. For students wishing to obtain 1 additional credit, AREc 299 is the continuation of the course and runs from May 25 to June 8.

Course Description: The goal of this course is to introduce students to the principles of microeconomics, with applications to environmental problems and policies. The course is divided into four sections, each of which lasts between 2 and 3 weeks. Section one provides an introduction to the course, covers some basic tools for numerical and graphical analysis, and introduces supply, demand, and market equilibrium concepts. Section two investigates demand and supply in more depth, and concludes with a discussion of market efficiency. Section three delves into selected topics relevant to environmental problems and policies. These include externalities, environmental regulation, and public goods. The final section of the course is for students enrolled in AREc 299 and covers imperfect competition and models of strategic behavior. While the course covers standard microeconomic topics, an effort will be made to present them in the context of current environmental issues, and to emphasize topics relevant to the field of environmental economics.

Readings: The textbook for this course is Frank, R.H., and B.S. Bernanke. 2007. Principles of Microeconomics. New York: McGraw-Hill.

Grading: Your grade in AREc 250 will be based on two mid-term exams, a final exam, and homework assignments. Exams will cover material presented in class, assigned readings, and homework assignments. An emphasis will be placed on material we discuss in class, so class attendance is required for a satisfactory performance. A total of 100 points can be earned in AREc 250. The mid-term exams each count for 25 points and the final exam counts for 30 points. Homework assignments count for 20 points. For students enrolled in AREc 299, the point total will be 133. The grade for the additional 33 points will be based on a take-home

problem set. The problem set will be handed out in class on June 8 and due by 12 noon on Monday, June 11. The problem set will emphasize material covered during section four of the course.

Policy on Make-up Exams and Late Homeworks: Exams are given only at the scheduled time. If you have to miss a mid-term exam due to a personal emergency, the 25 points for the exam will be reallocated to the final exam (that is, your final exam will be worth 55 points). If you miss the final exam, you have forfeited the points for the exam. You must notify me prior to the exam if you must miss it (email and phone messages are acceptable). Homework assignments are due in class. Late assignments will be accepted until 5 pm on the day they are due, and must be put in the TAs mailbox (#322) in 206 Ballard. Otherwise, late assignments will not be accepted. Your lowest homework grade will be dropped, so if you cannot turn in an assignment due to a personal emergency it will not count against you.

Expectations: I expect you to attend every class, having done the reading in advance and prepared to participate in a discussion of the reading. In return, you can expect me to be prepared and organized, open to your ideas, and fair in evaluating your performance.

Feedback: I have taught many economics classes before, and am always looking for ways to improve my classes. I welcome your feedback on the course at any time during the term. Feel free to send me email, call me, drop by my office hours, etc. Your input is essential for me to make necessary adjustments in the current course and to improve the course in the future.

Class Schedule

<u>Date</u>	<u>Topic</u>	<u>Reading</u>
<u>SECTION ONE</u>		
April 2	Introduction	Chapter 1
April 4	Introduction	Chapter 1
April 6	Equations, Graphs, and Tables	Chapter 1 Appendix
April 9	Supply and Demand: An Introduction	Chapter 3
April 11	Supply and Demand: An Introduction	Chapter 3
April 13	Supply and Demand: An Introduction	Chapter 3
April 16	Exam Review	
April 18	EXAM 1 (50 minutes)	
<u>Date</u>	<u>Topic</u>	<u>Reading</u>

SECTION TWO

April 20	Demand	Chapter 5
April 23	Demand	Chapter 5
April 25	Demand for the Environment	
April 27	Perfectly Competitive Supply	Chapter 6
April 30	Perfectly Competitive Supply	Chapter 6
May 2	Efficiency and Exchange	Chapter 7 (pp. 191-195)
May 4	Exam Review	
May 7	EXAM 2 (50 minutes)	

SECTION THREE

May 9	Externalities and Property Rights	Chapter 12
May 11	Externalities and Property Rights	Chapter 12
May 14	Environmental Regulation	Chapter 15 (pp. 432-435)
May 16	Public Goods	Chapter 16
May 18	Public Goods	Chapter 16
May 21	Exam Review	
May 23	FINAL EXAM (70 minutes)	

SECTION FOUR (AREc 299)

May 25	Imperfect Competition	Chapter 10
May 28	Memorial Day (no class)	
May 30	Imperfect Competition	Chapter 10
June 1	Strategic Choice	Chapter 11
June 4	Strategic Choice	Chapter 11
June 6	Alex?	
June 8	Wrap-up	