

Fall 2010
Dept. Economics
Boise State University

ECON 498 and 498g Markets and the Environment (3 credits)

Instructor: Siân Mooney
Office: Business Building, Room 311C
Phone: 208-426-1471
E-mail: sianmooney@boisestate.edu
Class times: Monday 6pm-9pm (3 credit course)
Class location: Business Building, Room B309
Office hours: Tuesday/Thursday 9am-10am, or by appointment.

Prerequisites

Minimum preparation expected is *Intermediate Microeconomics*. Some financial concepts will be covered in the course including cost-benefit analysis and net present value. Concepts such as compounding and discounting will be introduced in class but their coverage will be brief. Additional background classes in environmental economics finance and a good grasp of math will be useful. In addition students are expected to be able to *use simple spreadsheet programs such as Excel* and be *proficient at using the internet and library*.

There are many seminal articles in economics that have supported the theories and ideas that we will discuss in class. Many topics in “Markets and the Environment” will be related to/studied in conjunction with, these seminal articles. To read these articles you will need a good grasp of microeconomic theory and a willingness to undertake extensive reading.

Under special circumstances students may be admitted with the consent of the instructor.

FORMAT

Class time will combine lectures, seminar style discussions, presentations by guest speakers (if possible) and students as well as some video presentations. I would like to foster opportunity for extensive discussions and interactions between all of us. I am interested to hear your viewpoints and encourage class debate.

COURSE DESCRIPTION AND GOALS

Description

This course will focus on the following main topics:

- i) Broad overview of *economics of market failure* including property rights/lack of prices for resources etc
- ii) Valuation of environmental goods and services
- iii) Policies for regulating pollution
- iv) *New and emerging markets* for regulating pollution; reallocating rights to natural resources; markets for environmental services

The economic and political factors that have prompted the emergence of markets for environmental goods and services as well as the voluntary adoption of “environmentally friendly” technologies by individual firms is a very large and complex area of study. A comprehensive overview of the many interesting and relevant topics is not feasible in the time available and will not be attempted within this course.

Learning goals/skills

The main goal of this course is to develop a conceptual and institutional understanding of how markets for environmental services are being used to modify industry activities and the impact that these new institutions have on internal firm decision making. In addition, students will gain cursory knowledge of the techniques used by economists to value goods not sold in the marketplace. Many of the broad issues that will be covered e.g. global climate change, are issues that will affect many areas of our personal and professional lives, most likely for our entire lifetimes. An introduction to these issues will prepare you with a basic set of tools and sufficient understanding of these markets to begin work as a professional in many areas of commerce, government and non-profit industries.

Specific skills

1. Conceptual understanding of market failure and possible remedies
2. Appreciation for the growing importance of the overlap between ecology and economics
3. Basic understanding of different tools used for regulation

TEXTS

Required

Tietenberg, T.H. 2006. Emissions Trading: Principles and Practice (Second Edition). Resources for the Future, Washington, D.C.

Keohane, N.O and S. M. Olmstead. 2007. Markets and the Environment. Island Press.

Chapters from other books as well as journal articles and reports will also be assigned for various sections of this course.

Further reading if you wish

The following books provide good background for the general issues we will cover if you are interested in doing more reading on your own. It is likely that you will get to read several chapters from these books during the course of the semester. If you find other books/newspaper articles or other readings that you think are useful please let me know about them.

Heal, Geoffrey. 2000. Nature and the Marketplace: Capturing the Value of the Ecosystem Services. Island Press. Washington D.C.

Labatt, S and R.R. White. 2002. Environmental Finance: A Guide to Environmental Risk Assessment and Financial Products. John Wiley and Sons. Hoboken, New Jersey.

Lovins, A., H. Lovins, P. Hawken, R. Shapiro and J. Magretta. 2000. Harvard Business Review on Business and the Environment. Harvard Business School Publishing.

EVALUATION

You will get the opportunity to think about the topics we discuss in class and work through the concepts using a number of take home study aids and in class discussion and participation

1. Assignments	40%*
2. Poster development	10%
3. In class presentations	20%
4. Midterm exam	15%
5. Final exam	<u>15%</u>
	100%

***Students enrolled in 498g** have a different weighting system – 30% assignments; 10% poster development; 10% in class presentations; 15% Midterm, 15% final and 20% for a research paper on a topic selected jointly with the instructor.

ASSESSMENT POLICIES

All assignments are due at the beginning of class on the due date specified when they are given out. All work must be typed or written legibly and neatly, checked for spelling errors and grammatically correct. Please do not hand in your work late.

CLASS CONDUCT

This is a learning environment. Please respect the views of your class-mates even if you do not agree with them personally. Treat your class-mates (and instructor) with respect.

My expectations of you

- attend all classes
- provide advance notice of absences when possible
- come to class prepared i.e. prepared to participate in discussions of readings or assignments
- **come and see me** when you have difficulties with class material, or wish to discuss class topics in more detail
- please turn off your cell phones!

What you can expect from me

- assessment of your progress in mastering the subject mater and prompt grading of materials
- preparation of materials relevant to the subject, willingness to answer questions and clarify
- ethical, fair treatment – if you feel this is not happening please come and present your case
- availability (drop in or appointment) to discuss class materials
- provide materials and an environment that facilitates learning

Academic dishonesty

Cheating, plagiarism and other forms of misconduct will not be tolerated. You can work together on homework assignments and problem sets, however each of you must submit your own work. Submitting someone else's work as your own, or letting someone else submit your work as theirs constitutes cheating.

If you are unsure what constitutes academic dishonesty take a look at page 13 on the following web link:

<http://registrar.boisestate.edu/Catalogs/03-04UndergradCatalog/Chapter2.pdf>

Disabilities

If any student has a disability that requires special accommodation in class, for assignments, exams or any other task please come and see me by the second week of class. For information regarding disabilities and accommodations that the University can make for you see

http://drc.boisestate.edu/FAQ/index.cfm?subsection_id=46

Help with Writing

Writing reports, journal articles, theses and other works is the primary method we use to convey our ideas to other people. It is important that written work expresses our ideas as clearly as possible. In this course you will have several written assignments. The College of Business and Economics has developed a handbook to help you with your writing. You can download it at

<http://cobe.boisestate.edu/COBEwritingGuide>

Also, The Writing Center located in the Liberal Arts Building, Room 200, is a free service open to all members of the Boise State community. Face-to-face consultation appointments can be set up by phone (426-1298), web link <http://www.boisestate.edu/wcenter/> or in person.

A key to good writing is plan, write, re-write, re-write and re-write again!!!