Economics 250
Environmental Economics

This course analyzes the economic sources of environmental problems and examines policy options for addressing these problems.

Contact Information
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Office Hours: Wed. 3:30-5:00

Class Meetings: TuTh 11:00-12:50 in Landau Economics Bldg., Rm. 206

Readings: Course readings are listed below. There is no textbook.

Prerequisite: Economics 202, 203, 204, and a course in econometrics; or equivalent with consent of the instructor. Students are encouraged to take this course as part of a two-course sequence that includes Economics 251.

Course Format:

This course aims to acquaint students with important environmental economic problems, convey important theoretical and empirical findings, and provide tools for continued research in these areas. Toward these ends, classes involve lectures, student presentations of specified readings, and discussion. In addition, students must hand in a “referee report” about once a week and submit (toward the end of the course) a research proposal. This approach facilitates a close reading and analysis of key papers and a good grasp of the important theoretical and empirical issues.

Referee reports and presentations: About half of the class meetings will focus on a pre-assigned paper. We will ask students to read the assigned paper in advance and prepare and turn in at the beginning of class a referee report on the paper. In addition, each student is expected to present one of the assigned papers once or twice during the quarter, based on prior sign-ups. For details regarding the referee reports, please refer to “Guidelines for the Referee Report” on the course website.
Grading:

Referee reports and presentation, and class discussion: 80%
Three-page research proposal and final presentation (10 min): 20%

Note re Special Accommodation:

Students who have a physical, psychological, or learning disability that may necessitate an academic accommodation or the use of auxiliary aids and services in a class must initiate the request with the Disability Resource Center (DRC), not with the instructor. The DRC will evaluate the request along with the required documentation, recommend appropriate accommodations, and prepare a verification letter dated in the current academic term in which the request is being made. Students should contact the DRC as soon as possible as timely notice is needed to arrange for appropriate accommodations. The DRC is located at 563 Salvatierra Walk.
Course Outline and Reading List

Note: Asterisks identify required readings. The double asterisk (**) indicates articles to be focused on in referee reports.

1. Introduction


2. Market Failure and Potential Rationales for Environmental Policy


3. Choosing among Alternative Pollution-Control Instruments

A. Taxes, Standards, and Subsidies


Baumol and Oates, chs. 10-11, 14.

B. Tradable Emissions Permits


Baumol and Oates, ch. 12.


4. Interactions between Environmental Policy and the Fiscal System


Adar, Z. and J. M. Griffin, “Uncertainty and Choice in Pollution Control Instruments,”
5. Uncertainty and Instrument Choice

* Baumol and Oates, ch. 5.


6. Climate Change: Assessing the Economic Impacts and Evaluating Policy Options

A. Climate Policy, Discounting, and Decision Making


Recommendations for Designing a Greenhouse Gas Cap-and-Trade System for California, Recommendations of the Market Advisory Committee to the California Air


B. Numerical Modeling of Climate Change Policy


C. Estimating the Impacts of Climate Change on Agriculture


6. Valuing Non-Marketed Goods and Services

A. General Theory


B. A Revealed Preference Method: Hedonic Valuation


C. Stated Preference Methods


7. Natural Resources, Long-Run Growth, and Welfare

A. Resource Scarcity and Economic Growth


B. Sustainability: Concepts, Measures, and Policy Implications


