THE UNIVERSITY OF BRITISH COLUMBIA  
Vancouver School of Economics  
Fall, 2014

ECONOMICS 371  
ECONOMICS OF THE ENVIRONMENT

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Scope of the Course:

This course focuses on linkages between the economy and the environment, and on the analysis of policies to deal with environmental problems. The main emphasis will be on pollution, although issues such as fisheries, waste disposal, climate change, and sustainable development will also be discussed.

Related courses offered by the School of Economics include Economics 370 (Cost Benefit Analysis), 374 (Land Economics), 471 (Non-renewable Resources) and 472 (Renewable Resources).

Prerequisite:

Economics 101/102. I will assume that all students are familiar with the basic concepts of microeconomics which are taught in Economics 101/102. Calculus will not be used in the course.

Requirements:

Midterm Exam (30%)  October 21.  
Final Exam (50%)  Scheduled by Registrar's Office  
Assignments (20%)  Will be posted on the Connect page for this course when available

Textbook:


Important Note: I will not always follow the textbook in this course: material will be drawn from various sources. However, students will be expected to read and study most of the above book.
Some additional readings may be suggested throughout the course. **Some of the readings below are optional.** Required readings are indicated with an asterisk (*); changes may be announced in class.

1. **Introduction**

   *Keohane and Olmstead, Ch. 1

2. **Measuring Environmental Costs and Benefits**

   *Keohane and Olmstead, Ch. 2,3
   [Note that the Stern Review Report on the Economics of Climate Change is available [here].]

3. **Externalities, Public Goods and Market Failures**

   *Keohane and Olmstead, Ch. 4,5
   *Keohane and Olmstead, Ch. 7; pp. 110 - 124.

4. **Pollution Regulation**

   **Property Rights**

   *Keohane and Olmstead, Ch. 8; pp. 125-129

Taxes, Subsidies, Standards, Permits and other forms of Regulation

*Keohane and Olmstead, Ch. 8, 9, 10
*Chris Costello, Steven Gaines and John Lynham, "Can Catch Shares Prevent Fisheries Collapse?" Science, Sept 19, 2008

5. Economic Growth and the Environment

*Keohane and Olmstead, Ch. 11
*Arrow, K.J. et al., "Are We Consuming Too Much? " The Journal of Economic Perspectives, Vol. 18, No. 3 (Summer, 2004), pp. 147-172

6. International Trade and the Environment


7. Global Environmental Problems


