New Stern School Undergraduate Elective
(Preliminary Syllabus)

Business and the Environment
C30.00225
Roy Radner
Fall 2008
Tue and Thurs, 9:30-10:45 a.m.
Prerequisite: introductory microeconomics

Environmental problems typically arise from “market failures.” This seminar will examine several environmental issues at the local, national, and international levels, such as smog, acid rain, energy, fishing, and global climate change. Drawing on the theories of externalities, market failure, and mechanism design, we shall explore the causes of these problems, and some of the potential remedies, including government regulation, voluntary associations, treaties, and markets for emissions, as well as potential related business opportunities.


Plus various articles, most of which are found in the following two collections:
Copies of most of these articles can be downloaded from JSTOR. I shall make arrangements to make the others available. Other references will be added during the semester, especially in the area of potential business opportunities.

Outline and Reading Assignments (preliminary)

1. Introduction
   TT, Ch. 1, 1-12.
   TT, Ch. 13, 257-80.

2. Air Pollution, I. Stationary Source Local Pollution
   TT, Ch. 14, 281-305.
3. Air Pollution, II. Transportation
   TT, Ch.16, 334-68.
   of Higher CAFE Standards and Increased Gasoline Taxes," J. of Environmental
   Economics and Management, 50 (3), 562-582.
   Contemporary Economic Policy, 23 (3), 1-7.

4. Acid Rain
   TT, Ch. 15, 306-313.
   Based Environmental Policy: The U.S. Acid Rain Program,” J. of Law and Economics,
   41, 37-83 (EE, Ch. 28).
   Emissions Trading,” J. of Economic Perspectives, 12, 53-68 (EE, Ch. 21).
   Lessons from S02 Allowance Trading,” J. of Economic Perspectives, 12, 69-88 (EE, Ch.
   22).

5. Valuing the Environment
   TT, Chapters 2-3, 113-58.
   Should Care,” J. of Economic Perspectives, 8, 3-17.
   Hanemann, W. Michael (1994), Valuing the Environment through Contingent
   Valuation,” J. of Economic Perspectives, 8, 19-43.

6. Externalities and Market Failure
   TT, Ch. 4, 59-84.

7. Energy
   TT, Ch. 8, 135-161.
   Vaitheeswaran, V. V., Ch. 7 (pp. 194-219), Power to the People, Farrar,

8. Introduction to Game Theory
   School, NYU (unpublished).

9. Fishing
   TT, Ch. 7, 122-134.
   TT, Ch. 12, 234-56.
   White, L. J., "The Fishery as a Watery Commons: Lessons from the Experiences
10. Climate Change
   TT, Ch. 15, 314-33.
   of Economic Perspectives, 7, 11-25 (EE, Ch. 22).
   Tradeoffs,” Foreign Affairs, 76, 8-14 (EE, Ch. 23).
   66 (EE, Ch. 24).

Supplementary References
   Vaitheeswaran, Vijay V., Power to the People, New York: Farrar;, Strauss, and