New Stern School Undergraduate Senior Seminar

Environmental Economics
C30.0300.001
Roy Radner
Spring 2007
Tue and Thurs, 2-3:15
Prerequisite: introductory microeconomics

Environmental problems typically arise from “market failures.” This course will examine several environmental issues at the local, national, and international levels, such as smog, acid rain, energy, fishing, and global warming. 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.

The final grade will be based on occasional short assignments plus a term paper.

Plus various articles, most of which are found in the following two collections:
Copies of these articles will be distributed in class.

Outline and Reading Assignments (preliminary and incomplete)

1. Introduction
   TT, Ch. 1, 1-12.
   TT, Ch. 13, 257-80.
   *Nature*, 395, 6701 (EE, Ch. 1).
   (EE,Ch. 2).

2. Air Pollution, I. Stationary Source Local Pollution
   TT, Ch. 14, 281-305.

3. Air Pollution, II. Transportation
   TT, Ch.16, 334-68.
4. Acid Rain
TT, Ch. 15, 306-313.

5. Valuing the Environment
TT, Chapters 2-3, 113-58.

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

7. Energy
TT, Ch. 8, 135-161.

8. Introduction to Game Theory

9. Fishing
TT, Ch. 7, 122-134.
TT, Ch. 12, 234-56.

10. Climate Change
TT, Ch. 15, 314-33.