Introduction to Environmental Policy Analysis (ESM 251)
Bren School of Environmental Science & Management, UCSB
Fall 2012

Professor: Hugo Salgado.
Office: 4410 Bren Hall.
Phone: 805-893-5802
Email: hsalgadoc@gmail.com
Class meetings: Mon and Wed 8:30-9:45.
Office Hours: Tuesday 9:00-10:00 or by appointment.

Teaching Assistant: Sara Sutherland.
Office: 4418 Bren Hall.
Email: suther54@gmail.com
Office Hours: Monday 2-3 and Wednesday 10-11.

Course Objectives

The goals of this short course are to provide an introduction to the theory of environmental policy and to some of the conceptual and analytical methods of policy analysis from an economic point of view. The course begins with an overview (review) of microeconomic analysis. We will study how markets determine prices and the allocation of scarce resources. We will focus on how markets work, why and when they may fail to work, and the policy implications of both their successes and failures. While the emphasis of the course will be on policy analysis from the perspective of economic efficiency, we will consider the implications of alternative evaluative criteria—cost effectiveness, equity, ecological sustainability, among others. After taking the course, students will have the necessary background and context in which to pursue further studies in ESM 204 and elective courses in economics, policy, and political science.

Course Materials

Most of the reading from the course will be taken from N. Gregory Mankiw's text Principles of Microeconomics. Any edition of the text will work, and used copies are generally available and easily affordable. Additional readings will be assigned and made available online.

Course Requirements

You are expected to complete all of the assigned reading before class, as lectures will build on rather than reiterate reading material. There will be three problem sets. You may work on the problem sets in groups; however, you are responsible for writing your own answers, in your own words. Working through the problem sets will help you to understand the material and prepare for the final exam. Hard copies of completed problem sets should be turned in to Sara’s mail box before 5:00 pm on the date that they are due.

- Problem set due dates: November 16 and 26, and December 3rd.
- Practice Final Exam: Distributed December 3rd.
- Discussion Sections:
  - Mondays: 1:00-1:50 Bren Hall 1520 & 3:00-3:50 Bren Hall 3526
  - Tuesdays: 3:00-3:50 Bren Hall 1510 & 4:00-4:50 Bren Hall 1510.
- Final exam: Wednesday, December 12, 8:00-11:00, 1414 Bren Hall.
Course Grades

Course grades will be based on: a quiz (10%) the problem sets (40%) and the final exam (50%).

Course Outline

Introduction (Nov 5th)

Markets and Efficiency (Nov 7, ?, 14, 19)
- Demand, Supply, and Equilibrium in a Perfectly Competitive Market
- Elasticity
- Surplus and Market Efficiency
- Welfare Analysis of Government Policies

Quiz (Nov 21)

Selected Sources of Market Failure (Nov 26, 28)
- Externalities
- Public Goods and Common Pool Resources

International Trade (Dec 3)

Sustainability, Alternative Evaluative Criteria (Dec 5)
- Alternative Evaluative Criteria – pros and cons
- Summary of Course