



ENVG201

Introduction to Environmental Economics

S1 Day 2014

Dept of Environment & Geography

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General Information

Unit convenor and teaching staff

Unit Convenor

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Building E7A, Room 730

strictly by appointment

Credit points

3

Prerequisites

12cp

Corequisites

Co-badged status

Unit description

This unit is designed to provide students with an introductory exposure to environmental economics. In addition to dwelling on the key concepts, tools and methods used in environmental economics, the unit provides an understanding as to why it is crucial to incorporate the environment as a factor of production in our economy, what the key challenges are in doing so and how effective the available policy instruments are. Several topics such as the economics of climate change, economics of land use development and urban planning, and sustainable development will be covered in order to highlight the role environmental economics plays in addressing contemporary societal challenges. The emphasis of this unit is also on helping students develop a set of basic analytical and mathematical tools that could be used to assess and derive practical policy recommendations. The unit builds on several real case studies that provide students with a hands-on introduction to basic cost-benefit analysis (using Excel) involving future discounting and uncertainty.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

Learning Outcomes

On successful completion of this unit, you will be able to:

An ability to do basic cost-benefit analysis of environmental policies and outcomes --

through the use of numerical examples in excel. No prior exposure to economics is assumed.

An ability to comprehend the role of discounting in inter-temporal and inter-generational problems --concept of discounting and its relevance explained through examples and policy contexts.

An appreciation of basic economic concepts, frameworks and evaluation methods associated with environmental problems (specifically environmental valuation methods)--explained through real life examples in environment, society and policy

An ability to comprehend and relate the environmental and economic consequences of land development, transport, infrastructure and urban growth--develops and augments urban and urban planning skills in the context of climate change, natural resource scarcity and budget constraints

A brief understanding of the political economy of government interventions with respect to urbanization and the environment--helps develop skills relating to policy formulation and analysis

An ability to consider environmental policy issues from an economic perspective; ability to objectively analyze economic, environmental and socio-political tradeoffs associated with environmental problems such as global warming--accomplished through consideration of contemporary societal challenges

Understanding of the linkages between physical science and economics as well as the basic capability to integrate the two --explained through existing socio-economic-climatic models

Assessment Tasks

| Name | Weighting | Due |
|----------------------|-----------|----------------|
| <u>Assignment 1</u> | 15% | March 28 |
| <u>Mid-Term Exam</u> | 30% | April 11 |
| <u>Assignment 2</u> | 15% | May 30, June 6 |
| <u>Final Exam</u> | 40% | June 13 |

Assignment 1

Due: **March 28**

Weighting: **15%**

The First assignment involves cost-benefit/wtp analysis through the use of excel (15 marks out of

100)--This assignment is given after the first (or second) lecture when students are made familiar with CBA and willingness to pay (wtp) techniques in Excel.

A hard copy of the assignment is due on **March 28**. An electronic copy detailed all calculations in excel, must be submitted by email by the due date.

On successful completion you will be able to:

- An ability to do basic cost-benefit analysis of environmental policies and outcomes -- through the use of numerical examples in excel. No prior exposure to economics is assumed.
- An ability to comprehend the role of discounting in inter-temporal and inter-generational problems --concept of discounting and its relevance explained through examples and policy contexts.
- An ability to consider environmental policy issues from an economic perspective; ability to objectively analyze economic, environmental and socio-political tradeoffs associated with environmental problems such as global warming--accomplished through consideration of contemporary societal challenges

Mid-Term Exam

Due: **April 11**

Weighting: **30%**

covers course material in lectures 1-5.

This is a closed book exam. Maximum time allowed will be 90 minutes.

On successful completion you will be able to:

- An ability to comprehend the role of discounting in inter-temporal and inter-generational problems --concept of discounting and its relevance explained through examples and policy contexts.
- An appreciation of basic economic concepts, frameworks and evaluation methods associated with environmental problems (specifically environmental valuation methods)-- explained through real life examples in environment, society and policy
- An ability to consider environmental policy issues from an economic perspective; ability to objectively analyze economic, environmental and socio-political tradeoffs associated with environmental problems such as global warming--accomplished through consideration of contemporary societal challenges

Assignment 2

Due: **May 30, June 6**

Weighting: **15%**

The second assignment has two parts: first part-- project report preparation (10 marks out of 100) and second part-- presentation (5 marks out of 100)--This assignment is handed out in the post-mid term session and students normally have 3-4 weeks to work on the report.

A hard copy of the project report will be due in class on **May 30** (an electronic copy must be submitted by email as well).

The report must not exceed 2 pages in length (single spaced and 12 font size). References will not count towards the page limit.

Additional rules over how to allocate individual contributions on the project within the group and details over topics to be worked on will be provided on iLearn.

Each student within a group must present a part of the project findings.

Presentations are due in class on **June 6**.

On successful completion you will be able to:

- An ability to comprehend the role of discounting in inter-temporal and inter-generational problems --concept of discounting and its relevance explained through examples and policy contexts.
- An appreciation of basic economic concepts, frameworks and evaluation methods associated with environmental problems (specifically environmental valuation methods)-- explained through real life examples in environment, society and policy
- An ability to comprehend and relate the environmental and economic consequences of land development, transport, infrastructure and urban growth--develops and augments urban and urban planning skills in the context of climate change, natural resource scarcity and budget constraints
- A brief understanding of the political economy of government interventions with respect to urbanization and the environment--helps develop skills relating to policy formulation and analysis
- An ability to consider environmental policy issues from an economic perspective; ability to objectively analyze economic, environmental and socio-political tradeoffs associated with environmental problems such as global warming--accomplished through consideration of contemporary societal challenges
- Understanding of the linkages between physical science and economics as well as the basic capability to integrate the two --explained through existing socio-economic-climatic models

Final Exam

Due: **June 13**

Weighting: **40%**

mostly covers post-mid term course materials. May cover one or two topics from the pre-mid term.

This is a closed book exam, maximum time allowed will be 100 minutes.

On successful completion you will be able to:

- An ability to comprehend the role of discounting in inter-temporal and inter-generational problems --concept of discounting and its relevance explained through examples and policy contexts.
- An appreciation of basic economic concepts, frameworks and evaluation methods associated with environmental problems (specifically environmental valuation methods)-- explained through real life examples in environment, society and policy
- An ability to comprehend and relate the environmental and economic consequences of land development, transport, infrastructure and urban growth--develops and augments urban and urban planning skills in the context of climate change, natural resource scarcity and budget constraints
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Delivery and Resources

Reading materials including lecture notes are provided on iLearn.

Note: iLectures are not provided for this course and students are required to attend ALL lectures, as most of the learning takes through classroom interactions.

Technology used: iLearn, computers for performing excel examples, MS office software, etc.

Unit Schedule

Please refer to MQ timetable for teaching dates and location

(This is tentative schedule as some topics may require more than a week to cover)

Week 1---Introduction to basic microeconomics.

Economy and the Environment: Production Function, GDP and Sustainability

Green Accounting: The case for counting environmental degradation as capital depreciation

Case Study: Are we being served, Economist article

Week 2---Environmental Challenges: Market Failure, Externalities, Property Rights

Case Study: Paul Krugman: California Death Spiral

Week 3---Valuing the Environment, CBA, value of water

Case Study: Valuing Biodiversity By Partha Dasgupta

Week 4---Industry production and pollution abatement costs; Health impacts of industrial/ environmental pollution, Environmental Kuznets Curve

Case Study: The Economics of Pollution Control, by Daniel Phaneuf

Week 5---Policy Instruments: Taxes/Quotas, Subsidies and Regulations: Controlling point and non-point sources of pollution

Case Study TBA

Week 6---Mid Term Exam

Week 7---The Economics of Climate Change: Environmental damages and cost benefit accounting.

Case Study TBA

Week 8---Understanding and managing catastrophic possibilities: Risks: objective versus subjective risks, mitigation versus adaptation tradeoffs, role of risk perception in decision making

Case Study TBA

Week 9---Urban Growth and the Environment: The political economy of urbanization, role of property taxes, environmental impacts

Case Study TBA

Week 10---Economics of Transport/Infrastructure: Sustainable options, renewable and non-renewable resources, Fuel Efficiency and Rebound effect

Case Study TBA

Week 11---Economics of Land use Planning: Urban sprawl, land use and water scarcity—agriculture versus urbanization

Case Study TBA

Week 12---Urbanization, energy dependence and health impacts of urban sprawl

Economics of renewable and non-Renewable Resources: Fisheries/Oil

Week 13---Final Exam

Learning and Teaching Activities

Tutorials

Tutorials will be conducted during regular teaching hours.

Help sessions

Additional help sessions will be provided as needed

Class room lectures

These are main lecture sessions conducted once per week.

Class presentations

This will be held as a part of the second assignment

Project report preparation

This is normally done in small groups

Practice questions

are handed out regularly in class

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](#). Students should be aware of the following policies in particular with regard to Learning and Teaching:

Academic Honesty Policy http://mq.edu.au/policy/docs/academic_honesty/policy.html

Assessment Policy <http://mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy <http://mq.edu.au/policy/docs/grading/policy.html>

Grade Appeal Policy <http://mq.edu.au/policy/docs/gradeappeal/policy.html>

Grievance Management Policy http://mq.edu.au/policy/docs/grievance_management/policy.html

Disruption to Studies Policy http://www.mq.edu.au/policy/docs/disruption_studies/policy.html *The Disruption to Studies Policy is effective from March 3 2014 and replaces the Special Consideration Policy.*

In addition, a number of other policies can be found in the [Learning and Teaching Category](#) of Policy Central.

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: https://students.mq.edu.au/support/student_conduct/

Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

Learning Skills

Learning Skills (mq.edu.au/learningskills) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

Student Enquiries

For all student enquiries, visit Student Connect at ask.mq.edu.au

IT Help

For help with University computer systems and technology, visit <http://informatics.mq.edu.au/help/>.

When using the University's IT, you must adhere to the [Acceptable Use Policy](#). The policy applies to all who connect to the MQ network including students.

Graduate Capabilities

Capable of Professional and Personal Judgement and Initiative

We want our graduates to have emotional intelligence and sound interpersonal skills and to demonstrate discernment and common sense in their professional and personal judgement. They will exercise initiative as needed. They will be capable of risk assessment, and be able to handle ambiguity and complexity, enabling them to be adaptable in diverse and changing environments.

This graduate capability is supported by:

Learning outcomes

- An ability to do basic cost-benefit analysis of environmental policies and outcomes -- through the use of numerical examples in excel. No prior exposure to economics is assumed.
- An appreciation of basic economic concepts, frameworks and evaluation methods associated with environmental problems (specifically environmental valuation methods)-- explained through real life examples in environment, society and policy

Assessment tasks

- Assignment 1
- Mid-Term Exam
- Assignment 2
- Final Exam

Commitment to Continuous Learning

Our graduates will have enquiring minds and a literate curiosity which will lead them to pursue

knowledge for its own sake. They will continue to pursue learning in their careers and as they participate in the world. They will be capable of reflecting on their experiences and relationships with others and the environment, learning from them, and growing - personally, professionally and socially.

This graduate capability is supported by:

Learning outcome

- An ability to consider environmental policy issues from an economic perspective; ability to objectively analyze economic, environmental and socio-political tradeoffs associated with environmental problems such as global warming--accomplished through consideration of contemporary societal challenges

Assessment tasks

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Discipline Specific Knowledge and Skills

Our graduates will take with them the intellectual development, depth and breadth of knowledge, scholarly understanding, and specific subject content in their chosen fields to make them competent and confident in their subject or profession. They will be able to demonstrate, where relevant, professional technical competence and meet professional standards. They will be able to articulate the structure of knowledge of their discipline, be able to adapt discipline-specific knowledge to novel situations, and be able to contribute from their discipline to inter-disciplinary solutions to problems.

This graduate capability is supported by:

Learning outcomes

- An ability to do basic cost-benefit analysis of environmental policies and outcomes -- through the use of numerical examples in excel. No prior exposure to economics is assumed.
- An ability to comprehend the role of discounting in inter-temporal and inter-generational problems --concept of discounting and its relevance explained through examples and policy contexts.
- An appreciation of basic economic concepts, frameworks and evaluation methods associated with environmental problems (specifically environmental valuation methods)-- explained through real life examples in environment, society and policy
- An ability to comprehend and relate the environmental and economic consequences of

land development, transport, infrastructure and urban growth--develops and augments urban and urban planning skills in the context of climate change, natural resource scarcity and budget constraints

- A brief understanding of the political economy of government interventions with respect to urbanization and the environment--helps develop skills relating to policy formulation and analysis
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Assessment tasks

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- Final Exam

Critical, Analytical and Integrative Thinking

We want our graduates to be capable of reasoning, questioning and analysing, and to integrate and synthesise learning and knowledge from a range of sources and environments; to be able to critique constraints, assumptions and limitations; to be able to think independently and systemically in relation to scholarly activity, in the workplace, and in the world. We want them to have a level of scientific and information technology literacy.

This graduate capability is supported by:

Learning outcomes

- An ability to do basic cost-benefit analysis of environmental policies and outcomes -- through the use of numerical examples in excel. No prior exposure to economics is assumed.
- An ability to comprehend and relate the environmental and economic consequences of land development, transport, infrastructure and urban growth--develops and augments urban and urban planning skills in the context of climate change, natural resource scarcity and budget constraints
- An ability to consider environmental policy issues from an economic perspective; ability to objectively analyze economic, environmental and socio-political tradeoffs associated

with environmental problems such as global warming--accomplished through consideration of contemporary societal challenges

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- Final Exam

Problem Solving and Research Capability

Our graduates should be capable of researching; of analysing, and interpreting and assessing data and information in various forms; of drawing connections across fields of knowledge; and they should be able to relate their knowledge to complex situations at work or in the world, in order to diagnose and solve problems. We want them to have the confidence to take the initiative in doing so, within an awareness of their own limitations.

This graduate capability is supported by:

Learning outcomes

- An ability to do basic cost-benefit analysis of environmental policies and outcomes -- through the use of numerical examples in excel. No prior exposure to economics is assumed.
- An ability to consider environmental policy issues from an economic perspective; ability to objectively analyze economic, environmental and socio-political tradeoffs associated with environmental problems such as global warming--accomplished through consideration of contemporary societal challenges

Assessment tasks

- Assignment 1
- Mid-Term Exam
- Assignment 2

Creative and Innovative

Our graduates will also be capable of creative thinking and of creating knowledge. They will be imaginative and open to experience and capable of innovation at work and in the community. We want them to be engaged in applying their critical, creative thinking.

This graduate capability is supported by:

Learning outcome

- An ability to consider environmental policy issues from an economic perspective; ability

to objectively analyze economic, environmental and socio-political tradeoffs associated with environmental problems such as global warming--accomplished through consideration of contemporary societal challenges

Assessment tasks

- Assignment 1
- Mid-Term Exam
- Assignment 2

Effective Communication

We want to develop in our students the ability to communicate and convey their views in forms effective with different audiences. We want our graduates to take with them the capability to read, listen, question, gather and evaluate information resources in a variety of formats, assess, write clearly, speak effectively, and to use visual communication and communication technologies as appropriate.

This graduate capability is supported by:

Assessment task

- Assignment 2

Engaged and Ethical Local and Global citizens

As local citizens our graduates will be aware of indigenous perspectives and of the nation's historical context. They will be engaged with the challenges of contemporary society and with knowledge and ideas. We want our graduates to have respect for diversity, to be open-minded, sensitive to others and inclusive, and to be open to other cultures and perspectives: they should have a level of cultural literacy. Our graduates should be aware of disadvantage and social justice, and be willing to participate to help create a wiser and better society.

This graduate capability is supported by:

Learning outcomes

- An ability to do basic cost-benefit analysis of environmental policies and outcomes -- through the use of numerical examples in excel. No prior exposure to economics is assumed.
- An ability to comprehend the role of discounting in inter-temporal and inter-generational problems --concept of discounting and its relevance explained through examples and policy contexts.
- An appreciation of basic economic concepts, frameworks and evaluation methods associated with environmental problems (specifically environmental valuation methods)-- explained through real life examples in environment, society and policy

- An ability to consider environmental policy issues from an economic perspective; ability to objectively analyze economic, environmental and socio-political tradeoffs associated with environmental problems such as global warming--accomplished through consideration of contemporary societal challenges

Assessment tasks

- Mid-Term Exam
- Assignment 2
- Final Exam

Socially and Environmentally Active and Responsible

We want our graduates to be aware of and have respect for self and others; to be able to work with others as a leader and a team player; to have a sense of connectedness with others and country; and to have a sense of mutual obligation. Our graduates should be informed and active participants in moving society towards sustainability.

This graduate capability is supported by:

Learning outcomes

- An ability to do basic cost-benefit analysis of environmental policies and outcomes -- through the use of numerical examples in excel. No prior exposure to economics is assumed.
- An ability to comprehend the role of discounting in inter-temporal and inter-generational problems --concept of discounting and its relevance explained through examples and policy contexts.
- An appreciation of basic economic concepts, frameworks and evaluation methods associated with environmental problems (specifically environmental valuation methods)-- explained through real life examples in environment, society and policy
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- Mid-Term Exam
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- Final Exam