ENVS201
Introduction to Environmental Economics
S1 Day 2016
Dept of Environmental Sciences

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# General Information

<table>
<thead>
<tr>
<th>Unit convenor and teaching staff</th>
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<tbody>
<tr>
<td>Instructor</td>
</tr>
<tr>
<td>Ram Ranjan</td>
</tr>
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<td><a href="mailto:ram.ranjan@mq.edu.au">ram.ranjan@mq.edu.au</a></td>
</tr>
<tr>
<td>Contact via by email</td>
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<tr>
<td>Australian Hearing Hub, Second Floor, Room W1A 2.325</td>
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<td>By appointment</td>
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<table>
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<tr>
<th>Credit points</th>
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<table>
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<th>Co-badged status</th>
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<tr>
<th>Unit description</th>
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<td>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.</td>
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## 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](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. 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

General Assessment Information

First assignment task is to be completed individually, no collaboration is permitted (unless
otherwise instructed by the teacher). Second assignment task must be completed in groups.
Mid-term and final exams are closed book exams and need to be taken during the scheduled
weeks (unless exceptions have been permitted).

Assessment Tasks

<table>
<thead>
<tr>
<th>Name</th>
<th>Weighting</th>
<th>Due</th>
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<tbody>
<tr>
<td>Assignment 1</td>
<td>15%</td>
<td>March 15</td>
</tr>
<tr>
<td>Mid-Term Exam</td>
<td>35%</td>
<td>April 5</td>
</tr>
<tr>
<td>Assignment 2</td>
<td>15%</td>
<td>May 31</td>
</tr>
<tr>
<td>Final Exam</td>
<td>35%</td>
<td>June 7</td>
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Assignment 1

Due: **March 15**
Weighting: **15%**

The First assignment involves cost-benefit/wtp analysis (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.

A hard of the assignment needs to be submitted in class on the due date. An electronic copy detailing all calculations, 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. 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.

Mid-Term Exam

Due: **April 5**
Weighting: **35%**

Exam topics cover course material up to 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 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

Assignment 2

Due: May 31
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 (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 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. 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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• 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 7
Weighting: 35%

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
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

Delivery and Resources

Reading materials including lecture notes are provided on iLearn. Handouts are provided during the lectures.

Note: iLectures are not recorded 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

Unit Schedule

Please refer to MQ timetable for teaching dates and location

Students may find the below book (available in the MQ library) useful for an introduction to environmental economics—

**Environmental Economics: An Introduction (Mcgraw-Hill) by Barry Field and Martha Field**

However, this is NOT a required reading.

**Also refer to Environmental and Natural Resource Economics, 10/e, by Titenberg and Lewis**

(This is tentative schedule of topics 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
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 8---Urban Growth and the Environment: The political economy of urbanization, role of property taxes, environmental impacts
Case Study TBA

Week 9---Economics of Transport/Infrastructure: Sustainable options, renewable and non-renewable resources, Fuel Efficiency and Rebound effect
Case Study TBA
Learning and Teaching Activities

Tutorials
Tutorials will be conducted during regular teaching hours.

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. Some time will be allocated during the post-break sessions for students to work on the projects in class. However, a majority of this task needs to be completed outside the classroom.

Practice questions
Are handed out regularly in class

Class Discussions on Handouts
Happens during weekly lectures

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


In addition, a number of other policies can be found in the [Learning and Teaching Category](http://www.mq.edu.au/policy/docs/) 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/](https://students.mq.edu.au/support/student_conduct/)

**Results**

Results shown in *iLearn*, or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in *eStudent*. For more information visit [ask.mq.edu.au](http://ask.mq.edu.au).

**Student Support**

Macquarie University provides a range of support services for students. For details, visit [http://students.mq.edu.au/support/](http://students.mq.edu.au/support/)

**Learning Skills**

Learning Skills ([mq.edu.au/learningskills](http://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](http://mq.edu.au/policy/docs/complaint_management/procedure.html) who can provide appropriate help with any issues that arise during their studies.
Graduate Capabilities

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 outcomes

• 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

Learning and teaching activities

• Tutorials will be conducted during regular teaching hours.
• These are main lecture sessions conducted once per week.
• This will be held as a part of the second assignment
• This is normally done in small groups. Some time will be allocated during the post-break sessions for students to work on the projects in class. However, a majority of this task needs to be completed outside the classroom.
• Happens during weekly lectures
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. 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.
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**Assessment tasks**

- Mid-Term Exam
- Assignment 2
- Final Exam

**Learning and teaching activities**

- These are main lecture sessions conducted once per week.
- This will be held as a part of the second assignment
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 outcomes**

- 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
- 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**

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- Assignment 2
- Final Exam

**Learning and teaching activities**

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- Happens during weekly lectures

**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. 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.
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**Assessment tasks**

- Assignment 1
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- Assignment 2
- Final Exam

**Learning and teaching activities**

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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. 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.
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**Assessment tasks**

- Mid-Term Exam
- Final Exam

**Learning and teaching activities**

- Tutorials will be conducted during regular teaching hours.
- These are main lecture sessions conducted once per week.
- This is normally done in small groups. Some time will be allocated during the post-break sessions for students to work on the projects in class. However, a majority of this task
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. 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.
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Assessment task

• Assignment 1

Learning and teaching activity

• Tutorials will be conducted during regular teaching hours.
• These are main lecture sessions conducted once per week.
• Happens during weekly lectures

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:

**Learning outcomes**

- 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 task**

- Assignment 2

**Learning and teaching activity**

- These are main lecture sessions conducted once per week.
- This will be held as a part of the second assignment
- This is normally done in small groups. Some time will be allocated during the post-break sessions for students to work on the projects in class. However, a majority of this task needs to be completed outside the classroom.
- Happens during weekly lectures

**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. 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.
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Assessment tasks
• Mid-Term Exam
• Assignment 2
• Final Exam

Learning and teaching activities
• These are main lecture sessions conducted once per week.
• This is normally done in small groups. Some time will be allocated during the post-break sessions for students to work on the projects in class. However, a majority of this task needs to be completed outside the classroom.

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. 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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- 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

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- Assignment 2
- Final Exam

Learning and teaching activities

- These are main lecture sessions conducted once per week.
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