

Environmental Economics I

Course type: Lecture plus tutorials

Contact hours per week: 3 hrs. lecture course plus tutorial

ECTS: 6 credit points

Lecturer: Prof. Timo Goeschl, Ph.D.

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Office hours: Tuesdays, 17:00 – 18:00 (appointments via [Sekretariat](#))

Lecture hours: Mondays, 13:00 – 16:00

Classroom: Seminarraum 215, Bergheimer Str.20, 2. Stock

Tutorial hours: Wednesdays, 14:00 – 15:30 (see schedule)

Tutor: Dr. Johannes Diederich (Diederich@eco.uni-heidelberg.de)

Course content

From food waste to global warming, economics is at the heart of many of today's environmental problems. But economics is also an indispensable ingredient to their solution. It provides a framework for comparing the social desirability of different outcomes and a toolbox for aligning individual choices with society's objectives.

In this course, we will be concerned with three key themes:

- (1) How to value environmental goods in comparison to other goods;
- (2) How to optimally trade-off environmental quality and other goods and services; and
- (3) How to justify environmental policy in a market economy.

This lecture course offers an introduction to these key themes and provides in-depth coverage of the normative economic foundations of environmental policy. It develops the economic foundations of modern environmental policy-making as a solution to the externality problem. A special emphasis is on measuring welfare gains from environmental protection. We then discuss instruments for externality reduction, among them property rights assignments, Pigovian taxes, and market-based instruments. A discussion of policy challenges such as information imperfections, risk, and spatial heterogeneities rounds off the course.

This course is the first in a two-part series on Environmental Economics. Environmental Economics I covers normative environmental economics based on modern welfare economics; part II covers positive environmental economics.

Course readings

The key textbook for this course is:

Kolstad, C.D.: *Intermediate Environmental Economics*. Oxford University Press, 2011.

Prerequisites

Students should have successfully completed a dedicated course in undergraduate microeconomics and be familiar with basic and intermediate econometrics. Familiarity with the English language is also essential.

Particular features

MOODLE The course benefits from an e-learning platform (moodle) on which much the tutorial material etc. is available. Students need to have a URZ account to access web-based resources. More information at: <http://elearning2.uni-heidelberg.de/>

ERASMUS This course is offered in English as part of the Department's course options for ERASMUS students.

Assessment

The course assessment is in the form of a 90 minute closed book exam.

Preliminary schedule

WEEK	Lecture Topic	Book chapter	Tutorial
1 (24.04)	Introduction and course logistics	1 + 2	
2 (1.05)	<i>PUBLIC HOLIDAY</i>		
3(8.05)	Social Choice, the Environment, and the Market Benchmark	3 + 4	
4(15.05)	Externalities and Social Decision-Making	5 + 6	17.5.
5(22.05)	The Demand for Environmental Quality	7	
6(29.05)	Revealed Preference Methods	8+9	31.5.
7(5.06)	<i>PUBLIC HOLIDAY</i>		
8(12.06)	Stated and Elicited Preference Methods	10	14.6.
9(19.06)	Environmental Regulation: Basic Considerations	11	
10(26.06)	Pricing Emissions and Property Rights	12	28.6.
11(3.07)	Markets and Property Rights	13	
12(10.07)	Environmental Regulation in Complex Environments	15, 16, 17	12.7.
13(17.07)	Risk and Uncertainty	18	19.7.
14(24.07)	FINAL EXAM		