

Economics, Ethics and the Environment: Syllabus

Econ 4999

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Quoting from Aldo Leopold (a famous, dead, environmentalist) talking about an ecological ethic vs. a philosophical ethic

An ethic, ecologically, is a limitation on freedom of action in the struggle for existence. An ethic, philosophically, is a differentiation of social from anti-social conduct. These are two definitions of one thing. The thing has its origin in the tendency of interdependent individuals or groups to evolve modes of co-operation. The ecologist calls these symbioses. Politics and economics are advanced symbioses in which the original free-for-all competition has been replaced, in part, by co-operative mechanisms with an ethical content. (From the Land Ethic)

Note the expressions limitation on freedom, cooperation, symbioses.

Ethics can stand alone or be based on philosophical, religious or historical principles.

For example, sins are unethical acts, where what is and is not a sin is determined by religious beliefs – for example, some believe homosexuality is both sinful and unethical. There are many different, and often conflicting, foundations for ethics: religious, to increase happiness/decrease pain, inalienable rights, precedent/historical, etc.

Simply put, the ethics of economics are efficiency, equity and sometimes sustainability

Economics is two things: (1) the development of models to explain the allocation of resources and distribution of goods, including how the allocation and distribution will change if things exogenous to the models change (e.g. government policy),

And (2), Economics addresses whether one allocation and distribution is better or worse than another. The former is typically called **positive economics** because it is devoid of judgments, the latter called **normative economics**

The environment simply put, is where everything comes from and where everything goes. All that we produce and consume has its origins in the environment.

Commodities are arrangements of materials taken from the environment. We call the process of arrangement, **production**. Production produces three things: things we want (the stuff the producer will sell or self consume), waste, and pollution. In the process of production no matter is created or destroyed

Consumption of the wanted things is, again, nothing more than a rearrangement – the stuff doesn't disappear, rather most of it is discarded back into the environment as waste and pollution, a bit is recycled.

When we investigate how economists think about good and bad (whether one allocation is better or worse than another), two or three words come to mind: always **efficiency** and **equity** and sometimes **sustainability**

We will need to understand these concepts and why economists use them to determine good from bad. Put another way, what are the ethical and philosophical foundations of normative economics?

This is only my fourth time teaching this course.

In my defense, I have been thinking and playing with the issues for quite a while. I need your input and suggestions in terms of topics and presentation.

There is a lot of flexibility in terms of the material I present. I need your input and suggestions.

My proposed objectives for the course (as of January 13, 2009) are pretty simple:

1. To make us think hard and long about economics and its foundations – make us think critically
2. To investigate the philosophical and ethical foundations of economics – think a philosophy course. Some of you will find this more a philosophy course than an economics course.
3. To think about how economics defines “good” and “bad”. That is, how do we, as economists, decide whether some allocation of resources and distribution of goods is better or worse than some other allocation and distribution.

Put another way, how do economists decide whether a policy is good or bad? A policy is good (bad) if it moves society to a better (worse) allocation.

4. Related to all of the above will be detailed discussions of “efficiency”, “equity” and “sustainability”.
5. To do a lot of the above in the context of environmental and natural resource applications – what I know the most about. I am willing to consider other applications as well, particularly in your essays for the course, The more you wander from environmental and natural resource applications the less I will know about the facts and the literature.
6. To motivate you to spend great effort writing essays that investigate issues and policies from an economic and ethical perspective. My job is to help you to produce two excellent essays. You will choose the topics for your essays with my help.

Writing well is a critical component of the course. When I use the word “essay”, I don’t mean term paper; rather, I mean something more in the five to ten page range; something that could become a future reading for the course.

You will write two essays during the term. Each essay will go through at least three versions of refinements and improvements.

You and I will discuss your essays in class; you will discuss your essays and ideas with your classmates outside of class. Read, as soon as you have a chance the materials at <http://www.colorado.edu/economics/morey/4999Ethics/essays/4999writingessay.html>. We are on a very tight essay schedule.

7. In addition to the essays, you will have a few additional assignments.

8. Class participation will also be an important part of the class and your grade. If you don't want to attend class on a regular basis and participate when you are here, you will not want to take the course.
9. Many of the class meetings will be structured around a specific reading or question. You will need to prepare for class by doing the appropriate prep work – gratuitous bullshitting will not cut it.

If all you care about is “thinking in the box” and simply think of an economics major as a path to making money - you did not get in the business school - this might not be the course for you.

Some proposed topics (in no special order) are:

- x The basic philosophical underpinnings of economics (based on the welfare of individuals, rather than groups, humans only? which ones?)
- x Materials balance (what goes in must come out): everything we take from the environment eventually ends up back in the environment in one form or another - how an environmental economists should view the system.
- x The importance of defining society in questions of efficiency and equity
- x Animal rights: Do non-human animals, plants, and ecosystems have rights independent of man? How about women and foreigners? That is, who does and does not count in our definition of society. Should animals have limited rights? All animals or just some of them? We will consider the distinction between animals having rights and people caring about animals.
- x If other species have rights are the rights held by individuals of the species or simply the species itself – the distinction between Buba the bear having rights and bears as a group having certain rights.
- x The extent to which ethics affects the magnitude and extent of market failures (to be defined). That is, is instilling ethics one way to reduce inefficiencies in the market place? Said another way, is one purpose of ethics to increase efficiency? (Can we make over-polluting go away by making polluting unethical?)
- x The pursuit of happiness for both the individual and society. Isn't that what economics is all about? We will ask how psychologists and neuroscientists think about stuff like preferences – they don't all believe we have them. Does giving people more stuff make them happier.
- x Ceteris paribus, why does a cleaner planet with more natural areas make us better off?
- x Locating highly-polluting entities in poor neighborhoods and poor countries. A ethic held by some is **environmental justice**
- x Environmental protection as a luxury good.
- x Occupational safety and product safety as luxury goods (think, for example, mine safety in China vs. the U.S. or organic vs. milk chuck full of growth hormones)

- x Discounting – how much should future generations count and what exactly is a future generation
- x Discounting and global warming
- x Global warming effects on us versus poor countries such as Bangladesh vs. rich countries such as the U.S.
- x Law, the environment, and economics

An aside: what is environmental economics?

This course, per se, is not a course in environmental economics. I include the following so you know how a course in environmental economics differs from what we hope to accomplish. A number of you have taken a course in environmental economics, some of you from me.

Environmental economics considers the efficient and equitable use of society's scarce environmental resources. Environmental resources include air, water, land, wilderness areas, parks, wildlife and genetic diversity, and other ecological systems. The environment is where we get the stuff that sustains us and determines, to a large extent, the quality of our lives.

Environmental economics accepts, without much discussion, efficiency and equity as goals for environmental policy – we will question these goals.

A course in environmental resources considers environmental resources from four perspectives: the market allocation, efficient allocations, equitable allocations, and government attempts to achieve more efficient and more equitable allocations.

Environmental economics is applied welfare economics (how to increase the welfare of society). It considers market failure (particularly externalities and common property resources), and the economic valuation of environmental amenities such as clean air, wilderness and ecological systems.

Courses in environmental economics and natural resource economics both consider natural resources but differ in that natural resource courses have historically dealt with the inter-temporal utilization of conventional renewable and nonrenewable natural resources such as fish, trees and minerals; whereas environmental courses have considered pollution and other environmental issues, historically from a static perspective. This distinction between environmental economics and natural resource economics is blurring.

I want to make a few comments about what environmental economics is not. Economics and environmental economics are not about making money or how to run a firm. Economics is the study of the allocation of society's scarce resources.

Economics per se is not pro-market or pro-government. The purpose of a course in environmental economics is not to argue that government action to protect the environment is bad or good; sometimes it is bad, sometimes it is good. The purpose of an environmental-economics course is not to extol the virtues of the market. Markets have many virtues, but, when it comes to the environment, they also have many faults. An environmental-economics course is a course on market failures with respect to the environment, and government actions to correct those failures.

An important component of environmental economics is estimating the costs of decreasing pollution, cleaning up the environment and protecting scarce ecological systems such as

wetlands and wilderness. I want to stress that, equally important, environmental economics is estimating the measuring the benefits of decreasing pollution, cleaning up the environment and protecting scarce ecological systems.

Course Details

Web page: My web site is located at <http://www.colorado.edu/Economics/morey/index.html> . From it you can link to the web page for Econ 4999ethics, or you can go directly to the web page for the course, <http://www.colorado.edu/Economics/morey/4999Ethics\4999ethics-home.html>

Lecture notes, readings and review questions will be put on the web page, or updated, on an as-need basis.

You might want to visit the web sites for the natural resource and environmental courses that I teach. You will find overlap. The undergraduate environment and natural resources course for economics majors can be found at

<http://www.colorado.edu/Economics/morey/4545/4545home.html>

and

<http://www.colorado.edu/Economics/morey/4535/4535home.html> .

My natural resource and environment course for M.A. students (the M.A. program is now extinct) is at <http://www.colorado.edu/Economics/morey/6535/6535home.html> , and my PhD level environmental course at

<http://www.colorado.edu/Economics/morey/8545/8545home.html>

Some papers by past student of Econ 4999 can be found on the course 49.5 Td TJ 0.002 Tc -0.002 [eon 4e

They vary in length from a few newspaper columns to twenty-page journal articles.

The articles on the course web page are in either .pdf or .html format. Note that some of these files are large. See the course web page for details.

I will be revising and updating the list of articles during the semester.

You will write two essays: You will spend much time writing, working on, and revising your essays (each in the five to ten page range, no more). You will choose your topics with my guidance, and the guidance of other students in the class.

Each essay will go through at least three iterations. The intent of the first essay assignment will be to nail down your topic and produce a rough working draft. The second will be your essay. From your perspective it will be your best shot, from my perspective it will be a draft on which I comment. You will revise based on my comments, and the comments of others, and turn in the final version of your essay a few weeks later.

Your first draft of your first essay will be due soon.

The essay process will then restart for your second essay.

If you work hard and give me your best effort on the different versions of your essay, I will give you lots of help and feedback. If an intermediate assignment is based on little thought and little work, I will simply say that and provide few suggestions. To comment productively, I need something to work with.

I am worried about the large size of the class. I will not be able to give each of you as much

Each of you has a responsibility to help others improve their essays.

Once you and I agree on your topic, you need to recruit a mentor, a mentor who will devote considerable and productive effort to critiquing and improving your essay. I would market my topic and abilities; you need to find a mentor that will improve your work. I will be happy to forward emails about your topic to the class.

When you turn in the first version of your essay, you will append to the end of it the name of your mentor, along with a report on how they helped you, or did not help you. You need to be specific – comments like “Joe was a big help” will not help you or Joe. The mentor will separately send me description of how they helped to improve your essay. This report also needs to be specific: mistakes found, reading suggested, organizational suggestions made, etc. Note that if the mentored rejects the suggestions of the mentor, the mentor needs to tell me this and what they suggested.

You must have a different mentor for each essay and for the second essay you cannot be the mentor for the person who was your mentor on the first essay.

When you turn in the final version of your essay, include, at the end, your original assessment of your mentor plus a description of what they did to help since the first version.

Each mentor for each essay will be graded on a 10 point scale, 10% of their course grade. I will base their grade on some combination of the grade on the essay they mentor, your report on their mentoring and their report on their mentoring.

