New Stern School Undergraduate Elective
(Preliminary Syllabus)

Business and the Environment
C30.0225
Roy Radner
Spring 2009
Tue and Thurs, 2 – 3:15 p.m.
Prerequisite: introductory microeconomics

Environmental problems typically arise from “market failures.” This seminar will examine several environmental issues at the local, national, and international levels, such as smog, acid rain, energy, fishing, and global climate change. Drawing on the theories of externalities, market failure, and mechanism design, we shall explore the causes of these problems, and some of the potential remedies, including government regulation, voluntary associations, treaties, and markets for emissions, as well as potential related business opportunities.

Plus various articles, most of which are found in the following two collections:
Copies of most of these articles can be downloaded from JSTOR. I shall make arrangements to make the others available. Other references will be added during the semester, especially in the area of potential business opportunities.

Outline and Reading Assignments (preliminary)

1. Introduction
   TT, Ch. 1, 1-12.
   TT, Ch. 13, 257-80.
   *Nature*, 395, 6701 (EE, Ch. 1).
   (EE, Ch. 2).

2. Air Pollution, I. Stationary Source Local Pollution
   TT, Ch. 14, 281-305.
   Review*, 86 (4), 789-813.
3. Air Pollution, II. Transportation
   TT, Ch.16, 334-68.

4. Acid Rain
   TT, Ch. 15, 306-313.

5. Valuing the Environment
   TT, Chapters 2-3, 113-58.

6. Externalities and Market Failure
   TT, Ch. 4, 59-84.

7. Energy
   TT, Ch. 8, 135-161.
   Vaitheeswaran, V. V., Ch. 7 (pp. 194-219), Power to the People, Farrar, Strauss,and Giroux, New York, 2003.

8. Introduction to Game Theory

9. Fishing
   TT, Ch. 7, 122-134.
10. Climate Change
TT, Ch. 15, 314-33.

Supplementary References

The following references contain case studies on environmentally efficient and socially responsible companies that are profiting from their integration of those principles with profitability.