Economics of Land, Water, and the Environment

In this topics-based seminar, we explore various issues associated with the economics of natural resources and the environment. We go beyond some traditional treatments of these issues in examining not only resource allocation under certain property rights regimes, but the determinants of the property rights regimes themselves. This focus naturally takes us into larger issues of law and politics, and how these interact to create actual property rights institutions.

Course Requirements: Everything about this seminar is geared towards providing each of you with an interesting, doable comps topic. The main requirement is a 25- or so page term paper, which for most of you will be pursued in a subsequent term and expanded into your senior departmental comps exercise. The main facets of writing a successful comps paper are: (1) Theoretical Modelling, (2) Literature Review, (3) Data Collection, (4) Empirical Analysis, and (5) Effective Writing/Argumentation. If your performance on any of these is sub-par, you damage your chances significantly of having a productive, rewarding comps experience. We will touch on each of these at some length during the term.

IN ORDER TO ACHIEVE THIS OBJECTIVE, THE COURSE WILL PROGRESS AS FOLLOWS:

(1) WEEK 1: Introduction to Writing a Comps Paper/Broad Overview to Issues of Natural Resources and the Environment

(LECTURES: Regular Class Meetings)

(2) WEEK 2: Individual Meetings to Explore Comps Topics

(No class meetings: individually scheduled one-hour meetings)

(3) WEEKS 3-5: More In-Depth Look at Various Topics

(LECTURES, STUDENT PRESENTATIONS: Regular Class Meetings)

***DUE Friday, 10/12, 5pm: 1-2-page ABSTRACT of proposed comps topic.***

(4) WEEKS 6-8: Small Group Meetings

(2-3 students per group)

***DUE One Week after each of your SGM’s: SHORT PAPERS(3-5 pages).***

***DUE Friday, 10/26: Your COMPS PROSPECTUS!***

(5) WEEKS 9-10: Individual Paper Presentations

(STUDENT PRESENTATIONS: During regularly-scheduled class times)

***DUE FOUR days before your scheduled presentation: Rough Draft of your Paper to your Discussant. ***

***DUE Last Day of Final Exams(11/19), 5pm: FINAL PAPER.***
A secondary objective of this seminar is to provide you with practice in the art of oral presentation, within a non-threatening setting, of original economic research. You will have two primary opportunities to do so: (a)a 10-12 minute presentation of a research paper written by a professional economist, and (b)a 20-minute presentation of your own research, toward the end of the term.

**Grading Policy:** Your grade for the course will be based on the following elements, where the weight given to each element is in parentheses:

- FINAL PAPER: (70%)
- SHORT PAPERS: (15%)
- ABSTRACT: (5%)
- CLASS PARTICIPATION: (10%)

**Office Hours, Contact Info:** My office (Willis 308) hours this term will be Mondays, 2-4pm; Thursdays, 10-12pm; and by appointment. You may contact me using e-mail at mkanazaw@carleton.edu. My phone numbers are 222-4106(ofc) and 645-5688(home).

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**Land, Water and the Environment: Course Outline**

**I: INTRODUCTION(Week 1)**

(1) Introduction: So You Want To Write a Comps Paper!

(2) Data, Data, Data

**II: INDIVIDUAL EXPLORATORY MEETINGS(Week 2)**

In week 2, we temporarily cancel our regularly-scheduled class meetings, in favor of individual meetings with yours truly. The idea is to now move to an exploration of YOUR particular economic interests in natural resources and the environment. Everyone should sign up for at least one (more if you like) one-hour meeting, in which we will chew the fat, throw around ideas, and progress toward a workable, challenging, yet fun seminar paper. **To maximize the net benefit you derive from these meetings, you should come prepared with ideas for what you would like to pursue.** My main job is to make sure your paper idea is feasible and interesting, economically speaking.

**III: A CLOSER LOOK AT VARIOUS ENVIRONMENTAL AND NATURAL RESOURCE ISSUES(Weeks 3-4)**

In this section, we examine a variety of environmental and natural resource issues to which economists have applied their arsenal of analytical techniques. The readings we will examine are, of course, only a small subset of the many studies done in this area, and are simply intended: (a) to give you an idea of what sorts of studies are feasible, and (b) to illustrate how to apply the economic method to improve our understanding of the area. The
list of studies encompass both narrowly-defined traditional economic issues and more broadly defined issues that involve not only economics but also other disciplines including politics and law. As you might expect, the two types of studies are quite different! Consider either to be fair game for a comps topic, depending upon your personal interests.

The studies covered in class will be chosen FROM AMONG those listed in each category below:

(1) Some Important Environmental Issues

Some environmental issues are just BIG. In many cases, it may not be entirely clear what the heck economists can say about them. The studies in this section illustrate what economists can and have said about a number of hot-button issues.

READINGS


(2) Valuation of Environmental Amenities

To develop economically sensible policy on MANY environmental issues, it is necessary to have some idea of the societal value of environmental amenities, including clean air, clean water, ambient quietude, wilderness areas, wild-and-scenic rivers, the Amazon rainforest, the Grand Canyon, etc. As you might expect, how the heck to place a dollar value on environmental amenities is decidedly NOT a trivial matter, and economists have devoted a great deal of attention to this issue. The studies in this section illustrate some economic approaches to valuation.

READINGS


(3) The Political Economy of Environmental Policy

The studies in the preceding two sections fall into the categories of positive and methodological analyses; namely, what are the connections between the environment and the economy, and how economists answer tricky methodological questions that help us evaluate these connections. In this section, we examine some issues of political economy that help us understand the political genesis of environmental policy and in particular, how environmental policy may not always derive merely from the economist’s desire to remedy market failures.

**READINGS**


(4) Issues of Property Rights and the Environment

The studies in this section continue along the vein of those in (3) by examining some legal issues surrounding the economic use of natural resources. The idea here is that we can gain a lot of economic insights by examining natural resources from the viewpoint of property rights definition, which is at bottom a legal issue.


**IV: INDIVIDUAL ORAL PRESENTATIONS (Week 5)**

Now that you are feeling more comfortable with how economists go about analyzing environmental and natural resource issues, you will now each get an opportunity to select a scholarly paper, read it critically, understand it thoroughly, and make a (10-12 minutes or so) presentation of the paper and its findings to the rest of the class. There is nothing like having to present a paper in public to your peers to get one to read and understand EVERYTHING about a paper, if for no other reason than not to feel like a dope when someone asks a probing question. This will also provide a nice warm-up to the oral presentation you will be making of your own research toward the end of the seminar.

**V: SMALL GROUP DEVELOPMENT OF PAPER TOPICS (Weeks 6-8)**

In this section we begin to focus, in a structured way, on YOUR chosen paper topic. As the syllabus earlier noted, you will have been expected to turn in a BRIEF abstract of your proposed topic by the end of week 5. In weeks 6-8, we will develop, in discussions and a series of short papers, various key aspects of your topic, in
hour-long meetings of small groups of 2-3 students apiece, along with yours truly. The groups will be largely topic-based; that is, where different students have chosen similar topics, they will meet together, to take advantage of economies of scale and scope. I will put the groups together on the basis of the topics submitted in your abstracts. **Your abstracts and your short papers will be distributed to everyone in your group.** Every student is expected to come to these small group meetings prepared to: (a) discuss their research, and (b) comment on the research of others in the group.

I should add that **your comps prospectus is due at the end of week 7, Friday October 26.** This is a 3-5 page proposal for what you would like to do for your comps research, which will be evaluated both by me and by a second faculty reader. Therefore, you should submit TWO copies, to me. The following guidelines are taken directly from the comps web page on the departmental website.

The prospectus should:

- Contain a preliminary statement of the hypotheses to be examined in the comps paper and the rationale for examining them.
- Contain a statement of the general methods of testing or examining the hypotheses, including variables, methodology and sources.
- Identify specific data sources that might be used for analysis in your comps paper as well as plans for obtaining the data.
- Contain a bibliography.

**VI: INDIVIDUAL RESEARCH PRESENTATIONS(Weeks 9-10)**

In this section, you will have the opportunity to present your research to the rest of the seminar. The format will be as follows. **Each student will present her/his own seminar paper, and each student will serve as a discussant of someone else’s paper.** Once the presenter and discussant have performed their assigned tasks, there will be time for questions and general discussion. **NOTE: Every student is expected to attend every presentation, both for your mutual edification and out of common courtesy.**

I. **Presenters:** For your presentation(count on maybe 20 minutes or so), you will want to do at least the following: (a) present your issue, (b) motivate why it is an interesting one economically, (c) discuss what other economists have done to help us understand it better, (d) discuss how they have fallen short, (e) describe how you will go about modeling the issue economically, (f) discuss the theoretical predictions of your model and/or any hypotheses you wish to test, and (g) describe what sorts of data you have already collected/will collect to document your predictions/test your hypotheses. Your role here is to provide your eager listeners with something fun and interesting to think about.

II. **Discussants:** You will want to critically read the paper you have been assigned and prepare a 5-minute discussion of its strengths and weaknesses. Among the issues you might discuss are: How interesting is the topic chosen, how complete/correct is the presenter’s assessment of existing studies, does the presenter’s model make sense as applied to this topic, do the theoretical predictions/testable hypotheses make theoretical sense, are there other theoretical predictions/testable hypotheses the presenter might consider, will the data set the presenter has in mind allow for sensible documentation/hypothesis tests? Try to keep in mind that you only have 5 minutes, which is only a nanosecond in the larger galactic scheme of things. Therefore, do not feel obliged to try to cover every one of these points, but focus on what you consider the most important issues/potential omissions. Your role here is to give constructive, helpful advice.
The seminar paper that you submit(**by 5pm on the LAST day of final exams**), will in most cases be expanded into your comps paper. In most cases, the main difference between your seminar paper and your comps paper is that the latter also includes an extensive econometric analysis of your topic. **By the end of fall term, you will be expected to have made significant headway in collecting a data set, on which basis you will implement the empirical portion of your comps paper. BETTER STILL, you will actually have your data set in hand.** For those of you unfamiliar with comps procedures, you will register for comps and actually pursue your comps paper in the next term you are physically on campus. For all of you this probably means either winter or spring term. **You are expected to check in with me at the end of fall term, at which time we will set up a time to meet, once a week, to discuss your progress during your “comps” term.**