



Graduate Program in Economics
University of Indonesia

Syllabus
Environmental and Natural Resource Economics
Academic Year 2005/2006

Mondays 09:00 – 11:30 (unless noted otherwise)

Instructor : **Arianto A. Patunru** and **Adhi Santika**
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Office hour : By appointment

I. Description

This course is a blend of two parts, namely Environmental Economics and Natural Resource Economics. The purpose of the course is to provide an overview of the principles of economics used to analyze environmental and natural resource problems. As of completing the course, students are expected to be able to assess environmental and natural resource problems with economics point of view and offer policy recommendation accordingly.

II. Rules

1. We will meet 14 times. In addition to lectures, discussion is highly motivated.
2. Courses in microeconomics and mathematics – at least in introductory levels – are required.
3. Grading will go as follows:
 - **Reading reports** = 25%
 - **Exam I** = 20%, 25%, or 30%
 - **Exam II** = 20%, 25%, or 30%
 - **Paper** = 25%
4. There will be reading assignments. **Each student** has to submit a **one or two page** summary of the reading. The students will be divided into groups. **Each group** will have to present the reading. The assigned group will be drawn at **random**.
5. Both exams are open-book. Please note: **any indication of cheating will be prosecuted**.
6. As for the paper, **any indication of plagiarism will be prosecuted** (this also applies to reading reports).

III. Text and Required Reading

Tietenberg, Tom, 2003. *Environmental and Natural Resource Economics*. 6th Edition. Addison-Wesley.

Hartwick, John.M. and Nancy D. Olewiler. 1998. *The Economics of Natural Resource Use*. 2nd Edition. Addison-Wesley Educational Publishers, Inc. Massachusetts, USA.

Randall, Alan. 1987. *Resource Economics*. John Wiley and Son. New York, USA.

Freeman, A.Myrick. 1979. *The Benefits Environmental Improvement*. John Hopkins University Press. Baltimore, USA.

Additional readings will be given in the class or through email.

III. Outline of the Course

1. Introduction

Tietenberg, Chapters 1,2,5,21,22,23,24.
Hartwick and Olewiler, Chapters 1, 2.
Randall, Chapter 1,2,3.
Julian Simon vs. Paul Ehrlich – clippings.

2. Property Rights, Externalities, and Market Failure

Tietenberg, Chapter 4
Coase, Ronald, 1960. "The Problem of Social Cost," JLE 3:1-44
Hartwick and Olewiler, Chapters 6, 7
Randall, Chapter 8, 20

3. Cost - Benefit Analysis

Tietenberg, Chapter 3
Randall, Chapters 13, 14.
Freeman, Chapters 3, 4, 5.
Harrison, D., Jr. and D.L. Rubinfeld. 1978. Hedonic Housing Prices and the Demand for Clean Air. JEEM 5:81-102.
Carson, R.T, R.C. Mitchell, M, Hanemann, R.J. Kopp, S.Presser, P.A. Rudd, 2003. Contingent Valuation and Lost Passive Use: Damage from the Exxon Valdez Oil Spill. ERE 25: 257-286.

4. Natural Resource Economics

Tietenberg, Chapters 5-14
Hartwick and Olewiler : Chapters 3, 4, 5, 8, 9, 10, 11.
Randall: Chapters 15, 17
F.W. Bell, 1986. Mitigating the Tragedy of the Commons. SEJ 52:653-664
Solow, R.M., 1974. The Economics of Resources or the Resources of Economics? AER Papers and Proceedings 64:1-14.

5. Environmental Economics

Tietenberg, Chapters 15-20
Randall, Chapter 23
M. Cropper and W. Oates, "Environmental Economics: A Survey," Journal of Economic Literature, June 1992.
Arrow, K.J., P. Dasgupta, L. Goulder, G. Daily, P. Ehrlich, G. Heal, S. Levin, K;G. Mäler, S. Schneider, D. Starrett, and B. Walker, 2004. Are We Consuming Too Much? JEP 18(3): 147-172.

6. Course Rundown

Session	Date	AAP	AS
1	Jan 2 (5)	Introduction/Overview	
2	Jan 9		Introduction/Overview
3	Jan 16	Property Rights	
4	Jan 23	Externalities	
5	Jan 30	Market Failures	
6	Feb 6		Cost-Benefit Analysis
7	Feb 13		Cost-Benefit Analysis
Midterm	Feb 20		
8	Feb 27		Cost-Benefit Analysis
9	Mar 6		Nat Res Econ
10	Mar 13		Nat Res Econ
11	Mar 20		Nat Res Econ
12	Mar 27	Env Econ	
13	Apr 3	Env Econ	
Holiday	Apr 10		
14	TBA	Env Econ	
Final Term	Apr 24		