

2nd Semester
Course 2023/2024
2nd Year

Social Science Department
Universidad Carlos III de Madrid
Masters in Social Sciences

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The Political Economy of the Environment

Lectures Tue 10:00 – 13:00 Room 18.01.A01



Course Description

What is a “free” market, and how do markets work? This class addresses this question directly in thinking about environmental policy given the importance of markets for environmental problems and their solutions. The course begins with a general consideration of the relationship between economics and politics, putting the notion of “free” markets into perspective and investigating the embedded nature of markets within political systems. It then considers the impact of various political economic institutions on the environment. Beginning with authors who tout the environmental benefits of an “unfettered” market, the course then considers policy approaches that try to incorporate market principles in a political context. One approach—tradable emissions permits—attempts to get the institutions right by eliminating externalities, or the social costs and benefits of private actions. A contrasting approach—expert-driven cost benefit analysis as well as green taxes and payments for ecosystem services—seeks to rationalize political choices by getting the prices right, quantifying policy tradeoffs in market prices and measurements of citizen “willingness to pay.” Each approach offers distinct blends of market instruments and political constraints, with unique and controversial implications. Finally, the class concludes with a discussion of solutions rejecting the market altogether, focusing instead on deliberative, community-based policies. Striking the right balances—between coercion and flexibility, national and local control, and markets and politics—in shaping human behavior is the course’s overarching theme.

Prerequisites

The class is designed at the graduate student level. While there are no formal pre-requisites, students who have had no previous courses in public policy, political science, or environmental issues may want to speak with the instructor. Given the complexity of the problems and solutions students should expect a workload and intellectual challenges beyond a standard graduate seminar. As an advanced master’s seminar, the class is reading and writing intensive. Finally, active participation in class discussions is expected of all students. Students with concerns about these expectations should speak with me during the first week of class.

Course Learning Objectives

Master and be able to explain what markets are and how the market system is connected to politics. Master and be able to explain and critique different approaches to protecting the environment that rely on or reject market principles. Master and be able to explain and critique the ethical issues raised by different market-based policies, including environmental justice considerations. Build writing and critical thinking skills, especially as applied to arguments related to markets and the environment.

Consultation tutorials

Consultation tutorials will be attended to by previous appointment only. Appointments will be arranged by email and sessions will be held in Google Meet sessions in a 20-minute format after having submitted a written summary of the issues to be discussed.

Course Requirements:

Analytic papers (2 papers, together 40% of grade). These approximately 6-page papers/presentations must advance an argument about one or more readings from a given section of the course. Outside readings are not encouraged. **One is due in February, the other in March/April.** More information on these papers will be provided in a separate document.

Final Essay Exam (40% of grade). To give students a chance to “knit together” the course material, there will be a 72-hour take home final exam given during finals week. Potential essay questions will be assigned to students in advance. Expect to give a ten-minute presentation of your essay assignment’s outline on the last day of class.

Class Participation (20% of grade). Students are expected to attend and participate in every class session except for excused absences. Students will help lead discussion as part of a team at least two times during the semester. There will also be discussion threads on Aula Global we will use during the semester as an alternative way to discuss course readings and ideas. Class participation will be graded according to engagement during our real-time class sessions, with higher weight on the sessions a student helps to lead discussion, as well as questions and comments posted in the on-line discussion forum in Aula Global. A rubric of standards for class discussion grades will be posted on Aula Global.

Attendance policy: Although attendance is expected at every class session, students may be excused for the following reasons: grief/bereavement, medical reasons and reasons approved by the instructor. If you must miss class at any point in time during the semester, please reach out to me via email so that we can communicate about how you can maintain your academic progress. If you find yourself too sick to progress in the course, notify the director of the master’s program and notify me via email. We will make arrangements based on your particular situation.

Behaviour: There will be **NO make-ups for any of the missed activities** in the course. Previously unexcused failure to appear for or submit papers, exams or any other form of evaluation will result in a zero for that part of your assessment. Program your other activities accordingly. Good discussion seminars are a collective good. They rely on the hard work and commitment of those enrolled. In addition, please respect the different experiences, beliefs and values expressed by everyone in this course. Behaviors that threaten, harass, discriminate or that are disrespectful of others will not be tolerated either in our real-time discussion or on discussion threads. Inappropriate behaviors will be addressed with disciplinary action.

Materials: The course materials are available on Aula Global. They include: syllabus, class schedule, text books and readings, lecture slides, and instructions for course essay.

Electronics Policy: Because we will be interacting during lectures, introducing new material during classes that is not in the readings, and completing many in-class exercises, it is important that you give class your full attention and not distract others. Therefore, phones must be put away during class. Use of laptops and tablets is restricted to following class presentations or taking notes. Violations will result in a warning, and penalties on your class participation grade.

Academic Dishonesty.

Academic dishonesty in this class includes outside collaboration during the take home exam and instances of plagiarism in the required writing assignments, exams, or on-line discussion threads. Instances of academic dishonesty are very serious and will result in penalties ranging from a “zero” grade for the given assignment to failure for the entire course. More serious incidents may also be referred to the Dean’s and Vice-Chancellor’s Office, where additional university level penalties, including removal from the university, may be considered.

Non-discrimination Policy.

We are committed to maintaining a community which recognizes and values the inherent worth and dignity of every person; fosters tolerance, sensitivity, understanding, and mutual respect among its members; and encourages each individual to strive to reach her or his own potential. In pursuit of its goal of academic excellence, the University seeks to create a space of equal opportunity. The University believes that diversity among its many members strengthens the institution, stimulates creativity, promotes the exchange of ideas, and enriches campus life. More details are available on the University webpage Equality.

Course outline

Sess	Dates	Topic	Readings
Block I - Markets and Politics			
1	29-jan	Course overview	No reading
1	29-jan	How Markets Work	Lindblom pp. 1-107
1	29-jan	Efficiency, Distribution, Equity	Lindblom pp. 111-177; Nozick [W]; Rawls [W]
2	06-feb	Markets and Politics: Incompatibilities?	Lindblom pp. 178-250
2	06-feb	Markets and Politics: Incompatibilities?	Sagoff chs. 1-2
Block II - "Get the Institutions Right"			
3	13-feb	The "Free" Market – History	Foster pp. 7-68
3	13-feb	Env Problems: Too Much of The Market...?	Foster pp. 69-142
3	13-feb 13-feb	...Or Too Little? "Free Market Environmentalism"	Anderson and Leal [W]; Demsetz [W]; Menell [W]
4	20-feb	Privatization Example: Land Trusts	Max [W]; Merenlender et al. [W]
4	20-feb	"Quasi-Property Rights": The Coasean Framework	Coase [W]
5	27-feb	Cap and Trade Foundations	Dales ch. 6 [W]; Schmalensee & Stavins [W]; Barnes & Breslow [W]
5	27-feb	Carbon cap and trade experiences	Rabe [W]; Raymond [W]; Stokes and Mildenberger [W]
5	27-feb	Emissions Trading: Justice perspectives	Cushing et al. [W]; London et al. [W]; Solomon & Lee [W]; Bachram [W];
Block III - "Get the Prices Right"			
6	05-mar	Paying for Env Bads: Green Taxes	Rabe [W]; Osaka [W]; Prasad [W]; Climate Leadership Council [W]
6	05-mar	Cost-Benefit Analysis	Sunstein chs. 1-5
6	05-mar	Cost-Benefit Analysis Challenges	Sunstein ch. 6; Sagoff chs. 3-4
7	12-mar	Valuation Issues	Costanza et al. [W]; Chan et al. [W]; Sagoff ch. 6
7	12-mar	Paying for Environmental Goods: Payments for Ecosystem Services	Morrison [W]; Matulis [W]; Diaz et al. [W]; Guerry et al. [W]; Grillos et al. [W]
8	19-mar	Experts as Honest Brokers	Pielke Jr. book pp. 1-96
Block IV - "No Market"			
8	19-mar	Scientizing Politics: Risk Management	Pielke Jr. book pp. 116-152; Kinchy [W]; O'Brien [W]
9	02-apr	Community-Based Conservation (CBC) / Common Property	Berkes [W]; Schlager [W];
9	02-apr	CBC / Common Property Examples	Sagoff ch. 9; Yafee & Wondolleck [W]; Mendez [W]
10	09-apr	Community Engagement and Env Justice	DeFilippis et al. [W]; O'Rourke and Macey [W]; Spronk and Webber [W]
10	09-apr	Community Engagement challenges	Aldrich & Crook article [W]; Tomich [W]; Gilman [W]
Block V - Summing Up			
11	16-apr	Summing up – Main authors	Lindblom pp. 253-277; Sagoff ch. 8; Sunstein pp. 207-215; Foster pp. 143-149
11	16-apr	Summing up – Student views	No reading
12	23-apr	Student presentations	No reading
12	23-apr	Student presentations	No reading

Take Home Final Exams due week by May 26 23:59 hours

Text Books:

John Bellamy Foster, *The vulnerable planet* (New York: Monthly Review Press, 1999)
 Charles E. Lindblom, *The market system: What it is, how it works, and what to make of it* (New Haven: Yale University Press, 2002)
 Roger A. Pielke, Jr. *The honest broker: Making sense of science in policy and politics* (Cambridge, UK: Cambridge Univ. Press, 2007).
 Mark Sagoff, *Price, principle and the environment* (Cambridge: Cambridge University Press, 2004)
 Cass Sunstein, *The cost-benefit revolution* (Cambridge: MIT University Press, 2018)

References:

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Preliminary