

Loyola University New Orleans  
Economics 493  
Economics Department

Professor Walter Block  
Environmental Economics  
Syllabus: Fall, 2015

**Class Schedule:** Tue, Thurs, 9:30 a.m. - 10:45 a.m.

**Professor Block's Office:** 318 Miller Hall, wblock@loyno.edu

**Office Hours:** Wed: 9:00 a.m. - 12:00 noon, 2:00 p.m. - 5:00 p.m. In addition to these formal office hours, I will be available most days of the week from 9:00 a.m. - 12:00 noon, and from 2:00 p.m. - 5 p.m. If by odd chance none of these hours are convenient, a mutually agreeable appointment can always be made. I am very available for student consultation and willing to give as much time as is needed for questions, discussion, dialogue.

**Required Books:**

Anderson, Terry L., and Leal, Donald R. 1991. *Free Market Environmentalism*. San Francisco: Pacific Research Institute, second edition

Gore, Al. 1992. *Earth in the Balance: Ecology and the Human Spirit*, Boston: Houghton-Mifflin

Lomborg, Bjorn. 2004. *The Skeptical Environmentalist: Measuring the Real State of the World*. Cambridge, UK: Cambridge University Press

**Required Articles:**

Block, Walter. 1990. "Environmental Problems, Private Property Rights Solutions," *Economics and the Environment: A Reconciliation*, Walter Block, ed., Vancouver: The Fraser Institute, pp. 281-332; <http://www.fraserinstitute.org/researchandpublications/publications/6918.aspx>

Rockwell, Jr. Llewellyn. 2000. "The Enviro-Skeptic's Manifesto." May 1; <http://archive.lewrockwell.com/rockwell/anti-enviro.html>

**Course outline:**

I am organizing this course around the four elements of the ancients: Earth, Water, Air, Fire

I. Introduction: Anderson: 1, 2; Gore: 1, 2, 9, 10; Lomborg: 1, 2; Block, 281-284; Leary-Hanebrink, 2012

II. Earth

people: Anderson: Gore: 7, 12; Lomborg: 3-7; Block: 303-305

food, drugs: Lomborg: 9, 22

animals: Anderson: 6; Lomborg: 23; Block: 305-318; Anderson, 2012

land: Anderson: 3; Gore: Lomborg: 20

garbage, recycling: Anderson: 10; Gore: 8; Lomborg: Block: 285-289; Green Thing resources: Anderson: 7; Gore: Lomborg:11, 12; Block: 290-292  
forests: Anderson: 4, 5; Gore: 6; Lomborg: 10; Block: 295-299  
parks: Anderson: 6; Gore: Lomborg: Block: 299-302  
locavore: McMahon, 2012; Desrochers and Shimizu, 2012.

### III. Water

oceans: Anderson: 9, 11; Gore: Lomborg: 19; Block, 292-295; BP Oil Spill  
drinking: Anderson: 8; Gore: 5; Lomborg:13

### IV. Air

pollution: Gore: 4; Lomborg: 15-18

### V. Fire

global warming: Gore: 3; Lomborg: 24  
Block, Walter E. 2012. "Global Warming, Air Pollution and Libertarianism." January 18;  
<http://lewrockwell.com/block/block195.html>  
<http://www.telegraph.co.uk/news/earth/environment/globalwarming/11395516/The-fiddling-with-temperature-data-is-the-biggest-science-scandal-ever.html>  
meteors:  
ozone layer:

VI. Conclusion: Anderson: 12, 13; Gore: 13-15; Lomborg: 25

### Grades:

Midterm Exam	100 points
Final Exam	100 points
Quizzes, homeworks, speech	50 points
Term Paper	70 points
Edit term paper	30 points
Class attendance, 2 points per class	56 points (approximately)
Total	406 points

### Course Background:

While the official title of this course is "Environmental Economics," I always think of it as either "Economic Environmentalism" or "Environmental Economics." The question is, which of these latter two is a more accurate description?

According to the first, "Economic Environmentalism," the emphasis is on economics. The course would be similar to intermediate microeconomics, only the examples used to illustrate the principles would all spring from the field of ecology, resources and environmentalism. According to the second, "Environmental Economics," the emphasis would be on the environment. Economics would of course be used, but the emphasis would instead be

placed upon the various ecological theories.

So which is it for this course? Which is the dog, and which is the tail?

My answer is that this course will be a compromise between the two, but favoring the former. That is, while we will indeed cover the various theories of environmentalism (the Gaia Hypothesis, Deep Ecology, Command and Control Regulations, the Lockean Property Rights legacy, and on the views of groups such as the Audubon Society, Friends of the Earth, the Sierra Club, Western Wilderness Concept, World Watch Institute, etc.), we will place more emphasis on applying the tools of the economic trade (supply and demand, production possibility frontiers, elasticity, public goods theory, transactions costs, indifference curves, regression analysis) to ecological issues.

The field of environmentalism is earmarked by a series of debates: is there a problem of global warming (cooling?) or thinning ozone? are we running out of resources or dump sites? what is the role of clouds, oceans, trees, in cleansing and purifying the air? Although we will not be able to totally avoid such factual issues, as economists, our comparative advantage does not at all lie in this direction. Therefore, we will be making a series of ceteris paribus simplifications, or assumptions (Did you hear the joke about the economist and the can opener?); e.g., we shall try to apply economic analysis to all possible states of the world, and not be unduly concerned with which ones of them are true at any given time.

### **Course Organization**

Among the environmental issues to be analyzed from the economic point of view are the following: air pollution, hazardous waste, forests, species extinction, oil spills, greenhouse effect, ozone layer, overpopulation, environmental racism. We will focus narrowly on each during the course of the semester, assuming, arguendo, that all others have been solved.

One problem with this procedure is that "everything affects everything else." If so, how can we do justice to any one topic, considered in splendid isolation? For example, air pollution affects food supply, which interacts with the overpopulation threat, which, closing the loop, impacts air pollution.

One way to proceed would of course plunge right into the complexity, dealing directly with all the reverberations of any one problem or policy.

For better or worse, I approach things in a "ceteris paribus" manner. We shall take things one at a time. We assume, if only for the sake of argument, that all other problems have been solved, or are at least (temporarily) put to one side. Then, we intensively analyze the one issue before us. We continue in this manner down the list of all concerns. Then, and only then, at the end of the course, do we make an attempt to deal with the interrelationships in their complexity.

### **Course Objectives:**

One difficulty faced by economists, but not so much by other social or physical scientists, is that people come to this discipline with preconceived notions. We have often heard people say, "I'm not an economist, but..." and then proceed to give their opinions in a very confident manner. (Rarely does this occur in other academic disciplines; when is the last time you heard, "I'm not a physicist, but..." or "I'm not a chemist, but..." followed by pontifications?)

If this problem plagues the dismal science in general, it is particularly applicable to environmental economics. People come to this field with very strongly held views indeed. While there is a down side to this -- adamancy and bias rarely lead to truth -- there is an upside as well: they often lead to interesting discussions, which can in turn sometimes promote learning very effectively. My hope in this course is to explore all sides of the ecological controversies now raging in the media and in the professions.

States John Stuart Mill (from "On Liberty") in this regard:

"If all mankind minus one, were of one opinion, and only one person were of the contrary opinion, mankind would be no more justified in silencing that one person, than he, if he had the power, would be justified in silencing mankind.... (p. 16)

"The greatest orator, save one, of antiquity (does anyone know who that was?) has left it on record that he always studied his adversary's case with as great, if not with still greater, intensity than even his own. What Cicero practiced as the means of forensic success, requires to be imitated by all who study any subject in order to arrive at the truth. He who knows only his own side of the case, knows little of that. His reasons may be good, and no one may have been able to refute them. But if he is equally unable to refute the reasons on the opposite side; if he does not so much as know what they are, he has no ground for preferring either opinion. The rational position for him would be suspension of judgment, and unless he contents himself with that, he is either led by authority, or adopts, like the generality of the world, the side to which he feels most inclination."

In environmental economics, while there are indeed numerous nuances of opinion, they can be boiled down to four, without too much loss in accuracy: radical and moderate market and anti market analyses. It is my aim that by the end of the semester the student will have become intimately acquainted with all of these philosophies, and be able to articulate each as it applies to the different subjects we shall be studying. The course, then, can be looked upon as a sort of spreadsheet or checkerboard. At the top of the page are the four perspectives, in column form, and at the side of the page are the topics to be covered, in the rows. Our job will be to become familiar with what the four viewpoints say about each issue, or to be able to fill in all the boxes.

### **Course Structure:**

This course will incorporate a variety of teaching strategies, with lecture - discussion as the predominant mode. One of my least (most?) endearing qualities is that I love to argue. Hint: the give and take of discourse is very important to me. But I go further. Although I have been teaching for these many years, I sometimes feel, in my more pessimistic moments, that I have never taught any student anything. Instead, my comparative advantage is in provoking young scholars such as yourself to learn on your own. My hope is that sometime during the course of the semester I will say something that will inspire students to say to themselves something along the following lines: "This is too much. This is intolerable. If it's the last thing I ever do, I'm going to show that Professor Block is wrong." At this point, it is my fondest hope that you will launch yourself into a real learning experience, with me as your guide, debating partner, what have you, that will put into the shade ordinary studying practice for courses. Then, it will not so much be me teaching you, as you doing it to and for yourself.

### **Class Participation:**

You are therefore expected to take part in the discussions. (I can't argue with myself can I? Well, I suppose I can. But it's far more fun for me -- and much more of a learning experience for you -- if we engage in heartfelt debate and dialogue). Further, if you have any questions about the course material, it is your duty to articulate them. Preferably, this should be done during the class session; my theory is that if you don't understand something, or if you take an alternative view on an issue, this holds true for half or more of your classmates, only they are too afraid to appear ignorant. Don't be deterred by such considerations! Ignorance, often, is the precursor to knowledge; usually, coupled with courage, it is a necessary pre-condition.

On the other hand, the classroom setting is sometimes inappropriate for intensive in depth back and forth discussion. (The concept of diminishing returns applies to more than consumer, farm or factory.) If there is something that calls for deeper consideration, please come see me during my office hours, where we can thrash things out fully. Or, stay after class and "bug" me. I positively dote on students who give me a hard time.

### **Homework assignments:**

You are expected to do the homework assignments with regard to the movies. These assignments are to be filled out while watching them. These will be collected on the due dates and marked.

You are expected to keep up with your assigned readings. In order to do so you will have to stay at least one section ahead of the coverage of the material in class. That is to say, I shall count on you reading the assignments before we cover them in class.

I will add points for doing homework assignments, term papers, editing, etc. in a timely manner.

### **Movies**

Several movies will be shown in conjunction with this course. Among them will be the following:

1. "FernGully"
2. "Christmas Raccoons"
3. "Alligators"
4. "Medicine Man" with Sean Connery

### **Why Movies???**

There is no mystery as to why I should include in the course work for a class on environmental economics a movie about alligators. This is part and parcel of our study. This animal, until quite recently, was on the endangered species list. Now, in part due to the legalization of alligator farms, this creature is no longer a likely candidate for extinction. The movie traces this history, and gives an insight into a typical alligator "farm." It traces the "product" from birth and incubation, through feeding, handling, harvesting and then marketing. It details the economics of this industry: the values of the skin, the meat and tourism. People are

not used to seeing animals of this sort in such a context; therefore, for that reason alone, this film is educationally important. Even more so does this apply to the fact that markets can be used for environmental purposes.

A similar situation applies to "Medicine Man." Only here, instead of what might be considered a merely educational film, we have a commercially successful Hollywood product. This movie makes the point that the rain forest must be saved at all costs not so much for the trees, themselves, however important they are, as for their by products, in this case a cure for cancer.

In contrast, "Ferngully" and "Christmas Raccoons" are merely children's cartoons. True, they are focused on the environment, which explains to some degree why I have included them, but more is due you as an explanation. Therefore, I have listed several reasons why I think these films are important enough to be included in the course:

1. They are both typical of the perspective in which the mainstream media, and Hollywood, see environmental problems: they emanate from greed, capitalism, profits, the search for a "quick buck." In contrast is the Adam Smithian notion that self seeking and selfishness can be turned to public "goods" given fully defined and defended property rights and free markets; that these considerations can actually be applicable to ecological considerations. The films are important because they give us an object lesson in the anti market perspective, an important part of our deliberations.

2. They are aimed, obviously, at children. Although I am far from an expert in kiddie cartoons, I have watched quite a few so that I can present a few to my classes. In all of my perusals, I have not seen one that presents an alternative viewpoint. When you watch these films, keep that in mind with regard to "the marketplace of ideas," insofar as it impacts children, the least sophisticated consumers of economic information on the environment.

3. I favor films in general, as I do novels, because they add a new dimension to your economic education. They say that a "picture is worth a thousand words." If so, then perhaps a "moving picture" is worth 10,000.

4. The quality of these two cartoons is superb. The animation is first class, and the actors are at the top of their fields. Although meant for children, and you are not children, I have little doubt that you will enjoy them. This, at least, has always been the experience of my students in the past. I have no doubt that these films will be a highlight of the course. You will remember them long past the time -- unless, perhaps, you go on to a career in environmental economics -- that you forget about the more technical aspects of the course.

5. "Ferngully" concerns the needless cutting down of the Rain Forest, perhaps the greatest source of different species, acre for acre, on the face of the earth. Sometimes it is thought, "Oh, well, that's them, down south; it can't happen here. This is why "Christmas Raccoons" is also important. Set in the northern U.S., it makes a similar point with regard to our own forests. This illustrates, at least to me, that economics has broad applications to all human civilizations.

6. As the homework assignments concerning these films will make clear, we can use them as a spring board into classroom discussions that otherwise most likely would not have taken place.

7. I want you to be able to criticize everything (well, almost everything) from an economic point of view. Showing these films underscores my claim that economics is relevant to large parts of life, particularly those parts not widely seen as falling within the purview of this

discipline.

8. The most important reason is that these films will keep you in touch with the feelings of outrage felt by many "greens" at what they see as the ruination of the environment by capitalism, greed, profits, etc. Sometimes, particularly when analyzing some economic perspectives on ecological concerns, it is easy to lose sight of the anger felt toward the free enterprise system by people concerned with the present and future health of the planet.

### **Calendar**

Aug 28 First Class (please print up and bring a copy of this syllabus to class)

Oct 4 Midterm Exam, term paper proposal due

Oct 25 First draft of term paper due

Dec 6 Last Class

Dec 13 Final Exam (9:00 am-11:00 pm.) Final draft of term paper due

### **Lateness, Absence**

Please come to class on time. Lateness is disruptive. The penalty for handing in a paper late is death. Ok, ok already, if you have a good excuse, we can make it life imprisonment. (I just wanted to see if you have read this syllabus all the way down to here.)

### **Disability Statement:**

A student with a disability that qualifies for accommodations should contact Sarah Mead Smith, Director of Disability Services at 865-2990 (Academic Resource Center, Room 405, Monroe Hall). A student wishing to receive test accommodations (e.g. extended test time) should provide the instructor with an official Accommodation Form from Disability Services in advance of the scheduled test date.

### **The Term Paper:**

The term paper required for this course should be a minimum of 3,000 words, written in a scholarly style with at least 5 footnotes, and 5 text references. You will have the option of signing, and sending me the letter that appears below, if you want to be in my publication program:

(Date)

Dr. Walter Block, Ph.D.  
Harold E. Wirth Eminent Scholar Endowed Chair and Professor of Economics  
College of Business Administration  
Loyola University New Orleans  
6363 St. Charles Avenue, Box 15, Miller 321  
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Dear Dr. Block:

I hereby give permission that you edit my term paper for the purpose of seeking publication for it in a magazine, or as an article in a refereed scholarly journal. I realize that, at your discretion, you may add material to it and co-author it with me, and/or may combine it with the term paper(s) of other students, into a multiple authored paper. I hereby send you my term paper by e mail attachment.

Yours truly,

Sign here.

Misc bibliography; Extra readings I have found helpful;

(locavore) McMahon, Tamsin. 2012. "The 100-mile mess: Why the local food movement is bad for economies, the environment and even your health." <http://www2.macleans.ca/2012/07/09/is-local-food-bad-for-the-economy/>

Desrochers, Pierre and Hiroko Shimizu, 2012. *The Locavore's Dilemma: In Praise of the 10,000-mile Diet*. PublicAffairs

(animals) Anderson, Terry. 2012. "In Praise of 'Enviropreneurs': Texas ranchers are saving exotic wildlife. Anti-hunting groups want to put them out of business." *Wall Street Journal*. February 13;  
<http://online.wsj.com/article/SB10001424052970204369404577209062592063958.html>

(climate) [realclimate.org](http://realclimate.org); [wattsupwiththat.com](http://wattsupwiththat.com); Climate change <http://masterresource.org/?p=5240>;

(climate) <http://www.spcnetwork.com/csa/global.htm>; The NIPCC website and their 800 page report, 'Climate Change Reconsidered' : <http://www.nipccreport.org/>; These books and documentaries list - [http://www.amazon.com/Critically-Analyze-Climate-Change/lm/RTRZ4XZH5HOU4/ref=cm\\_lmt\\_srch\\_f\\_1\\_rsrsrc0](http://www.amazon.com/Critically-Analyze-Climate-Change/lm/RTRZ4XZH5HOU4/ref=cm_lmt_srch_f_1_rsrsrc0)

(climate) Temperature history of the earth: <http://www.scotese.com/climate.htm>

(climate) Watch *Cool It* (<http://coolit-themovie.com/>) as an antidote to *An Inconvenient Truth movies* ([http://www.google.ca/#hl=en&output=search&client=psy-ab&q=An+Inconvenient+Truth+movies&oq=An+Inconvenient+Truth+movies&gs\\_l=hp.12..0i30j0i8i3012j0i22.3974.3974.0.6925.1.1.0.0.0.0.119.119.0j1.1.0...0.0...1c.488E8gpxMG0&pbx=1&](http://www.google.ca/#hl=en&output=search&client=psy-ab&q=An+Inconvenient+Truth+movies&oq=An+Inconvenient+Truth+movies&gs_l=hp.12..0i30j0i8i3012j0i22.3974.3974.0.6925.1.1.0.0.0.0.119.119.0j1.1.0...0.0...1c.488E8gpxMG0&pbx=1&)

bav=on.2,or.r\_gc.r\_pw.r\_qf.,cf.osb&fp=967e3cfe09c426bd&biw=1280&bih=907)

(climate)

[http://www.nypost.com/p/news/opinion/opedcolumnists/meltdown\\_of\\_the\\_climate\\_consensus\\_G0kWdclUvwhVr6DYH6A4uJ](http://www.nypost.com/p/news/opinion/opedcolumnists/meltdown_of_the_climate_consensus_G0kWdclUvwhVr6DYH6A4uJ)

(climate) Climate Hysteria as a Triumph of Conservatism?

Posted by Anthony Gregory on April 6, 2007 03:56 PM

<http://www.lewrockwell.com/blog/lewrw/archives/012651.html>

(Environmental hypocrites):

<http://www.lewrockwell.com/blog/lewrw/archives/76556.html>

<http://www.lewrockwell.com/blog/lewrw/archives/67666.html>

<http://www.lewrockwell.com/blog/lewrw/archives/87100.html>

[http://www.redstate.com/repair\\_man\\_jack/2011/04/18/50-million-missing-refugees-and-scientists-that-cheat-on-their-taxes/](http://www.redstate.com/repair_man_jack/2011/04/18/50-million-missing-refugees-and-scientists-that-cheat-on-their-taxes/)

(forests) <http://jackfrost.blog.co.uk/2010/04/01/another-problem-caused-by-deforestation-8290999/>;

(government land ownership) <http://www.lewrockwell.com/blog/lewrw/archives/105099.html>;

(Botched anti market predictions): <http://www.foxnews.com/scitech/2010/12/30/botched-environmental-forecasts/>

(running out of resources): <http://www.lewrockwell.com/blog/lewrw/archives/79569.html>  
Steve Horwitz

(BP oil spill debate between Walter Block and Phipip Dynia)

Block, Walter E. 2010. "Oil spill proves boon to socialists," Loyola University *Maroon*, August 16;

<http://www.loyolamaroon.com/opinion/on-the-record-oil-spill-proves-boon-to-socialists-1.2309664>

Philip Dynia, Associate Professor in the Department of Political Science, Loyola University, 2010; Sept 1;

<http://www.loyolamaroon.com/letter-to-the-editor-1.2318403>

(BP oil spill); <http://dailymail.com/Opinion/krauthammer/201005280464>;

George Carlin on Save the Planet? <http://lewrockwell.com/rep3/george-carlin-on-self-importance.html> warning: coarse language

(plastic versus paper) <http://www.loyno.edu/spam-digest/showevent.php?id=34355>

(recycling) The Green Thing <http://www.youtube.com/watch?v=bMkUdFNeJQQ>;

<http://www.mises.ca/posts/articles/kick-curb-side-recycling-to-the-curb/>

(global warming):

No warming for 17 years: <http://www.climatedepot.com/2014/05/04/global-temperature-update-no-global-warming-at-all-for-17-years-9-months/>

<http://lewrockwell.com/orig10/delingpole36.1.html>;

<http://lewrockwell.com/orig10/delingpole37.1.html>;

<http://www.independent.org/newsroom/article.asp?id=3418>;

<http://www.independent.org/store/book.asp?id=42>

<http://www.theboywhocriedwarming.com/>

<http://www.dailymail.co.uk/sciencetech/article-2217286/Global-warming-stopped-16-years-ago-reveals-Met-Office-report-quietly-released--chart-prove-it.html#ixzz29DxgHh6O>

[http://www.dailymail.co.uk/sciencetech/article-2217286/Global-warming-stopped-16-years-ago-reveals-Met-Office-report-quietly-released--chart-prove-it.html?goback=%2Egde\\_40850\\_member\\_186903589](http://www.dailymail.co.uk/sciencetech/article-2217286/Global-warming-stopped-16-years-ago-reveals-Met-Office-report-quietly-released--chart-prove-it.html?goback=%2Egde_40850_member_186903589)

(Indigenous natives' property rights) Reid, Mike. 2012. "Respect Indigenous Property Rights." August 17; <http://mises.org/daily/6150/Respect-Indigenous-Property-Rights>

UN sustainable development; property rights:

[http://www.youtube.com/watch?v=fFicZkEzc8I&feature=player\\_embedded#!](http://www.youtube.com/watch?v=fFicZkEzc8I&feature=player_embedded#!)

[http://www.nfb.ca/film/wiebos\\_war\\_trailer/](http://www.nfb.ca/film/wiebos_war_trailer/)

watermelon articles:

<http://utopianist.com/2011/04/free-trade-wiped-out-the-buffalo-study-finds/>

<http://economicsintelligence.com/2011/04/13/how-free-trade-killed-the-buffalo/>

land, 1; sea, 0: <http://news.yahoo.com/land-costs-nordic-nations-rise-sea-071409920.html>

waste management, garbage disposal: [http://www.youtube.com/watch?v=PUCX2Pqx-nY&list=PLDLB9Tc2jXiPZRkSv7Se5Go5sa9mHqMZK&index=1&feature=plpp\\_video](http://www.youtube.com/watch?v=PUCX2Pqx-nY&list=PLDLB9Tc2jXiPZRkSv7Se5Go5sa9mHqMZK&index=1&feature=plpp_video)

Dust bowl: <http://lewrockwell.com/north/north1228.html>

<http://www.youtube.com/watch?v=7Bk358Ix4bk> an old speech of mine

global warming stopped:

<http://www.dailymail.co.uk/sciencetech/article-2217286/Global-warming-stopped-16-years-ago-reveals-Met-Office-report-quietly-released--chart-prove-it.html>

<http://theweek.com/article/index/234827/did-global-warming-stop-16-years-ago>

<http://wattsupwiththat.com/2012/10/13/report-global-warming-stopped-16-years-ago/>

<http://www.livescience.com/24272-antarctic-ozone-hole-2nd-smallest-in-20-years.html>

"Due to warm temperatures, the opening in the protective atmospheric layer was the second smallest it has been for 20 years, scientists said Wednesday (Oct. 24)."

(self explanatory) Ridley, Matt. 2014. "The World's Resources Aren't Running Out." Wall Street Journal, April 26; <http://online.wsj.com/news/articles/SB10001424052702304279904579517862612287156>