

# AEC 122: INTRODUCTION TO CLIMATE CHANGE ECONOMICS AND POLICY

Lecture TR 10:00 – 11:20 am LINC 314

Fall 2021

## Professor

### Steven J. Dundas

Department of Applied Economics  
Coastal Oregon Marine Experiment Station  
212A Ballard Extension Hall  
Corvallis, OR 97731

☎ (541) 737-1402  
✉ [Steven.Dundas@oregonstate.edu](mailto:Steven.Dundas@oregonstate.edu)  
🌐 <http://www.stevendundas.com>  
🐦 [@SteveDundas](https://twitter.com/SteveDundas)

**Office Hours:** Mondays and Wednesdays 4 - 5 pm or by email appointment.

Office hours are virtual this term: [Zoom Meeting Link](#) Password: 153859

## Course Catalog Description

Examines the role of economics and policy to mitigate greenhouse gas (GHG) emissions and adapt to climate change. Explores the challenges in global policy cooperation, the unequal distribution of economic damages across space and time, and the uncertainties inherent in every climate policy decision. Analyzes strategies to GHG mitigate emissions, including market-based solutions like cap and trade, along with adaptation policy options related to sea-level rise, natural disasters, agriculture, forests and human migration. (Bacc Core Course)

**Credits:** 3

**Prerequisites:** none

## Course Objectives

Climate change is a grand societal challenge for Oregon and the world. At its core, anthropogenic climate change results from a market failure associated with greenhouse gas (GHG) emissions and therefore can be viewed as a fundamentally economic problem. GHG emissions are cumulative and cause irreversible harm, the global scale requires unprecedented international cooperation, there is tremendous uncertainty in projecting future impacts, and those impacts, along with the costs of mitigation and adaptation, vary across time and space in large ways. The focus of this course is the development of economic thinking and intuition applied to the policy challenges associated with climate change. This course will assess regional, national and international policy design and issues with current implementation, evaluate adaptation incentives and impediments, and survey the economic tools needed to evaluate current and future climate change policies. The course will be discussion-oriented and will require a high degree of participation by students in the classroom.

My objectives for this course are to:

- Introduce students to the issues (e.g., global scale, uncertainty, intergenerational and distributional impacts) that make climate change a complex and urgent problem.



- Provide students with a clear understanding of the current landscape of domestic and international GHG mitigation policy planning and implementation.
- Introduce students to the theory, empirical evidence, and important policy implications of the economics of climate change at a level appropriate for undergraduate students with no prior experience with economics.
- Provide students with a clear understanding of the economic incentives that can support and hinder effective adaptation to climate change across various sectors of the economy.

### **Measurable Student Learning Outcomes**

Upon successful completion of this course, a student will be able to:

1. Recognize how economics can inform and improve climate policies.
2. Describe the fundamental economic challenges associated with policy options for global intergenerational problems such as climate change.
3. Compare and evaluate the effectiveness of alternative market-based policy solutions to reduce GHG emissions and help society adapt to climate futures.
4. Explain and quantify the impacts of climate change on human well-being and the natural world and evaluate adaptation options to reduce these impacts.
5. Define climate problems through an economic lens and interpret climate change science and communication.

### **Baccalaureate Core**

This course fulfills a Baccalaureate Core requirement for the *Social Processes and Institutions (SPI)* category. Upon successful completion of this Baccalaureate Core *Perspectives* course, a student will be able to:

1. Use theoretical frameworks to interpret the role of the individual within social process and institutions.
2. Analyze current social issues and place them in historical context(s).
3. Critique the nature, value, and limitations of the basic methods of the social sciences.

This course contains lectures, discussion activities, homework assignments, a writing assignment and a final project designed to align with these baccalaureate core learning outcomes (BCLO) and to assess student success in achieving these goals. This course provides a non-technical introduction to microeconomic theory necessary for understanding how individuals and firms interact in markets that generate carbon emissions. Students will develop an understanding of how aligning individual decisions with a society goal of mitigating climate change can produce successful policy interventions (BCLO1). Students will also assess how adaptive behavior may reduce projected climate impacts and how adaptation policies can generate economic incentives that can either enhance or detract from policy goals based on induced behavior of individuals

(BCLO1). AEC 122 addresses social and economic issues that arise from climate change and provides historical context of the problem by analyzing the evolution of global and national climate policy (BCLO2). This course exposes students to economic theory and intuition that helps drive climate problems but also demonstrates how thinking like an economist can lead to policy designs and adaptation options that are foundational to climate solutions (BCLO3). AEC 122 also provides a critique of traditional economic thought as applied to equity and distributional impacts of climate change and demonstrates significant limitations of using economic efficiency as a criterion for some climate policy choices (BCLO3) Emphasis will also be given to the interdisciplinary nature of the climate problem and the need for new transdisciplinary efforts across both natural and social sciences to address these challenges (BCLO2, 3).

### **Communication**

Please post all questions about assignments, readings, or lectures in the Q&A Discussion Forum on Canvas. Posts there may address questions that more than one of you may have so please make use of this resource so all may benefit from the questions and answers provided. I encourage you to answer questions posted by classmates if you can. I will monitor this board each weekday afternoon and respond to any unanswered questions or provide any needed clarifications. Any question posted after 5 pm PST or on weekends or holidays will be answered on the next business day.

If you have questions about grading or other matters of a personal nature or you would like to meet with me outside of my posted office hours, please contact me directly via email (preferred) or the Canvas Inbox starting the subject with "AEC122:" This will help me prioritize the many emails I receive each day and ensure timely feedback to your inquiry. I am available via email during normal business hours M-F 8 am to 5 pm. You can expect same day responses to emails during those times and the next business day for emails outside of those times.

I firmly believe timely feedback on assignments is important to support your learning in this course. You can expect to receive feedback from me within 4 days of the due date.

### **Learning Resources**

#### **Required Texts:**

***Climate Shock: The Economic Consequences of a Hotter Planet* (2015)**

Authors: Gernot Wagner and Martin L. Weitzman

Princeton University Press, Princeton, NJ.

***The Climate Casino: Risk, Uncertainty, and Economics for a Warming World* (2013)**

Author: William Nordhaus

Yale University Press, New Haven, CT

Both books listed above are available electronically free of charge through the OSU library. You will need to use your ONID login to access these titles at the links below:

[Climate Shock](#); [The Climate Casino](#)

If you prefer physical copies, both books are available from the bookstore and/or online sellers for under \$15. Additional course content is available via Canvas. The course Canvas site contains the syllabus, lecture notes, additional readings, discussion board activities and weekly low-stakes quizzes. **Please note:** Assigned readings are essential to your success in this course.

### **Evaluation of Student Performance**

Your performance in this course will be evaluated as follows:

<b>Assignment</b>	<b>Percentage of Final Grade</b>
Discussion Board Activities (on Canvas)	15
Weekly Quizzes (on Canvas)	10
Writing Assignment	25
Homework Assignments (4)	25
Final Project	25
<b>Total</b>	<b>100</b>

The following scale will be used in assigning final grades:

<b>Grade</b>	<b>Percent Range</b>
A	93-100
A-	90-92
B+	87-89
B	83-86
B-	80-82
C+	77-79
C	73-76
C-	70-72
D+	67-69
D	63-66
D-	60-62
F	Below 60

\* I reserve the right to adjust/curve the final grades if this is deemed necessary.

### **Discussion Board Activities**

Discussion boards in Canvas are used in this course to encourage debate on current events related to climate change. Each activity will have a prompt with content to review and then you will make an individual post in response to the prompts. These are due by Wednesday

evening each week so that we can all be prepared to have a conversation about the topic the next day in class. There will be discussion board activities each week this term. Examples of topics covered in these activities include climate mitigation policy at local, regional, and national scales and adaptation discussions about housing markets and sea-level rise, changing agricultural practices, or climate refugees. Discussion boards are designed to meet learning outcomes for this course as well as *SPI* BCLOs.

### **Weekly Quizzes**

There are short, low-stakes online quizzes each week associated with the assigned readings and lecture material.

### **Homework**

Homework in this course includes online research into climate change issues, short answer questions, and group assignments. Homework assignments are designed to meet learning outcomes for this course as well as *SPI* BCLOs.

### **Writing Assignment**

The writing assignment will require you to develop a critical perspective on a climate change policy issue with evidence-based support (news articles, policy documents, peer reviewed literature, etc.). This assignment will vary from term to term as it will focus on a relevant and current climate issue. It is designed to meet learning outcomes for this course as well as *SPI* BCLOs.

### **Final Project**

The final project in this course is a Week 10 (last week of the term) international climate forum where students will prepare a report on a chosen country about their concerns and interests regarding climate change. Our final two classes will be used to debate important economic policies and draft a global climate agreement. More details to follow once the term begins.

**Late Assignments will NOT be accepted.** In other words, please do not expect to receive partial credit if you attempt to turn in an assignment after it is due.

**Please note: I DO NOT offer extra credit opportunities on an individual basis,** so please do not ask. If you are struggling with the course material, make the effort to come see me during office hours or make an appointment sooner rather than later.

## Course Content

Week	Topics	Learning Activities
1: <b>Introduction to Climate Change Economics</b>	<ul style="list-style-type: none"> <li>• What is Climate Change?</li> <li>• Climate Policy Options</li> <li>• Challenges to Effective Policy Solutions</li> <li>• Defining Climate Change as an Economic Problem</li> </ul>	Introductions Discussion Board #1 Quiz #1
2: <b>Assessing the Impacts of Climate Change</b>	<ul style="list-style-type: none"> <li>• Vulnerable Economic Sectors</li> <li>• Measuring Economic Impacts</li> <li>• Attribution &amp; Valuation of Impacts</li> <li>• Tipping Points</li> </ul>	Discussion Board #2 Quiz #2 Homework #1
3: <b>Historic &amp; Current Climate Policies</b>	<ul style="list-style-type: none"> <li>• Kyoto Protocol to the Paris Agreement</li> <li>• U.S. National Climate Policy</li> <li>• Regional, State, &amp; Local Climate Policies</li> </ul>	Discussion Board #3 Quiz #3
4: <b>Economic Fundamentals</b>	<ul style="list-style-type: none"> <li>• How Markets Work</li> <li>• How Markets Fail</li> <li>• Negative Externalities</li> </ul>	Discussion Board #4 Writing Assignment Quiz #4
5: <b>Social Cost of Carbon &amp; The Discount Rate</b>	<ul style="list-style-type: none"> <li>• Social Cost of Carbon: what is it and how is it used?</li> <li>• Discounting</li> <li>• Ethical Dimensions of Discounting</li> </ul>	Discussion Board #5 Quiz #5 Writing Assignment Homework #2
6: <b>Carbon Pricing</b>	<ul style="list-style-type: none"> <li>• Carbon Tax and Cap-and-Trade</li> <li>• Revenues from Carbon Pricing</li> <li>• Distributional effects of Carbon Pricing</li> </ul>	Discussion Board #6 Writing Assignment Quiz #6
7: <b>Adaptation in Land Use</b>	<ul style="list-style-type: none"> <li>• Changing Land Use (e.g., crop choice, forest type) as Climate Adaptation Strategies</li> <li>• Adaptation in Agriculture</li> <li>• Forests and Climate Change</li> </ul>	Discussion Board #7 Homework #3 Quiz #7
8: <b>Coastal Climate Adaptation</b>	<ul style="list-style-type: none"> <li>• Coastal Adaptation Strategies</li> <li>• Economic &amp; Institutional Barriers to Coastal Adaptation</li> <li>• Perverse Incentives and Unintended Consequences</li> </ul>	Discussion Board #8 Quiz #8
9: <b>Human Migration</b>	<ul style="list-style-type: none"> <li>• Climate Migration</li> <li>• Climate Gentrification in the U.S.</li> <li>• Migrants or Refugees?</li> </ul>	Discussion Board #9 Homework #4 Quiz #9
10: <b>Global Climate Negotiations (Final Project)</b>		Quiz #10

## Course Policies

I have scheduled open office hours each week and I am also available by appointment subject to my availability. **Individual office visits may be one of the most productive parts of the course for you if you are struggling with the material.** Don't forget...I am here to help.

**Class attendance** is not a required element for your course grade; however, you are responsible for all material covered in class, regardless of whether you decide to attend. If you miss a class, you will need to get the notes from a classmate. Additionally, unscheduled in-class assignments/quizzes will be given throughout the quarter so unexcused absences have the potential to harm your final grade. In terms of classroom etiquette, please turn any unnecessary electronic devices off and keep them off your desk. I expect you to engage in class – or at the very least, you should not be a distraction by being rude.

**Academic Calendar:** All students are subject to the registration and refund deadlines as stated in the Academic Calendar: <https://registrar.oregonstate.edu/osu-academic-calendar>

**Statement Regarding Students with Disabilities:** Accommodations for students with disabilities are determined and approved by Disability Access Services (DAS). If you, as a student, believe you are eligible for accommodations but have not obtained approval please contact DAS immediately at 541-737-4098 or at <http://ds.oregonstate.edu>. DAS notifies students and faculty members of approved academic accommodations and coordinates implementation of those accommodations. While not required, students and faculty members are encouraged to discuss details of the implementation of individual accommodations.

**Statement Regarding Religious Accommodation:** Oregon State University is required to provide reasonable accommodations for employee and student sincerely held religious beliefs. It is incumbent on the student making the request to make the faculty member aware of the request as soon as possible prior to the need for the accommodation. See the [Religious Accommodation Process for Students](#).

**Expectations for Student Conduct:** Student conduct is governed by the university's policies, as explained in the Student Conduct Code (<https://beav.es/codeofconduct>). Students are expected to conduct themselves in the course (e.g., on discussion boards, email postings) in compliance with the university's regulations regarding civility.

**Reach Out for Success:** University students encounter setbacks from time to time. If you encounter difficulties and need assistance, it's important to reach out. Consider discussing the situation with an instructor or academic advisor. Learn about resources that assist with wellness and academic success at [oregonstate.edu/ReachOut](https://oregonstate.edu/ReachOut). If you are in immediate crisis, please contact the Crisis Text Line by texting OREGON to 741-741 or call the National Suicide Prevention Lifeline at 1-800-273-TALK (8255)

**Academic Integrity:** Integrity is a character-driven commitment to honesty, doing what is right, and guiding others to do what is right. Oregon State University Ecampus students and faculty have a responsibility to act with integrity in all our educational work, and that integrity enables this community of learners to interact in the spirit of trust, honesty, and fairness across the globe.



Academic misconduct, or violations of academic integrity, can fall into seven broad areas, including but not limited to: cheating; plagiarism; falsification; assisting; tampering; multiple submissions of work; and unauthorized recording and use.

It is important that you understand what student actions are defined as academic misconduct at Oregon State University. The OSU Libraries offer a [tutorial on academic misconduct](#), and you can also refer to the [OSU Student Code of Conduct](#) and [the Office of Student Conduct and Community Standard's website](#) for more information. More importantly, if you are unsure if something will violate our academic integrity policy, ask your professors, GTAs, academic advisors, or academic integrity officers.

**Lauren's Promise:** I will listen and believe you if someone is threatening you.

Lauren McCluskey, a 21-year-old honors student athlete, was murdered on October 22, 2018, by a man she briefly dated on the University of Utah Campus. We must all take actions to ensure this never happens again. Any form of sexual harassment or violence will not be excused or tolerated at Oregon State University. All individuals who are participating in university programs and activities have the right to do so fully, free from sexual discrimination, misconduct, and retaliation. The university prohibits sexual misconduct of any kind, including sexual harassment, intimate partner violence, sexual exploitation, and stalking. When such misconduct occurs, the university will take steps to stop, prevent recurrence, and remedy the impacts of such behavior. **If you feel you are in danger, call 911.**

All Oregon State University employees are considered "Responsible Employees" and must consult with the Office of Equal Opportunity and Access when they are ***made aware or have reason to believe*** that a violation of the Sexual Misconduct and Discrimination policy has occurred. However, the university makes several confidential offices available to those who have been affected by sexual misconduct or discrimination. The following offices do not report sexual assaults or other sexual misconduct or discrimination claims to other university offices, but can refer students and employees to resources and services both on campus and within the community: [Survivor Advocacy and Resource Center \(SARC\)](#), [Counseling and Psychological Services \(CAPS\)](#), [Student Health Services \(SHS\)](#), and the [University Ombuds](#).

**Student Evaluation of Courses:** During Fall, Winter, and Spring term, the online Student Evaluation of Teaching system opens to students the Wednesday of week 8 and closes the Sunday before Finals Week. Students receive notification, instructions and the link through their ONID. They may also log into the system via Online Services. Course evaluation results are extremely important and used to help improve courses and the hybrid learning experience for future students. Responses are anonymous (unless a student chooses to "sign" their comments, agreeing to relinquish anonymity) and unavailable to instructors until after grades have been posted. The results of scaled questions and signed comments go to both the instructor and their unit head/supervisor. Anonymous (unsigned) comments go to the instructor only.