MEMORANDUM

TO: Dr. Jeannine Blackwell, Dean
    The Graduate School
FROM: Mike Tearney, Associate Dean
DATE: November 19, 2004
SUBJECT: Department of Economics ~ New Courses and Minor Course Change

The Gatton College of Business and Economics faculty unanimously approves two new courses in Economics and one minor course change in Economics.

The Department of Economics has revised its fields within the Ph.D. in Economics program to phase out the traditional Environmental and Resource Economics field and phase in a new hybrid Environmental and Health Economics field. The motivation was scholarly interest, student marketability, and course supply feasibility. Therefore, two new courses are proposed, ECO 724 Environmental Economics and ECO 725 Health Economics. These courses comprise this field and have been taught provisionally under the ECO 796 number in the past.

A minor course change has also been approved by the Gatton College faculty to strengthen the prerequisites for ECO 703 Introduction to Econometrics I. Specifically, the change is to add ECO 590 Introduction to Quantitative Economics as an explicit prerequisite to clarify the level at which the course is taught. This is necessary because some students recently have signed up for the course without adequate preparation in linear algebra.

If you need any additional information on these new courses or the minor course change, please contact either Dr. Glenn Blomquist or Dr. Frank Scott in the Department of Economics.

Enclosures
APPLICATION FOR NEW COURSE

1. Submitted by College of Business and Economics _____________________________ Date April 21, 2004
   Department/Division offering course Economics ________________________________

2. Proposed designation and Bulletin description of this course
   a. Prefix and Number ECO 724 b. Title* Environmental Economics
      *NOTE: If the title is longer than 24 characters (including spaces), write
      A sensible title (not exceeding 24 characters) for use on transcripts
   c. Lecture/Discussion hours per week 3 d. Laboratory hours per week 0
   e. Studio hours per week 0 f. Credits 3

3. Course description
   This seminar in environmental economics deals with market failure, benefit-cost analysis, nonmarket failure, valuation of environmental changes, and selected topics in environmental economics. Central to the course is valuing changes in health risks, risk perception, and behavior related to health risks. Selected topics include international issues, environmental equity and markets for environmental quality. This course and ECO 725 Health Economics are the two courses that are the basis for the area in Environmental and Health Economics in the Ph.D. program in Economics.

4. Prerequisites (if any)
   ECO 601 and ECO 703 or consent of instructor

5. May be repeated to a maximum of 0 (if applicable)

4. To be cross-listed as
   Prefix and Number __________________ Signature, Chairman, cross-listing department

5. Effective Date Fall 2005 (semester and year)

6. Course to be offered □ Fall ☑ Spring □ Summer

7. Will the course be offered each year? (Explain if not annually) □ Yes ☑ No
   Field courses in the Ph.D. program in economics are offered every other year.

8. Why is this course needed?
   This course is required for the Ph.D. field in Environmental and Health Economics in the Department of Economics

9. a. By whom will the course be taught? Glenn Blomquist
   b. Are facilities for teaching the course now available? If not, what plans have been made for providing them? ☑ Yes □ No
APPLICATION FOR NEW COURSE

10. What enrollment may be reasonably anticipated? 5-12 students each time offered

11. Will this course serve students in the Department primarily? □ Yes □ No
   Will it be of service to a significant number of students outside the Department? □ Yes □ No
   If so, explain.
   The course is likely to be taken by some Ph.D. students in Agricultural Economics and Business Administration

12. Check the category most applicable to this course
   □ traditional; offered in corresponding departments elsewhere;
   □ relatively new, now being widely established
   □ not yet to be found in many (or any) other universities

13. Is this course applicable to the requirements for at least one degree or certificate at the University of Kentucky? □ Yes □ No

14. Is this course part of a proposed new program:
   If yes, which?

15. Will adding this course change the degree requirements in one or more programs?* □ Yes □ No
   If yes, explain the change(s) below

16. Attach a list of the major teaching objectives of the proposed course and outline and/or reference list to be used.

17. If the course is a 100-200 level course, please submit evidence (e.g., correspondence) that the Community College System has been consulted. □ Check here if 100-200.

18. If the course is 400G or 500 level, include syllabi or course statement showing differentiation for undergraduate and graduate students in assignments, grading criteria, and grading scales. □ Check here if 400G-500.

19. Within the Department, who should be contacted for further information about the proposed course?
   Name: Glenn Blomquist
   Phone Extension: 257-3924

*NOTE: Approval of this course will constitute approval of the program change unless other program modifications are proposed.
APPLICATION FOR NEW COURSE

Signatures of Approval:

[Signature] Glenn C. [Last Name]
Department Chair

[Signature] Michael [Last Name]
Dean of the College

5-5-04
Date

11-18-04
Date

11-17-04
Date of Notice to the Faculty

*Undergraduate Council

*University Studies

*Graduate Council

*Academic Council for the Medical Center

*Senate Council (Chair)

*If applicable, as provided by the Rules of the University Senate

Date of Notice to University Senate

ACTION OTHER THAN APPROVAL
SEMINAR IN ECONOMICS: ENVIRONMENTAL ECONOMICS

Syllabus and Reading List
Economics 796-001
University of Kentucky
Spring 2004, TR 4:30-5:45pm, BE 306
Professor: Glenn Blomquist
Office: BE 335H (Economics)
Phone: 257-3924 (voice mail)
Hours: TR 1:30-2:30pm and after class
Other times by appointment.
E-mail: gcblo@uky.edu

Text: Freeman, A. Myrick III. The Measurement of Environmental and Resource Values (Washington, DC: Resources for the Future, 2003). All other required readings are available as journal articles or working papers.

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Grades:
Evaluation will be based on a paper (40 points), midterm (15 points), final exam (25 points), and class participation (20 points.)

Readings:
Required readings are marked with an asterisk and more will be added for later sections. Pertinent additional readings are given by topic. Required readings that are not in Freeman's book or available on-line will be made available in class. UK after a reading indicates that it is available on-line through the University of Kentucky library.

I. DEMAND FOR ENVIRONMENTAL POLICY


II. BENEFIT-COST ANALYSIS


III. ESTIMATING BENEFITS OF ENVIRONMENTAL IMPROVEMENTS

Freeman Chapters 1, 2, 9, 13, and 14 on resource evaluation

A. Implicit Markets and Hedonic Prices

*Freeman Chapters 3, 4, 11, and 12 on topics such as welfare change measures, revealed preferences and valuation, and hedonic models


B. Contingent Markets and Stated Preferences

*Freeman Chapters 5-8 on topics such as nonuse values, stated preferences, discounting, and option prices


*Hanemann, W. Michael. "Valuing the Environment through Contingent Valuation." JEP 8 (Fall 1994): 19-43 UK and

*Diamond, Peter A. and Jerry A. Hausman. "Contingent Valuation: Is Some Number Better than No Number?" JEP 8 (Fall 1994): 45-64. UK


Tolley, George S. and Robert G. Fabian. "Issues in Improvement of the Valuation of Non-Market


IV. VALUING CHANGES IN HEALTH

*Freeman Chapter 10 "Valuing Longevity and Health"


V. HEALTH RISKS, PERCEPTIONS, BEHAVIORAL ECONOMICS AND POLICY


O’Conor, Richard M. and Glenn C. Blomquist. “Perception of Fatality Risk: The Roles of Information and Health for Asthmatics” University of Kentucky (June 2002)


VI. COSTS OF POLLUTION ABATEMENT ACTIVITIES, POLLUTION HAVENS, AND ENVIRONMENTAL KUZNET’S CURVES


VII. ENVIRONMENTAL EQUITY: INCIDENCE OF ENVIRONMENTAL POLICY


VIII. MARKETS FOR ENVIRONMENTAL QUALITY

Menell, Peter S. "The Limitations of Legal Institutions for Addressing Environmental Risks". *Journal of..."
Economic Perspectives 5 (Summer 1991): 93-113. UK


