

SEMINAR IN ECONOMICS: ENVIRONMENTAL, HEALTH, AND SAFETY REGULATION  
Syllabus and Reading List

Economics 499-003

Spring 2014

Professor: Glenn Blomquist

Phone: 257-3924 (voice mail)

Office Hours: TR 1:00-3:00pm. Other times can be arranged to fit your individual schedules.

Website: <http://gatton.uky.edu/faculty/blomquist/index.html>

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TR 11:00am-12:15pm, BE 314

Office: BE 335Q (Economics)

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**Course Description:** This course is about the economics of social regulation, the regulation of consumer and producer behavior that effects the environment and human health and safety. Central to the course is benefit-cost analysis, a special type of policy analysis. Economic techniques for estimating benefits and costs are described and their use demonstrated for specific regulations. Special attention is given to valuation of risks to human health and safety and to non-market goods such as cleaner air and species preservation.

**Objectives:** Students successfully completing this course should be able to: (1) describe social regulation and contrast it with other regulation, (2) identify the economic rationale for various types of social regulation, (3) analyze responses of consumers, producers, and regulators to regulations, (4) describe the regulatory process in the U.S., (5) explain the role of benefit-cost analysis, (6) understand how the tools of economics are used to estimate benefits and costs including valuation of changes in risks, and (7) describe the limitations of regulation.

**Prerequisites:** Students are expected to have mastered the principles of economics covered in ECO 201 and ECO 202. We will use tools covered in ECO 401 Intermediate Microeconomic Theory and ECO 391 Business and Economic Statistics, and occasionally ECO 402 Intermediate Macroeconomics. For a review of concepts, see Kahn Academy videos: <http://www.khanacademy.org/finance-economics/microeconomics/#finance-economics/microeconomics>

**Required Text:** W. Kip Viscusi, Joseph E. Harrington, Jr., and John M. Vernon (VHV). *Economics of Regulation and Antitrust*. 4<sup>th</sup> ed. (Cambridge, MA: MIT Press, 2005).

**Evaluation Criteria:** Your grade in the course will be determined by your performance on two hourly exams (50%, 25% each), a course paper and presentation of it (25%), and class participation (25%). The course paper should be 5-10 pages about a specific environmental, health, or safety regulation. Class participation includes short reports, contributions to discussion, and being alive in class. Being alive in class is worth half a point per class except for the last week of class and the final exam period when it is worth two points per class. Grades will be determined using the standard scale: A: 90-100%, B: 80-89%, C: 70-79%, D: 60-69% and E: less than 60%. In other words, if you get 93% of the points, you are assured of an A, and so on. The final exam period for this course is 10:30am-12:30pm on Tuesday, May 6, 2014. It will be used for presentations of course papers and held in BE 314, our regular room.

## **Course Outline and Readings**

Additional material will be forthcoming during the semester.

### ***I. The Rationale for Regulation***

VHV text, Chapter 1

### ***II. The Making of a Regulation***

VHV, Chapter 2

### ***III. Efficiency and Technological Change***

VHV, Chapter 4

Exam 1 about February 20, 2014

### ***IV. The Emergence of Health, Safety, and Environmental Regulation***

VHV, Chapter 19

### ***V. Valuing Non-Market Goods including Health and Safety Risks***

VHV, Chapter 20

### ***VI. Environmental Regulation***

VHV, Chapter 21

### ***VII. Product Safety Regulation***

VHV, Chapter 22

### ***VIII. Regulation of Workplace Health and Safety***

VHV, Chapter 23

### ***IX. Patents and Pharmaceuticals***

VHV, Chapter 24

Exam 2 about April 17, 2014

## Course “Rules of the Road”:

### *Classroom Decorum and Courtesy:*

- Cell Phones: Silence cell phones before entering classroom.
- Computers and pads: If you use them in class, please focus all attention on ECO 499.
- Leaving the Room: Save leaving the room for emergencies and extreme distress.

### *Excused Absences:*

Students need to notify me of absences prior to class when possible. Senate Rule 5.2.4.2 defines the following as acceptable reasons for excused absences: (a) serious illness, (b) illness or death of family member, (c) University-related trips, (d) major religious holidays, and (e) other circumstances found to fit “reasonable cause for nonattendance” by the professor. Students anticipating an absence for a major religious holiday are responsible for notifying the instructor in writing of anticipated absences due to their observance of such holidays no later than the last day in the semester to add a class. Information regarding dates of major religious holidays may be obtained through the religious liaison, Mr. Jake Karnes (859-257-2754). Students are expected to withdraw from the class if more than 20% of the classes scheduled for the semester are missed (excused or unexcused) per university policy.

### *Verification of Absences:*

Students may be asked to verify their absences in order for them to be considered excused. Senate Rule 5.2.4.2 states that faculty have the right to request “appropriate verification” when students claim an excused absence because of illness or death in the family. Appropriate notification of absences due to university-related trips is required prior to the absence.

### *Academic Integrity:*

Per university policy, students shall not plagiarize, cheat, or falsify or misuse academic records. Students are expected to adhere to University policy on cheating and plagiarism in all courses. The minimum penalty for a first offense is a zero on the assignment on which the offense occurred. If the offense is considered severe or the student has other academic offenses on their record, more serious penalties, up to suspension from the university may be imposed. Plagiarism and cheating are serious breaches of academic conduct. Each student is advised to become familiar with the various forms of academic dishonesty as explained in the Code of Student Rights and Responsibilities. Complete information can be found at the following website: <http://www.uky.edu/Ombud>. A plea of ignorance is not acceptable as a defense against the charge of academic dishonesty. It is important that you review this information as all ideas borrowed from others need to be properly credited. Part II of Student Rights and Responsibilities (available online <http://www.uky.edu/StudentAffairs/Code/part2.html> ) states that all academic work, written or otherwise, submitted by students to their instructors or other academic supervisors, is expected to be the result of their own thought, research, or self-expression. In cases where students feel unsure about the question of plagiarism involving their own work, they are obliged to consult their instructors on the matter before submission. When students submit work purporting to be their own, but which in any way borrows ideas, organization, wording or anything else from another source without appropriate acknowledgement of the fact, the students are guilty of plagiarism. Plagiarism includes reproducing someone else’s work, whether it be a published article, chapter of a book, a paper from a friend or some file, or something similar to this.

Plagiarism also includes the practice of employing or allowing another person to alter or revise the work which a student submits as his/her own, whoever that other person may be.

Students may discuss assignments among themselves or with an instructor or tutor, but when the actual work is done, it must be done by the student, and the student alone. When a student's assignment involves research in outside sources of information, the student must carefully acknowledge exactly what, where and how he/she employed them. If the words of someone else are used, the student must put quotation marks around the passage in question and add an appropriate indication of its origin. Making simple changes while leaving the organization, content and phraseology intact is plagiaristic. However, nothing in these Rules shall apply to those ideas which are so generally and freely circulated as to be a part of the public domain (Section 6.3.1). Please note: Any assignment you turn in may be submitted to an electronic database to check for plagiarism.

*Accommodations due to disability:*

If you have a documented disability that requires academic accommodations, please see me as soon as possible during scheduled office hours. In order to receive accommodations in this course, you must provide me with a Letter of Accommodation from the Disability Resource Center (Room 2, Alumni Gym, 257-2754, email address: [jkarnes@email.uky.edu](mailto:jkarnes@email.uky.edu) ) for coordination of campus disability services available to students with disabilities.