

Coyote Economist

News from the Department of Economics, CSUSB

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China and the US Plan to Reduce Greenhouse Gases

By James Dulgeroff

Climate change is the greatest humanitarian crisis of our time, responsible for rising seas, raging storms, searing heat, ferocious fires, severe drought, and punishing floods. It threatens our health, communities, economy, and national security.

Worldwide, nations have begun taking steps to combat this growing threat, working toward an international agreement in which every country on earth plays its part. Many of the world's largest polluters have stepped up with significant commitments, amplified by efforts from cities, businesses, sports leagues, churches, and many other individuals and groups that have responded to the urgent need for climate action.

Here in the United States, power plants represent the single-largest source of carbon pollution, spewing two billion tons into the air each year. In response, President Obama's U.S. Environmental Protection Agency has developed the Clean Power Plan, which sets the first national limits on carbon pollution from power plants and provides states with the flexibility to meet them.

The plan represents the most important step the United States can take right now to combat climate change and help spur climate action around the globe, as world leaders look toward an *The United Nations Framework Convention on Climate Change (UNFCCC)* is an international environmental treaty (currently the only international climate policy venue with broad legitimacy, due in part to its virtually universal membership. The objective of the treaty is to "stabilize greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system".

China and the U.S. emit almost one half of all anthropogenic carbon emissions.

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Political Economy Major Revised

The B.A. in Economics—Political Economy Track was recently revised to give students greater flexibility. The first change is that Econ 443 (Origins of Political Economy) has been moved from a required course to an elective course. The second change is that Econ 460 (Labor Economics) is added as an elective course. This latter course covers material relevant to the Political Economy program and, so, is appropriate as an elective course.

The revised program can be found both in the University Bulletin and on the Economics Department website under "Majors and Programs." Students who were Political Economy majors in the past may choose to complete the program as it existed when they declared their major or they may complete the major as it now exists.

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Fall Commencement

This year's Fall Commencement will be held on December 12, 2015, at the **Coussoulis Arena** on the campus of CSUSB. (The Spring Commencement is held at the Citizens Business Bank Arena in Ontario but this is not Spring! Do not go to Ontario.)

Students majoring in Economics, Political Economy, Mathematical Economics, or Applied Economics will participate in the **9 a.m.** commencement along with others in the College of Social and Behavioral Sciences and the College of Natural Sciences. Students in the Business Economics major will participate in the **1 p.m.** commencement with the College of Business and Public Administration and the College of Arts and Letters.

So...where is Fall commencement?

Coussoulis Arena at CSUSB

Econ Student, Noe Nava, receives scholarship for 29th Annual HACU Conference

Mr. Noe Nava, majoring in Economics (Mathematical Economics Track), was selected to participate in the 29th Annual Hispanic Association of Colleges & Universities (HACU) conference, held October 10-12, 2015, in Miami Beach, Florida. The conference, focusing on hispanice higher education success, was held at the Fontainebleu Miami Beach Hotel. There were professional career workshops, government and corporate discussion panels, networking opportunities, and a career fair. Mr. Nava was awarded the HACU Conference Scholarship to participate in this conference. The scholarship covered all the fees, travel, lodging and meals. Congratulations Mr. Nava!

Staying Informed of CSUSB Department of Economics Events and News

If you're receiving the *Coyote Economist*, then you're on our mailing list and everything is as it should be. But, if you know of an Economics Major, or an Econ Fellow Traveler, who is not receiving the *Coyote Economist* through email, then please have him/her inform our Administrative Support Coordinator, Ms. Jacqueline Carrillo, or the Chair of the Economics Department, Professor Mayo Toruño. Our phone number is 909-537-5511.

You can stay informed by consulting:

Our Website - <http://economics.csusb.edu/>

Our Facebook Page- <http://www.facebook.com/pages/CSUSB-Department-of-Economics/109500729082841>

Chair of the Economics Department - mtoruno@csusb.edu



Fall End-of-the-Quarter Party!

The Fall End-of-the-Quarter Party will be held on Friday, December 4, at Jerseys Pizza (in the Stater Bros Shopping Center, 985 Kendall Drive, San Bernardino, CA). The festivities begin at 6 p.m.

All econ students as well as friends and family, are encouraged to attend. If you haven't attended one of our parties, you should; not only do you get free pizza and beverages, you get to meet the econ faculty and other econ students. These events are always fun.

We're Still on Facebook!

Joining us on Facebook is an important way of keeping up with Departmental news and events, as well as getting information on political economy.

Simply search for The CSUSB Department of Economics on Facebook and you'll find us. We're easy to find. If you've not already done this, do it today!

Greenhouse

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Over the past few decades China and the United States have kept each other locked in a regulatory stalemate over climate change. As political rivals, neither one of the world's biggest carbon emitters was going to budge unless it was sure any action it took to curb carbon dioxide emissions wouldn't let the other run away with the world's economy. Then last year, within 60 days of each other, Presidents Obama and Xi Jinping each released detailed plans to curb coal power plants.

In his recent visit to the U.S. this past September 2015, *President Xi Jinping announced his country's commitment to cutting emissions from the White House on September 24, the same day Pope Francis lectured Congress on how climate change is affecting the world's poor.* None of this is accidental. These two superpowers likely hope their combined efforts will herd the rest of the world into a global emissions agreement at the upcoming

...The US and China are joining hands to lead the world toward "Green GDPism"....

United Nations (UN) climate talks (Conference of Parties number 21, known as COP21), to be held in Paris starting at the end of November, 2015. Many of us in the field of Environmental Economics, and in the environmental movement at large, see COP21 as the globe's last best hope to decouple carbon emissions from economic growth in both the developed and developing world, with China leading the way.

It's been a long time coming. Past attempts at global emissions agreements have failed because neither the US or China (or any other emitters) wants to be left holding a bag full of economy-wilting regulations.

But the effects of climate change are beginning to overshadow the benefits of ignoring it.

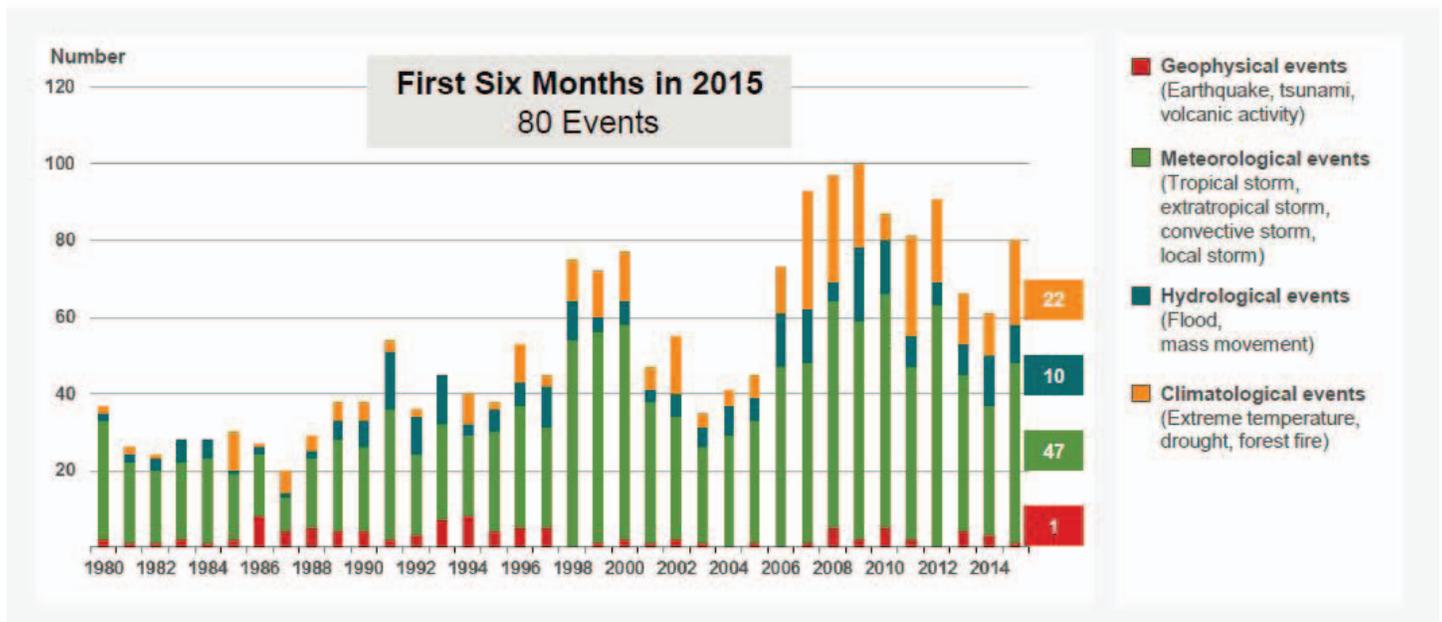
The graph below (reprinted with permission) is referred in the new documentary movie *Chasing Ice* (available online at Netflix, Amazon, YouTube and Google Play) which anyone concerned about the science of Climate Change will thoroughly

enjoy. The graph shows the number of "loss events," which are significant natural events that required insurance companies to make payouts. As can be seen, in recent years the number of these events has increased greatly. (The number of events each year is just for the first six months of that year so that they can be compared to the first six months of the uncompleted year 2015.

It is becoming quite evident that something needs to be done in light of the correlation between carbon emissions and planetary changes from species extinction to a quadrupling of wildfires. The figure showing natural disasters in the United States displays a quadrupling of climate related events since the 1980's. The United States and China, the two largest economies in the world (the largest developed country and the largest developing country), are joining hands across the Pacific Rim to lead the world toward "Green GDPism"—an emphasis on economic growth and sustainability. The three pillars of sustainability are emphasized in Econ 360 (Environmental Economics). The three pillars are:

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Loss events in the U.S. 1980 – 2015
Number of events (January – June only)





Greenhouse

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(1) economic growth, (2) conservation of the biological diversity and natural resources (e.g., clean water and air), and (3) economic justice--reversing the trends toward greater inequality, as those who bear the brunt of environmental degradation are often those who are least well off (also known as actions to alleviate environmental racism).

Despite present uncertainties concerning the future, China's performance over the past few decades demonstrates to the world the Chinese Central Committee has the capacity to continue to deliver on its promise to

build a better future for its people. China is at the center of the rise of Asia and its growing middle class. The locus of global economic power is shifting, in a world where emerging markets now account for 50 percent of official global output. China is now, according to the IMF, the biggest player, and displays the greatest dynamism.

The table below shows the relative position of the material standard of living in China. As can be seen, back in 1700, before the rapid rise of capitalism in Europe, the material standard living in China was about the average for the world. From 1700 to 1950 the material standard of living in China fell behind the rest of the world due to the rapid growth of other (capitalist)

countries and due to the negative effect of WWII (in particular, Japan's invasion of China). By 1950, China's material standard of living was only about 20% of the world average. But the rise of China can be seen after 1950.

China's reforms, under the leadership of its central planning authority has, in the last few decades, taken China's ratio of per capita GDP *from only 20 percent of average world per capita GDP to almost 20 percent over the world average today*—a fact that is truly incredible, given that China has the largest population in the world (see Table 1 above). In just the past few decades, China has lifted hundreds of millions of its citizens out of poverty.

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China in comparison with the world: 1700 to 2015						
Per Capita GDP (1990 international dollars \$)						
YEAR:	1700	1820	1900	1950	2001	2015
China:	\$600	600	545	439	3,583	8,265
World:	\$615	668	1,262	2,110	6,041	7,154
Ratio of China to World	0.98	0.90	0.43	0.21	0.59	1.16
Source: A. Maddison (2004), <i>The World Economy Historical Statistics</i> . Updated by J. Dulgeroff for 2015						

Greenhouse

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To us, the most astonishing thing about the amazing economic development and rapid transformation of China to the position of the number one economy in the world is this: *how could anyone doubt the commitment of the Chinese Communist Party to deliver on its promised path to a greener future for its people (clearly outlined in its 12th 5-year plan)*. As China takes the lead, blazing a path to a greener, more sustainable economic growth, the world will soon take notice and follow.

Meanwhile, the middle class (i.e., middle 60 percent of wage earners) in the United States have seen their median income fall (in real terms) by roughly 5 percent since the 2007 financial crisis. By contrast, the last de-

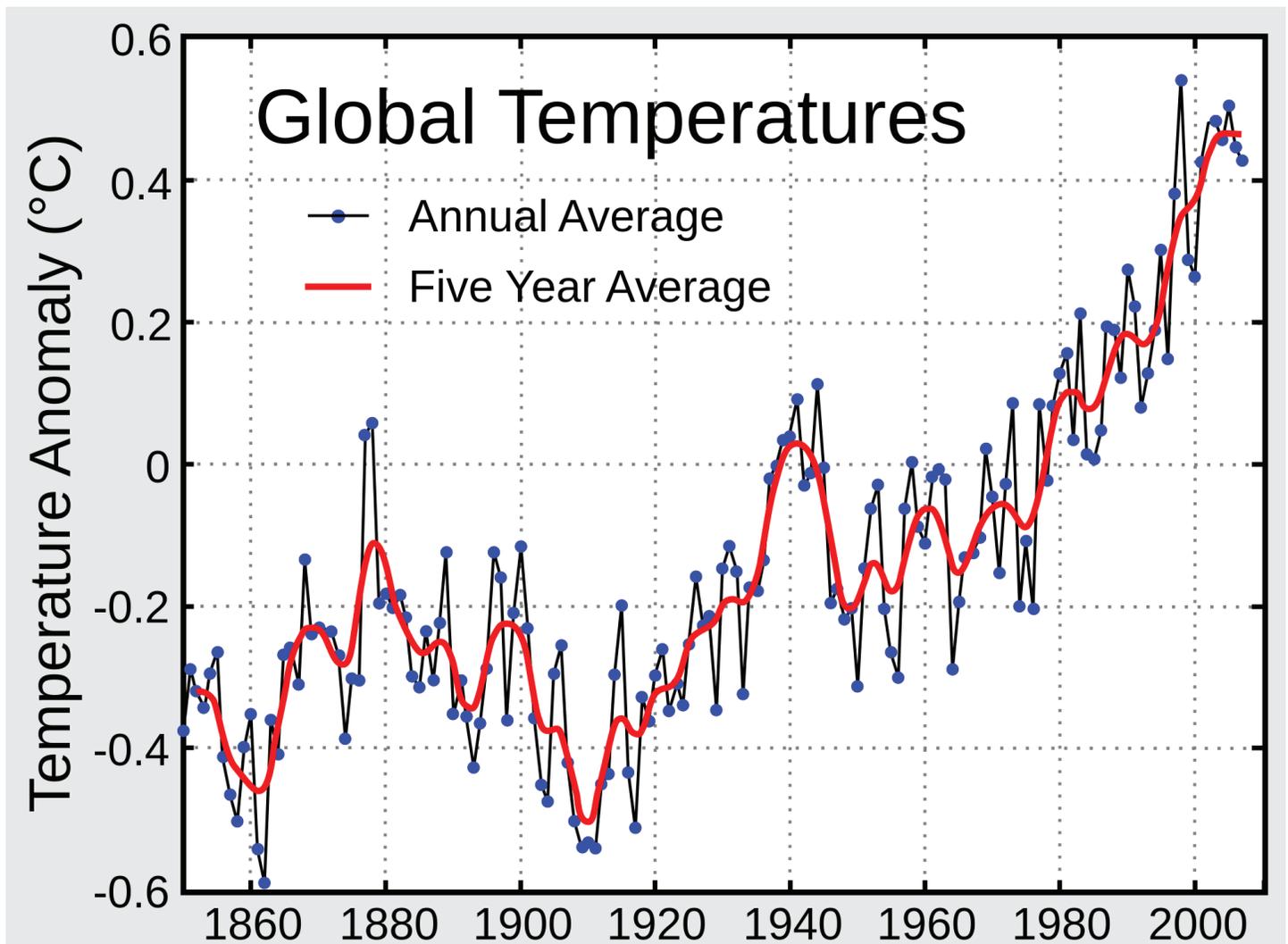
cade in Asia (and the coming decade) will continue to witness a rising Asian middle class that is becoming globally dominant.

Even as the Western World sank into a global recession, China continued to grow. Despite the unwise efforts of the United States to derail its leadership in the world (e.g., the Obama Administration's unsuccessful design of a Trans Pacific Partnership), China has been at the commercial center of Asia's booming middle class.

The West, overall, has experienced stagnation in GDP growth, and political paralysis in terms of macroeconomic policy focused on austerity.

With engines of growth stalled in the West, there is considerable division in the United States over the recent efforts of the U.S. Environmental Protec-

tion Agency's (EPA) new Clean Power Plan to cut greenhouse gas emissions nationwide. Many states in the U.S., and a large collection of state governors, have come together in opposition of the Obama Administration's executive order to cut greenhouse gas emission in the energy sector. In contrast, China has developed plans for a new target of reducing overall emissions of greenhouse gases by 2030, forecasting a reduction in its per capita emissions of 40 percent by 2030. This would be an extraordinary feat for a national economy whose GDP growth rates should continue being amongst the highest in the world. Let us all be hopeful that as China resumes the leadership role that it has played throughout most of recorded history, the U.S. will join in the quest for Global Green GDPism.



Tentative WINTER 2016 SCHEDULE OF COURSES

#	TITLE	DAYS	HOURS	AM/PM	INSTRUCTOR
104	ECON OF SOCIAL ISSUES	TR	0800-0950	AM	NILSSON
200	PRINCIPLES MICROECON	MW	1000-1150	AM	ASHEGHIAN
200	PRINCIPLES MICROECON	TR	1200-0150	PM	KONYAR
200	PRINCIPLES MICROECON	TR	0200-0350	PM	KONYAR
200	PRINCIPLES MICROECON		ONLINE		ALDANA
202	PRINCIPLES MACROECON	MW	0400-0550	PM	HAYES
202	PRINCIPLES MACROECON	TR	1000-1150	AM	HAYES
202	PRINCIPLES MACROECON	TR	0200-0350	PM	MACDONALD
202	PRINCIPLES MACROECON	T	0400-0750	PM	ALLEN
202	PRINCIPLES MACROECON		ONLINE		ALDANA
300	INTERMEDIATE MACROECON	MW	0600-0750	PM	PIERCE
302	INTERMEDIATE MICROECON	TR	0400-0550	PM	DULGEROFF
311	ECON K-8		ONLINE		CHARKINS
322	MANAGERIAL ECON	TR	0600-0750	PM	KONYAR
430	INTERNATIONAL ECON	MW	0200-0350	PM	ASHEGHIAN
460	LABOR ECONOMICS	TR	1000-1150	AM	MACDONALD
475	PUBLIC ECONOMICS	TR	1200-0150	PM	NILSSON
540	POLITICAL ECONOMY OF LA	MW	1000-1150	AM	TORUNO

Tentative SPRING 2016 SCHEDULE OF COURSES

#	TITLE	DAYS	HOURS	AM/PM	INSTRUCTOR
200	PRIN MICROECON	MW	1000-1150	AM	ASHEGHIAN
200	PRIN MICROECON	MW	0200-0350	PM	ASHEGHIAN
200	PRIN MICROECON	TR	0800-0950	AM	MACDONALD
200	PRIN MICROECON		ONLINE		ALDANA
202	PRIN MACROECON	MWF	0800-0910	AM	NILSSON
202	PRIN MACROECON	MWF	1040-1150	AM	NILSSON
202	PRIN MACROECON	TR	0400-0550	PM	KONYAR
202	PRIN MACROECON		ONLINE		ALDANA
300	INTERMEDIATE MACROECON	MW	0200-0350	PM	STAFF
335	TOOLS OF ECON ANALYSIS	TR	1000-1150	AM	MACDONALD
360	ENVIRONMENTAL ECON	TR	0400-0550	PM	STAFF
410	MONEY & BANKING	MW	0600-0750	PM	PIERCE
450	GLOBAL ECONOMY	MW	0400-0550	PM	ASHEGHIAN
490	ECONOMETRICS	TR	0600-0750	PM	KONYAR
500	HIST ECON IDEAS	MW	1000-1150	AM	TORUNO
530	THE GOOD ECONOMY	MWF	1200-0110	PM	NILSSON