

PSCI 247/PSCI 447  
Professor Lawrence Rothenberg

Green Markets  
Fall 2022

**Purpose:** This course introduces you to the opportunities, constraints, and pitfalls that firms and industries face in confronting environmental considerations. We will examine different “drivers” of green markets, with special emphases at the end of the course on the risks and rewards associated with global warming and, finally, the future of sustainability.

**Grading:** Grades are based on two in-class exams (the latter is cumulative for the entire semester’s work) and a final project (1/3<sup>rd</sup> of the grade for each). *Make-up exams are not given—exceptions are rarely granted.* Details will be given regarding the project later in the semester but, it suffices to say, that it will be 10-



## II: Basic Concepts (Sep. 6<sup>th</sup>, 8<sup>th</sup>)

Delmas, Intro and Ch. 1.

David P. Baron, and Thomas P. Lyon. 2012. "Environmental Governance," in *The Oxford Handbook of Business and the Natural Environment*.

Andrew W. Savitz. 2014. *The Triple Bottom Line*, 2<sup>nd</sup> edition. Ch. 2.

V. Kasturi Rangan, Lisa Chase, and Sohel Karim. 2015. "The Truth About CSR," *Harvard Business Review* 93(1/2): 40-49.

Elaine Conway. 2018. "Sustainability, the Triple Bottom Line, and Corporate Social Responsibility," in *Contemporary Issues in Accounting*.

David A. Anderson. 2019. *Environmental Economics and Natural Resource Management*, 5<sup>th</sup> edition. Ch. 3.

Sara Olsen, Clara Miller, & Coauthors. 2019. "A New Accounting System is Possible," *Stanford Social Innovation Review* 17(4): 59-60.

Jeffrey D. Sachs and Lisa E. Sachs. 2021. Business A 612 792 reW\*nBT/F1 12 Tf1 0 0 1 170.9 487.99 Tm0

**III**, **Shared Value**  
**13<sup>th</sup>, 20<sup>th</sup> NO CLASS Sep. 15<sup>th</sup>)**

**(Sep.**

Lennox and Chatterji, Ch. 2.

Michael E. Porter and Class van der Linde. 1995. "Toward a New Conception of the Environment-Competitiveness Relationship," *Journal of Economic Perspectives* 9(4): 97-118.

Michael E. Porter and Mark R. Kramer. 2011. "Creating Shared Value," *Harvard Business Review* 89(1/2): 62-77.

Stefan Ambec, Mark A. Cohen, Stewart Elgie and Paul Lanoie. 2013. "The Porter

#### **IV: Social Drivers I Citizen and Non-Citizen Demand (Sep. 22<sup>nd</sup>, 27<sup>th</sup>)**

Lennox and Chatterji, Ch. 5.

Delmas, Chs. 2-7.

Timothy Simcoe and Michael Toffel. 2014. "Government Green Procurement Spillovers: Evidence from Municipal Building Policies in California," *Journal of Environmental Economics and Management* 68(3): 411-434.

Katherine White, David J. Hardisty, and Rishad Habib. 2019. "The Elusive Green Consumer," *Harvard Business Review* 97(4): 81-89.

Edwin R. Stafford and Antje R.H. Graul. 2020. "Turning Consumers Green: From Green Marketing Myopia to Our 2020 Vision," *Sustainability* 13(1): 10-21.

Simon Kucher & Partners. 2021. *Global Sustainability Study 2021*.



## **VI: Political Drivers Regulation and Beyond (Oct. 20<sup>th</sup>)**

James R. Kahn. 2005. *The Economic Approach to Environmental & Natural Resources*. Ch. 3.

Madhu Khanna, George Deltas, Donna Ramirez Harrington. 2009. "Adoption of Pollution Prevention Techniques: The Role of Management Systems and Regulatory Pressures," *Environmental & Resource Economics* 44(1): 85-106.

Matt Gitsham. 2018. "Why Climate Change and Other Global Problems are Pushing Some Business Leaders to Embrace Regulation," *Harvard Business Review Digital Articles*.

Alexei V. Ovtchinnikov, Syed Walid Reza, and Yanhui Wu. 2020. "Political Activism and Firm Innovation," *Journal of Financial Activism and Quantitative Analysis* 55(3): 989-1024.

John Elkington. 2020. *Green Swans: The Coming Boom in Regenerative Capitalism*, Ch. 7.

Daniel C. Esty. 2020. "Creating Investment-Grade Corporate Sustainability Metrics," in Esty and Cort (eds.), *Values at Work*.

**Exam 1: Oct 25<sup>th</sup>**

## **VII: Economic Drivers I. Voluntary Programs (Oct. 27<sup>th</sup>, Nov. 1<sup>st</sup>)**

Delmas, Ch. 8.

Joaquin Canon-de-Francia and Concepcion Graces-Ayerbe. 2009. "ISO14001 Environmental Certification: A Sign Valued by the Market?" *Environmental and Resource Economics* 44(2): 245-262.

Madhu Khanna and Keith Brouhle. 2009. "The Effectiveness of Voluntary Environmental Initiatives" in Delmas and Young, *Governance for the Environment*.

Nicole Darnall, Hyunjung Ji., and Matthew Potoski. 2017. "The Institutional Design of Ecolabels: Sponsorship Signals Rule Strength," *Regulation & Governance* 11(4): 438-450.

Joseph DeQuarto. 2019. "Strengthening Eco-Labeling Regulation," *The Regulatory Review*.

Cary Coglianese and Jennifer Nash. 2020. "Compliance Management Systems: Do They Make a Difference?," in *Cambridge Handbook of Compliance*.

*Optional (not required):*

Manuel Frondel, Karoline Krättschell, and Lina Zwick. 2018. "Environmental Management Systems: Does Certification Pay?" *Economic Analysis and Policy* 59 (3): 14-24.



## **IX: Economic Drivers III. Looking Inside the Firm (Nov. 15<sup>th</sup>, 17<sup>th</sup>)**

Lennox and Chatterji, Ch. 3.

Suzanne Fallander. 2012. “Integrating Sustainability into Strategy, Governance and Employee Engagement,” *MIT Sloan Management Review* 53(4): 1-3.

Pat Auger, et al. 2013. “How Much Does a Company’s Reputation Matter in Recruiting?” *MIT Sloan Management Review* 55(3): 78-88.

CERES Roadmap 2030 Summary Report. 2020.

BSR/GlobeScan. 2020. *State of Sustainable Business*.

Robert G. Eccles, Mary Johnstone-Louis, Colin Mary, and Judith C. Stroehle, 2020, “The Board’s Role in Sustainability,” *Harvard Business Review* 98 (5):.48-51.

Adi Gaskell. 2021. “Employees Demand that we Become More Sustainable,” *Forbes*.

Robert A. Ritz. 2022. “Linking Executive Compensation to Climate Performance,” *California Management Review* 64(3): 124-140.

*Optional (not required):*

Oliver D. Hart and Luigi Zingales. 2022. “The New Corporate Governance,” working paper.

Patricia Kanashiro. 2020. “Can Environmental Governance Lower Toxic Emissions? A Panel Study of U.S. High-Polluting Industries,” *Business, Strategy and the Environment* 29(4): 1634-1646.



**XI: The 800 lb. Gorilla: Climate Change (Dec. 1<sup>st</sup>, 6<sup>th</sup>)**

S. Pacala and R. Socolow. 2004. "Stabilization Wedges: Solving the Climate Problem for the Next 50 Years with Current Technologies," *Science* 305: 968-972.

Sir Nicholas Stern. 2009. "Stern Review: The Economics of Climate Change: Executive Summary."

Robert Stavins. 2018. "Linkage will Prove Essential for Ultimate Success of Paris Agreement," *The Environmental Forum* 35(5): 15.

Andrew Winston. 2018. "The Scale of the Climate Catastrophe Will Depend on What Businesses Do Over the Next Decade." *Harvard Business Review Digital Articles*.

Business Roundtable. 2020. "Addressing Climate Change: Principles and Policies."

Robert Socolow. 2020. "Contending with Climate Change: The Next 25 Years," *Bulletin of the Atomic Scientists* 76(6): 294-301.

*Optional (not required, for background):*

*U.N Environmental Programme: Emissions Gap Report 2020.*

## **XII: Conclusions and the Future of Green Markets (Dec. 8<sup>th</sup>)**

Delmas, Ch. 9.

Lennox and Chatterji, Ch. 6.

John Elkington and Charmian Love. 2012. "Tomorrow's C-Suite Agenda," in *The Oxford Handbook of Business and the Natural Environment*.

Stuart L. Hart. 2012. "The Third-Generation Corporation," in *The Oxford Handbook of Business and the Natural Environment*.

Hoffman, Andrew J. 2018. "The Next Phase of Business Sustainability," *Stanford Social Innovation Review*, 16(2), 35–39.

Joseph Sarkis, Maurie J. Cohen, Paul Dewick, Patrick Schröder. 2020. "A Brave New