ECONOMICS 148: FALL QUARTER, 2014
FINAL EXAM REVIEW SHEET

This sheet covers only the material since the second midterm

Chapter 14

1. Given two sources of air pollution, what is the cost effective means of controlling pollution? How is this different from the efficient level of pollution?

2. Compare and contrast the three means of controlling pollution; 1) command and control (CAC), 2) emissions charges, and 3) cap and trade. Which of these are efficient (and why)? Which of these are cost effective (and why)?

3. Given several pollution sources within a given region. You have determined the level of pollutants that the environment can tolerate and need to design a regulatory system that guarantees that tis limit is never exceeded, even if the number of pollution sources increases. Which of the regulation methods (CAC, charges, or allowances) would be the most cost effective means of achieving the desired end? How might your choice change if some increase in emissions could be tolerated?

Chapter 15

4. What are some of the sources of inefficiency in the command and control approach taken by the EPA?

5. What is the difference between conventional and regional pollutants? Do regional pollutants pose any additional challenges to the three types of regulation discussed?

Chapter 16

6. What is the IPCC and what were the primary findings of it's 2007 report?

7. Describe the strategies for addressing climate change that are implemented by the Kyoto protocol. What are some of the drawbacks of these provisions?

8. Discuss the "issue linkage" strategy.

Chapter 18

9. Your book claims that there are implicit subsidies for driving a car, as well as externalities that are not internalized, that cause the price of driving to be artificially low. List and describe these.

10. Why does the auto industry prefer uniform (national) standards for automobile emissions as opposed to regionally varying standards? Are uniform standards beneficial to everyone?

11. Were the standards set by the Clean Air Act amendment of 1970 appropriate? If not how were the issues resolved?

12. In addition to the emissions control strategies discussed above, what other options did we discuss for reducing miles driven?

Chapter 19

13. Describe the difference between the theories of strict liability and of negligence. If waste from of a hazardous material disposal site eneded up in the ground water, even after the operator had taken all necessary precautions to prevent it, would the operator be liable

for damages? If so, under which of the above theories would he be liable.

14. Consider a child who develops cancer after chewing on a toy that was found to contain small amounts of a carcinogen. Under which theory from Question 14 (if either) could the manufacturer be found liable. What would be the difficulties be in proving the case against the manufacturer?

15. How might the marketplace mitigate the risk to employees working in a hazardous environment. Under what circumstances might such mitigation not work? Do such mitigations relieve the employer from potential liability?

16. From an economic standpoint, why might low income neighborhoods be attractive locations for hazardous waste storage sites?

Chapter 20

17. Describe the difference between efficiency and sustainability when it comes to development? When might they be (or not be) compatible?

18. What is a pollution haven? Have empirical studies confirmed the existence of these?

19. What is the Human Development Indicator (HDI)? Why is it a better indicator of sustainable development that the other economic indicators commonly used?