ARE 336

What are you supposed to know first hourly on chps 1-4 & 6 plus readings

1. Background of Environmental Policy
   - Materials and Energy Balances – what do they imply about production and consumption processes (chewing gum)
   - Source/Receptor – what do they mean and why is this important
   - Types of Sources – Point/Stationary, Non-Point, Mobile
   - Definition of Efficiency
   - Command and Control Policy
2. Review of Economic Concepts

- What is a Market

- Individual and Market Demand for Private Good – Define and derive from schedules or graphs

- Individual and Market Supply for Private Good – Define (for perfect competition) and derive from schedules or graphs

- Equilibrium Price and Quantity – be able to solve for linear functions; define shortage and surplus – factors likely to cause them

- Marginal Benefit, Price, Total Willingness to Pay – what do they mean

- Consumer Surplus – define and measure at given price, for price change
- movement along versus shift in demand and supply curves – what do they mean and what causes them

- producer surplus – what does it mean, how is it measured

- deadweight loss due to tax or restriction on quantity

- market structure – difference between monopoly and perfect competition

3. Market failure

- attributes that distinguish public and private goods

- definition of externality

- difference in market demand for public good from market demand for private good
- Revealation problem and free riding

- Definition of efficient allocation of resources – “in words” and in terms of marginal benefits and marginal costs; how does this relate to what happens on private markets?

- Externality – definition – how does it affect what should happen to demand for a supply or private good to assure efficient allocation of resources

- Be able to solve for effects of externality and imposing marginal social costs from it on market

- What was the point of environmental costing in the example we discussed for New York
- Assumptions and results of Coase Theorem
- When will bargaining work to resolve externalities
- Congestion – what is it and how does it relate to common property resources
- Remember the random and efficient rationing story

4. Risk and Regulation
   - See notes for addition to Lecture 4
6. Command and Control regulations

- Types of regulations – what distinguishes them
- Know what influences the marginal social benefit of abatement
- What is marginal social cost of abatement
- Why is non-uniformity of pollutants important
- Cost-effectiveness and command and control
- Bubble policy and multiple sources – what does it accomplish