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