Review for Second Hourly

Benefit Cost Analysis

• Understand Revealed and Stated Preference
  – Travel cost
  – Hedonic property value
  – Averting behavior (in book, we didn’t discuss explicitly)
  – Contingent valuation
  – What is VSL?
  – Discounting and Present Value
**Benefit Cost Analysis, cont.**

- Discounting and Present Values
- Use and Nonuse Values
- Be able to do a Benefit Cost Analysis
- Remember how to adjust prices to put in a common year

**Policy Instruments**

- Cost Implications of Standards (command and control) in comparison
- Remember Definition of Externality
- Tradable Pollution Allowance
Non-Renewable Resources and Forests

- What is the efficient rule for firm extracting non-renewable resource
- Be able to explain forestry rotation cycle
- Distinction between reserve and resource
- Hotelling rent
- Backstop technology