

Second Exam

Write all answers in your blue book and show all work there. Return your exam in your blue book.

15 pts.

1) When those in the Worldwatch Institute or “Limits of Growth” camp say that we are going to run out of natural resources in the not too distant future, how do they view natural resources? As we consume these resources, what will happen to cope with the problem?

17 pts.

- 2) a) Use a monopoly model to say what’s wrong (inefficient) with cartel pricing of energy.
b) Explain how a cartel in a natural resource market can be good for sustainability.

17 pts.

- 3) a) Water may be the resource most likely to have society “overshoot and collapse.” Explain.
b) How can increasing block rates can be used to address the concern in part a.

17 pts

4) True or false, explain. Hunger in the underdeveloped world can be largely solved if farmers in those countries use modern technology.

17 pts.

- 5) a) Describe (diagram) the rate of growth of a forest and how the interest rate affects the time that it will be harvested.
b) Describe one aspect of public policy that causes large amounts of forest to be cleared.

17 pts.

- 6) a) Describe the common property problem with fisheries.
b) Describe one policy that attempts to correct the problem. Is it efficient?

I have neither given nor received unfair aid on this test.
