

Second Exam

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

12 pts.

- 1) a) The “overshoot and collapse” camp views resources as fairly fixed. Explain this in terms of “identified” and “undiscovered” resources and economic and subeconomic ones.
b) When resources are viewed as identified economic ones, is it surprising that we haven’t overshoot and collapsed yet? Explain.

20pts.

- 2) a) Use a well-labeled diagram to help explain the natural gas shortage in 1970’s.
b) Were the shortages due to exhaustion of resources?
c) Use your diagram to depict what has happened to natural gas supply and price lately. What well-known and somewhat controversial “advance” accounts for this.?

20 pts.

- 3) a) Do water markets generally function very well? Explain.
b) Briefly describe two ways in which they don’t.
c) “If we are willing to pay enough, the supply of water is virtually unlimited.” True or false, explain.

8 pts

- 4) “Malthus was right. Starving people world-wide are the proof.” True or false, explain.

20 pts

- 5) a) What is happening to forests world-wide?
b) What is biggest cause of this?
c) Would a increase in interest rates have any effect on deforestation? Why.

20 pts.

- 6) a) Draw the biological growth model for the “supply” of fish as a function of the fish population.
b) What does this model show us about the sustainable supply of fish?
c) Now draw a revenue and cost diagram for fish and say how it relates to the biological one.

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