

Exam #1 Review Topics

1. Derive Biophysical Conditions for a Sustainable Economy from fundamental economy-environment relations.
2. Demonstrate the neoclassical approach to externalities using a basic supply and demand diagram, showing social costs, social benefits, and net social costs associated with a negative externality.
3. Outline Kapp's approach to social costs.
4. Critique GDP from an environmental perspective, showing what is included, what's not, and whether GDP should be used as an indicator of social well-being. Outline the alternative Net National Welfare indicator.
5. Use an example to demonstrate the Coase theorem, paying careful attention to the assumptions required and the results derived.
6. Discuss willingness to pay as a definer of value.
7. Make the case for and against the tragedy of the commons argument.