

Taylor Economics Chapter 15

1. Define public good.
2. Define nonrivalry.
3. Explain nonexcludability.
4. What is the free-rider problem?
5. Why is the free-rider reality a problem for society?
6. How are user fees used to provide services to users of services?
7. Why does someone utilize a cost-benefit analysis?
8. In terms of providing goods or services what does $MC > MB$ tell us?
9. In terms of providing goods or services what does $MC < MB$ tell us?
10. What is the goal in terms of providing goods or services when utilizing a cost-benefit analysis?
11. Explain what a contingent valuation is.
12. What is an externality?
13. Compare and contrast positive and negative externalities.
14. Give an example not listed in the book of a positive and negative externality.
15. Why are negative externalities bad?
16. What is marginal private cost?
17. Define marginal social cost.
18. How are marginal social cost and marginal private cost different?
19. Explain what is shown in Figure 15.1.
20. How are immunizations against communicable disease a positive externality?
21. In what ways are those who advocate against immunization promoting a negative externality?
22. Compare and contrast marginal private and social benefit.
23. What do negative externalities produce?
24. Why is the item in number 23 considered to be bad for society? (Think surplus)
25. What does it mean to internalize externalities?
26. Why is a private remedy preferred over governmental action?
27. What are property rights?
28. Why is it imperative for property rights to be enforced?
29. How is the Coase theorem used to explain how externalities will be solved between two or more entities?
30. Define transaction costs.
31. What type of obstacles are there in coming up with private remedies to externalities?
32. Describe command and control regulations as it relates to Obama's cap and trade policies.
33. What are scrubbers?
34. NY city has proposed a congestion fee for entering Manhattan. Why, in economic terms, is such a plan needed? Why is such a proposal being considered?
35. How can subsidies increase consumption and lead to absorbing an unrealized positive externality?
36. Explain what is shown in Figure 15.3.
37. Why is the tax put in place?
38. Explain what's going on in Figure 15.4.
39. What is an emissions tax?
40. How much GDP does it cost to reduce pollution?
41. The presence of externalities means that _____ isn't being maximized in the market.
42. Compare and contrast normative and positive economics.
43. Give an example of government failure.
44. How does a public choice model show a lack of economics fundamentals?
45. Why does the median voter theorem seem to work?
46. Explain how the convergence of positions idea confirms many people's beliefs that Democrats and Republicans are the same.
47. Explain the voting paradox among three choices given Table 15.3.
48. What does the Arrow impossibility theorem explain?
49. Using the sugar growers' demand for subsidies example, how can we explain the impact of special interest groups on politics?
50. What economic argument can conservatives rightly use to show that private sector firms can provide goods and services more efficiently than governmental agencies?
51. Do problem 5 on page 422.
52. Do problem 6 on page 422.
53. Do problem 7 on page 422.
54. Do problem 8 on page 422.