

Econ 150 (Lemoine), Third Exercises

This assignment is to be completed individually, not as part of a group. Turn in to the D2L submission folder before the designated time on the due date. Make sure to upload as a pdf. We do not want a paper copy.

- 1) Most cities have some hazardous waste sites, commonly called Superfund sites.
 - a. What are two revealed preference methods that we could use to measure people's dislike of living near these sites (i.e., to measure the cost of these sites existing)?
 - b. What are the limits of these approaches?
 - c. What might a stated preference approach look like? What are its strengths and weaknesses relative to the revealed preference approaches?
 - d. Which of the three methods would you find most convincing?

- 2) The remaining problems require a bit of creativity. For each response, make sure to describe your method, justify why it could reveal values, and explain drawbacks. Each method therefore requires around three sentences. The "three methods" do not refer to the three broad categories described in lecture; we want three concrete applications (from whichever categories) such as the ones we developed in class.
 - a. You are thinking of starting a moon tourism company. Come up with three revealed preference methods for measuring people's value of going to the moon.
 - b. You are a NASA administrator. Come up with three revealed preference methods for measuring the value of sending rovers to other planets.
 - c. You manage an Arctic conservation area. Come up with three revealed preference methods for measuring the value of protecting polar bears, whether at your site or others.
 - d. You are negotiating a treaty that would close the ozone hole. Come up with three revealed preference methods for measuring the cost of the Ozone hole, which can affect people around the world. This requires spending a few minutes reading about what the ozone hole is and why it matters. Wikipedia is probably sufficient: https://en.wikipedia.org/wiki/Ozone_depletion