Midterm exam review

Econ 2505

Prof. S. MacDonald

**I. Readings to review: All readings, PowerPoint presentations and links to films are posted on Open Lab.**

1. **Reading** **week 1**: “Building for the Next Big Storm: After Hurricane Sandy, New York Rebuilds for the Future.”

* Is the proposal described in the reading an efficient solution to possible future flooding in the New York region in the event of another major storm? Clearly explain your reasoning.
* Briefly describe the costs and benefits of the proposal.

**2. Sustainable tourism: two articles**

“A Vision faces and Environmental Test”

“Tourism and its environmental impact on the D.R. Coastline”

What are some of the benefits (positive impacts) that tourism can provide to communities?

* What are some of the costs (negative impacts) of tourism?
* How can the good impacts be maximized and the bad minimized so that the local community benefits more from tourism?
* How can the local community participate more in tourism development? What are some reasons that the local community should be involved?

3. **William Emmons**, *Leverage Points for Accelerating Sustainable Growth,* Ch. 3Consumers: Changing the Terms of Engagement (pages 13 - 17 of article)

1. William Emmons suggests that American consumers may not be able to serve as the engine of economic growth that they did in the prosperous post-war era. What reasons does he cite for this? (paragraph 1)

* Emmons notes in the last paragraph on page 1 that “as consumer spending grew rapidly in the U.S., we imported consumer-oriented goods and services even more rapidly.” What problem does Emmons see with this trend?
* Take a look at the table on pg. 2 that compares the composition of GDP in the U.S. and Canada over time. Looking at the most recent period from 2001 – 2010, what differences do you notice in the percent share of the components of GDP between the two nations (Consumption, Investment, Net exports, Government expenditures)?

4. **Robert Atkinson and Darren Hackler**, "Economic Doctrines and Approaches to Climate Change Policy;

**On pages 1 through 9, the authors discuss their views of how Neoclassical economists, Neo-Keynesian economists, and Innovation Economists would design economic policies to address the issue of climate change. Think about the following questions related to this reading.**

* What do neoclassical economists view as the central issues to resolve in addressing the challenges of climate change? Which of the concepts (in the list above) are central to the neoclassical view? Summarize the neoclassical argument.
* What is **your assessment** of the neoclassical view? Are the assumptions about human economic behavior and about how to address environmental problems realistic? Explain.
* Describe two or three ways in which the **neo-Keynesia**n view differs from the neoclassical   perspective?  What would neo-Keynesian economists view as important in addressing the challenges of climate change? Explain
* What are the principal problems the authors have with both the neoclassical and neo-Keynesian approaches to addressing climate change issues? Clearly explain.
* The authors finally discuss what they term the **“Innovation Economics**” perspective. What are the three arguments the authors cite as to why neither the neoclassical nor the neo-Keynesian views offer an suitable policy framework for addressing the economic realities of the 21st century?
* What do you believe are the most important issues with respect to current environmental challenges and what if anything would you take from any of these three perspectives to explore those issues?

**The debate about cap and trade and a carbon tax:**

5. “The Coming Climate Crash: Lessons for Climate Change”, Henry Paulson

6. “The Big Green Test: Conservatives and Climate Change”, Paul Krugman

7. “Why Emissions Trading is More Effective than a Carbon Tax”, International Emissions Trading Association (IETA)

Think about the following questions:

* What remedy does **Henry Paulson** view as the most effective means to reduce carbon emissions from fossil fuels (i.e. sources such as coal fired power plants)? Why does he believe this to be the most effective remedy?
* Paulson also argues that attempting to do more than this now would not be advisable. What reasons does he make for taking this position? Do you agree/disagree?
* In his response to Paulson, **Paul Krugman** argues that "A carbon tax may be the best thing we could do, but we won’t actually do it". Explain why he make this argument.
* Krugman then argues that there are several other alternatives that can more easily be achieved if there is a willingness to do them. What are some of these alternatives and what benefit does he see in these alternatives?
* Finally, the **International Emissions Trading Association** argues that the most effective means of addressing the current carbon emissions crisis is the adoption of emissions trading. What is emissions trading?
* Which - if any - of these three proposals do you see as offering the most effective policy and why?

8. *Achieving food security in the face of climate change*. Final report from the Commission on Sustainable Agriculture and Climate Change

**II. Films:**

1. Consumed, [**https://www.youtube.com/watch?v=bOKl04TWVsU**](https://www.youtube.com/watch?v=bOKl04TWVsU)

**Questions to think about:**

* In the film’s opening remarks, the narrator suggests that our focus on consumerism could lead to environmental disaster. What are your thoughts on this perspective?
* The film also suggests that in human society, consumerism often means that we “chase status,” often deriving little real satisfaction from this behavior, and that human relationships become secondary. Would you agree/disagree with this argument? Why?
* Is runaway consumerism a “temporary” stage? Would you agree that “Once people understand their own psychology they will care less about consumption?” Discuss
* It is argued that consumerism is tied to a “natural human urge,” a way of “structuring human life.” Is consumption a “natural” behavior? Or is it conditioned?

1. Brooklyn Grange Farm: sustainable resource use of urban space and its benefits, <http://www.growingagreenerworld.com/episode322/>

**III. PowerPoints:**

* Economic Policy on reducing carbon emissions
* Sustainable Agriculture and Climate Change
* Psychological Underpinnings of Promoting Environmentally Sustainable Behaviors (Prof. Pa Her)

**IV. Class notes from class sessions and discussions**

**V. Reflections on your field research and how specifically it will help to inform your research project.**