

Loyola University New Orleans  
Department of Economics and Finance  
Economics 493  
Midterm Exam

Professor Walter Block  
Fall 2002  
Economics and the Environment

- A. Use pen, not pencil; use blue or black ink.
  - B. Apportion your time to the value of the question. Don't pour out your heart and soul on the short essays, and leave no time for the long ones
  - C. Write NEATLY. Yes, I mean you!
  - D. Good luck!
  - E. **Very Important:** Do not put your real name on the paper. Instead, give me a fictitious name. If I see your real name on the paper, I will take off 10 points. There will be a prize of one point for the best (e.g., funniest, most clever) pseudonym; the winner will be determined by democratic election, the same way in which we settle all intellectual issues.
  - F. **Even more important**, try to fool yourself into having fun taking this exam. Surprisingly, you'll find that you will do better, and enjoy it more.
  - G. When a question calls upon you to give two sides of an issue, try to do a good job on BOTH sides. I will award half credit for each!!!
  - H. This exam is worth 100 points toward your grade.
- I. Long Essay. Do only 4. They are worth 10 points each for a total of 40. You must choose at least one Hazlitt question, and can do no more than two of them.
1. According to Block, left wing environmentalists full well understand equilibrium and automatic feedback loops when it comes to the natural world, but not as far as the economic world is concerned. Illustrate. Explain.
  2. Compare and contrast the government and the market in terms of their accountability to, respectively, citizens and consumers. Do so from both a market and anti market point of view.
  3. Burden of proof. How do Gore and Block see this issue?
  4. What is Gore's view of environmental racism? What is Block's response?
  5. "Let us privatize the oceans." Give a pro and con view.
  6. Give pro and con views on monoculture.
  7. What was the message of Christmas Raccoons? Criticize from a Gaiast and private property rights point of view.
  8. Using supply and demand curves, illustrate the neoclassical economist's environmentalist claim regarding external diseconomies. Give an Austrian-Libertarian critique of this analysis.

9. Analyze news clipping A or B, but not both, from any two of the four perspectives we have discussed this semester.

II. IDENTIFICATIONS. Short Essay. Tell me what these are, and their significance. Give examples. Impress my socks off. Do only 10. They are worth 5 points each for a total of 50.

1. marketing the unmarketable
2. yew, taxol
3. present discounted value
4. heat island
5. Love Canal
6. What was the message of the movie on Alligators shown in class?
7. invisible hand
8. sociobiology
9. peak load pricing
10. environmental forensics
11. watermelon
12. Arthur Pigou
13. Give Block's view on environmental law in the 1830s and in the 1890s
14. zero sum vs positive sum game
15. compare ordinal and cardinal utility
16. overpopulation doctrine
17. ad coelum
18. diamonds water paradox
19. pricing of water in California and its effects
20. tragedy of the commons

III. Matching; 1 point each for a total of 10

1. profit
  2. Exxon Valdez
  3. monoculture
  4. tradable emissions rights
  5. Paul Ehrlich
  6. Club of Rome
  7. Charles Murray
  8. desertification
  9. Thomas Malthus
  10. John Locke
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- a. homesteading
  - b. Thomas Sowell
  - c. Julian Simon
  - d. oil spill
  - e. specialization

- f. individual transerrable quotas
- g. gullies
- h. Losing Ground
- i. run out of resources
- j. automatic feedback mechanism

Hint: Here's how the matching would work in a simpler case:

- 1. Love
- 2. Horse
- 3. Tweedle Dee

- a. Carriage
- b. Marriage
- c. Tweedle Dum

The correct answers are: 1b, 2a, 3c