

ECON 132

Reading for Tuesday January 13, 2009:

Fullerton and Stavins. 1998. *Nature*. "How Economists See the Environment." Vol 395, Oct 1.

[http://works.bepress.com/cgi/viewcontent.cgi?article=1019&context=don\\_fullerton](http://works.bepress.com/cgi/viewcontent.cgi?article=1019&context=don_fullerton)

(reading links: <http://www.montana.edu/econ/hfretwell/132/index.html>)

Questions for the Fullerton and Stavins reading assignment

1. Are markets perfect? (Can markets alone solve all environmental problems?) Why not?
2. Why have markets been ineffective at reducing atmospheric levels of CO<sub>2</sub> (carbon dioxide)?
3. Give another real world example where markets alone have been ineffective at solving an environmental or resource problem.
4. Do you believe it is immoral for economists to put a price on environmental amenities (such as wildlife habitat and clean air)?