

Problem Set 1

Introduction to Environmental and Resource Economics, September 12, 2006

(All questions from Nicholson, 9th edition.)

1. Utility and Consumer Demand: Due Sept. 13

- (a) Ch. 2 Review question 4
- (b) Ch. 2 Review question 8
- (c) Problem 2.1
- (d) Problem 2.2 *Note for this problem that the formula for the consumer's marginal rate of substitution is $\frac{Q}{A}$. If you want to solve the problem the way we did in class as well, feel free. (This is another way to answer Part F.).*
- (e) Problem 2.9
- (f) Application 3.4 Read the application (pp. 109-110) and answer the questions, given what you know now. (We will come back to these!) E-mail your answers to Dr. Parker by 9 AM.
- (g) Application 3.6 Read the application (pp. 118-119) and answer the questions, given what you know now. E-mail your answers to Dr. Parker by 9 AM.

2. Production, Cost Minimization, Profit Maximization and Supply: Due Sept. 20.

- (a) Chapter 5 Review question 2
- (b) Application 6.4 Read the application (pp. 208-209) and answer the questions, given what you know now. E-mail your answers to Dr. Parker by 9 AM.
- (c) Chapter 7 Review question 3
- (d) Problem 7.1
- (e) Problem 7.2

3. Market Equilibrium, Welfare Measures, and Economic Efficiency: Due Sept. 28

- (a) Market for lychees Read the lychee article from the NYT, distributed via e-mail, and answer the questions, given what you know now. E-mail your answers to Dr. Parker by 9 AM.
- (b) Chapter 8 review question 1
- (c) Chapter 8 review question 8
- (d) Problem 8.1
- (e) Problem 8.2
- (f) Problem 9.1
- (g) Problem 9.4