

# 2009 Midterm

March 11, 2009

**Name:**

Exam instructions and exhortations:

- The exam consists of 3 short answers and one essay.
- Act with integrity and keep your eyes on your own work
- Sit so that you have as much space around you as possible (e.g., try to have an empty desk between you and other students.)
- Put your hats backwards and take off any sunglasses
- Your answers should be detailed and well-written. Any graphs should be explained. Ask if anything is unclear.

Have a good spring break.

1. [Short answer] What is the socially optimal level of pollution? Explain.

2. **[Essay]** Based on scientific input, the government has decided that the total level of pollution should be restricted to 30 units. The government hires you to design a method for achieving this goal. What do you propose and why?





3. [**Short answer**] An advocacy group has hired you to explain in two paragraphs: (1) why Albuquerque needs to encourage conservation and (2) why an increasing block rate structure is a good way to achieve this goal.

4. [**Short answer**] Draw a graph that illustrates the economic problem discussed in this interview. In one paragraph, explain your graph in the context of the presented information.