

Quiz 11: Price Theory for Agribusiness

- ▶ In Lansburg's comments about environmental orthodoxy highlights
 - a. The concept that of tradeoffs – sometimes we choose to take a private car over public transportation because our time is valuable.
 - b. Different people have difference preferences – some may value an open field to a parking lot.
 - c. Legal restrictions to meet environmental benefits may make at least one person worse off.
 - d. All of the above.
- ▶ Prince Charles "What I have been trying to remind people of for the past 40 years is that you cant operate an entire conventional system, whether its economics, business or the way we live and surround ourselves, what we eat, without recognizing that there are severe negative externalities that are not being accounted for."
 - a. Accounting for those externalities involves designing Pigouvian taxes so that the marginal cost of providing our needs covers the true social cost.
 - b. Accounting for those externalities involves an application of Coase's theory so that the cost is most efficiently controlled.
 - c. This is the stuff of economic debates, so either (a) and (b) could be true.
 - d. None of the above.