

14.42/14.420: Environmental Economics
Problem Set 3
Due at 3pm, April 15, 2011

This problem set will be due at the beginning of recitation on April 15th. You are welcome to work with your classmates, but please turn in your own set of solutions in your own words.

1. Kolstad, Chapter 16: problem 6
2. Kolstad, Chapter 18: problem 4
3. Kolstad, Chapter 19: problems 1, 4
4. Kolstad, Chapter 20: problems 3
5. Comment on the following statement, "It is unnecessary and counterproductive for multilateral institutions to encourage and/or force developing countries to enact policies aimed at protecting the environment." You should base your answer on the theoretical and empirical evidence on the Kuznets curve. You may also include your own views on this topic, but you should clearly draw a distinction between your opinion and what can be said scientifically.
6. Assess the validity of the Porter hypothesis as presented in Porter and van der Linde (1995).

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