Questions based on “Settlement Slows Fast Ferry $4.5 Million In Damages”

1. What is the externality that is being caused by the ferry boat?

2. What are the costs to the ferry boat and its riders that resulted from the legal settlement?

3. How could a tax have been used to achieve the same result as came out of the legal settlement?

Questions based on the Berck and Helfand (B&H) chapter 12

4. In the framework of Coase, how does the farmer convince the rancher to control her cattle?

5. What is the key difference between figures 12.2 and 12.3?

6. What is meant by “transaction costs” and how does this create a barrier for market-based approaches to deal with environmental problems?
7. What’s the difference between Sweden and the U.S. in terms of property rights?

8. Why is dividing up environmental rights difficult?

9. Give an example where market power might make markets for the environment difficult to establish?

10. Give an example where imperfect information and enforcement might make markets for the environment difficult to establish?