

Worksheet 1 (for Lecture 1)

Environmental Economics in the Central European Context

I advise you to work through the following problems /questions well and as a group (make sure though that no one is free-riding); it's the ticket to performing reasonably well on the exams. Number of points indicates the expected scope of the answer (should roughly correspond to time in minutes).

- 1. [10 points]** Which is, in your opinion, the greatest challenge for current environmental policy? Explain.
- 2. [10 points]** What is externality? Provide an example (preferably environmental) and discuss. Can you think of a way how to correct for externality in your example?
- 3. [10 points]** What are the main attributes of public good? Using an example, explain how and why a free rider problem can naturally arise. Can you think of solution?