|  |
| --- |
| Environmental Economics |

Externalities

MobLab Game: Externalities with Policy Intervention

Key Teaching Points:

* Show a divergence between market price and quantity and the socially optimal price and quantity for an externality-generating good.
* Demonstrate that taxes and subsidies help individuals to internalize these externalities.
* Explore tradable permit market for a good with a negative externality.

Common-Pool Resources

MobLab Game: Commons: Fishery

Key Teaching Points:

* Set group size equal to one or many to reveal property rights as the fundamental issue of the commons.
* Individual profit maximization leads to overuse of a common-pool resource.
* With communication individuals can form non-binding agreements about governing the commons and administer verbal punishments to violators.
* Indefinite repetition increases the stream of future benefits from cooperation and may lead to more cooperative outcomes.

MobLab Game: Tragedy of the Commons

Key Teaching Points:

* An individual's utility maximizing catch has an interior optimum.
* Since fish in a public lake are a common resource, each individual has an incentive to overfish (i.e., not take into account the cost imposed on other group members).
* Regulations, such as taxes or subsidies, can mitigate the over-use of natural resources.

MobLab Game: Commons: Fishery with Quota

Key Teaching Points:

* An individual's utility maximizing catch has an interior optimum.
* A quota can improve player outcomes relative to open access, both by allowing the recovery of a renewal resource and by preventing over-exploitation of a healthy stock.
* Explore the effects of different quota allocation schemes (e.g. historical, capacity based, or equal) on the health of the fish stock.

Public Goods and Free Riding

MobLab Game: Public Goods: Linear

Key Teaching Points:

* Highlights the features of public goods: non-rival and non-excludable.
* Shows the tension between individual and group welfare.
* Experience the free-rider problem.

Contingent Valuation

MobLab Game: Blank Survey

Key Teaching Points:

* Create your own survey-based experiment on contingent valuation using our Blank Survey tool. You can create different frames to elicit student WTP and WTA for non-market goods.

Risk and Uncertainty

MobLab Game: Bomb Risk Game

Key Teaching Points:

* Individuals differ in their risk tolerance. Risk preferences displayed in one environment can carry over to other environments.
* Individuals who open fewer than 50 boxes can be said to be risk averse. Those who open more can be said to be risk seeking.

*Additional Risk Preference Surveys: Risk Preferences: Holt Laury and Risk* MobLab Survey: Ambiguity Aversion

Key Teaching Points:

* Compare situations of risk and uncertainty to aid in a discussion on the precautionary principle.
* Show that individuals exhibit a preference for known rather than unknown risks.

Time Preferences

MobLab Surveys: Time Preferences: Binary Choice (and Budget Sets)

Key Teaching Points:

* Explore time preferences and elicit individuals willingness to tradeoff between present and future consumption.
* Likely show time inconsistent preferences where individuals exhibit different willingness to tradeoff between present and future at different points in time.