

ECON 315 Assignment 8 (Topic 9)

Directions:

- The due date is on the schedule page. (Late assignments not accepted.)
- You may complete the assignment in a group of up to three students.
- Submit the assignment in D2L.
- Submit only one assignment per group.
- List the names of all members at the beginning of the assignment.

Questions:

1. What are some of the key advantages of market-based instruments like emission taxes and cap-and-trade programs over command-and-control policies?

2. How does the degree of heterogeneity or variation in marginal abatement costs across firms affect the potential cost savings from using market-based instruments? Explain the economic intuition behind this relationship.

3. The chapter discusses several factors that may make command-and-control regulations preferable to market-based instruments in some cases. What are some of these factors, and why might they make command-and-control a better policy choice in certain situations?