

All parts of the assignment will be turned in at the end of the lab. Place your name on the back of this sheet of paper and nowhere else. Staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

- 1) (15 points) Climate change is a big problem facing the world. Why is it hard to address the problem, even in countries where the government admits it is a big problem?
- 2) (15 points) What are public goods? Explain why the government must supply them.
- 3) (20 points) Draw the supply and demand for a good with a flat demand and a steep supply curve. Illustrate the effects of an excise tax. Explain why the curve(s) moved as drawn. Mark the price the consumer pays and the net price the producer receives. State how you found them. Who pays more of the tax?
- 4) (15 points) Is a personal income tax a good tax for a developing country? Explain your logic making sure you mention at least two of the criteria for a good tax.
- 5) (15 points) Is a luxury tax a good tax for a developing country? Explain your logic making sure you mention at least two of the criteria for a good tax.
- 6) (20 points) We have four criteria for a good tax. What are the four? Explain why we want a tax to have those qualities.