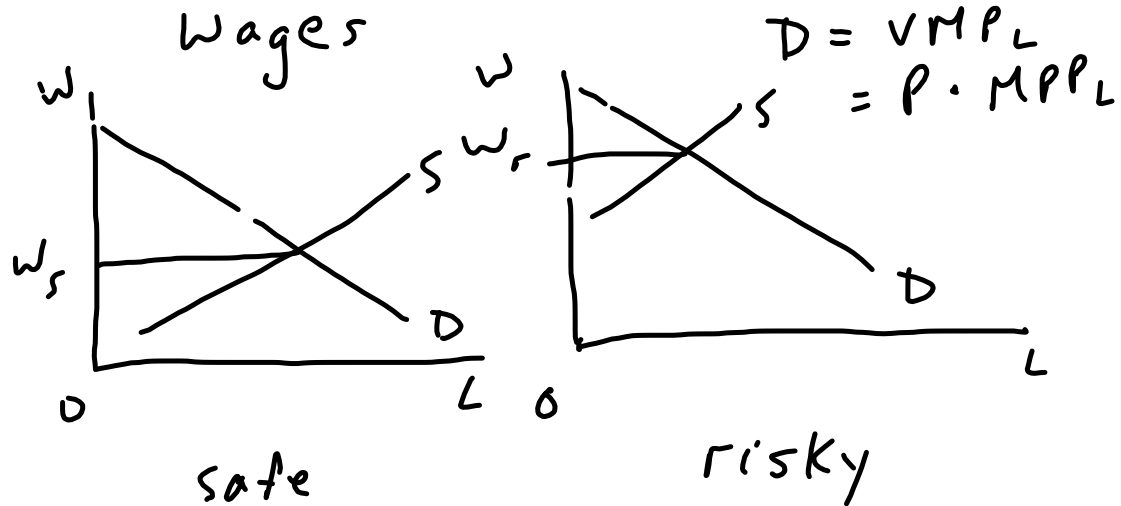


Risk

- Knight, Frank
 - risk - quantifiable
 - uncertainty - not quant
- low probability, unfamiliar risks
 - edit - zero
 - overweight - outcome is large

Viscusi + O'Connor - AER (1988?)

- workplace risk → compensating



$V > 0$

→ plant → workers using chemicals
vary chemical - label event of
a spill

Q: wage ↑ ↓ ?

$w \propto \text{risk}$



Acceptable Risk ?

- same for all settings ?

→ man-made vs environmental ?

↳ fault. natural

→ new vs familiar

→ death vs debilitating illness

→ immediate vs delayed

→ stigma effect → capital good

~~ALL~~ NIMBY

env. risks

- standard - ppm - CWA
- CAA } science

- economic
E(B) vs E(C)]

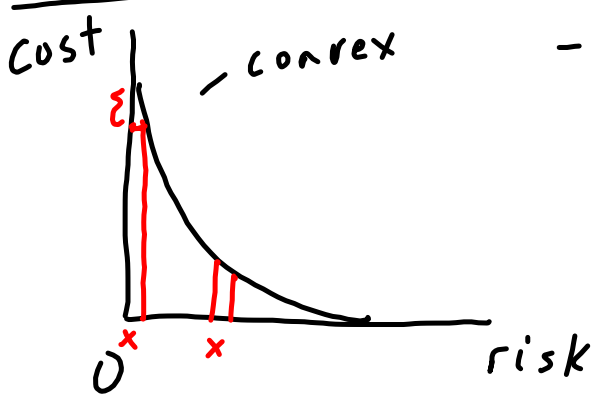
- mandate actions
- no lead in gas, paint
- air bag

- finesse issue
eg aerosol propellants

- ESA → Tellico Dam
↳ snail darter

- decision → risk level!
 - objective for measuring outcomes
 - illness
 - death rates
 - sustainable?
 - options?
 - consequences? - irreversible?
- import tax
On cars 140%
- Tullock - transitional gains trap
- [- policy → change in relative prices - capitalize into purchases
- Uncertainty ↑

- rank consequences
- select "best"
- risk reduction is costly

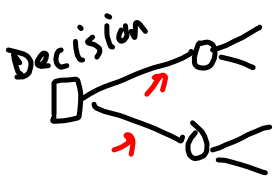


- if cost high -
option is don't
permit new
technology

GMO

- complexities

↳ decision path (tree)



- information comes slowly.

state of nature

= identify hazards

consequences

- economic
- physical
- ecological

- options if hazard occurs

ecological - invasive species.

- assessing the facts
 - confounding observations
 - causality vs correlation.
 - ↳ synergistic x
 - judgements .

Climate change -

- value change over time

EKC