

ECN 362 — Homework #1 Answer Key

You have been appointed “bike czar” for the city of Vancouver. Your job is to increase bike ridership (and decrease car use), but people really like their cars.¹

1. *Name two groups that will oppose you and two groups that would support you*

Opponents: car and oil companies. Supporters: bike companies and environmentalists.

2. *Suggest one psychological technique to move people from cars to bikes*

Advertise how biking improves health and air quality or use celebrities to endorse biking.

3. *Suggest one tax/subsidy that would move people from cars to bikes*

Carbon tax or bike subsidy

4. *Suggest one regulation that would move people from cars to bikes*

Cars with odd or even plate numbers can drive on odd/even days (used in China, Iran, Mexico) or limits on number of cars (Singapore auctions licence to have car)

5. *Which method do you think will work best? Why?*

You needed to discuss pros/cons of all methods to get full credit; it's also important to discuss political/financial feasibility

¹This homework touches on demand, incentives, institutions, substitutes, complements, collective action, regulations and prices.