



University of Benha
Faculty of Commerce
English Section
Dept. of Economics

Tutorial (1)
Resources and Environmental Economics
First Term 2019/2020

1. Opportunity cost exists because
 - A. Technology is fixed at any point in time
 - B. The law of comparative advantage is working
 - C. Resources are scarce but wants are unlimited
 - D. The value of lost opportunities varies from person to person

2. Economic decision makers shouldn't consider
 - A. Opportunity cost
 - B. Sunk cost
 - C. Resource cost
 - D. Marginal cost

3. Opportunity cost is the difference between the benefits and the costs of a choice.
 - A. True
 - B. False

5. A rational decision maker engages in an activity if that activity is more attractive than the second best alternative.
 - A. True
 - B. False

6. The Sultan of Brunei, one of the world's richest people, does not face the problem of scarcity.

- A. True
- B. False

7. Suppose you have an hour before your next class starts. You can either read a book, get something to eat, or take a nap. The opportunity cost of getting something to eat is

- A. The cost of what you eat
- B. The value of reading and sleeping
- C. The net benefit of sleeping for another hour
- D. Impossible to determine because the most preferred alternative is not known

8. Positive economics

- A. Does not depend on market interactions.
- B. Only looks at the best parts of the economy.
- C. Examines how the economy actually works (as opposed to how it should work).
- D. Is very subjective.

9. Market failure can occur when

- A. Monopoly power exists in the market.
- B. Markets are missing.
- C. Consumers can influence prices.
- D. Moral hazard and adverse selection exist
- E. All of the above.

10. A public good is

- A. A good that the public must pay for.
- B. Nontrivial in consumption.
- C. More costly than a private good.
- D. Paid for by the government.

11. Market mechanisms are unlikely to provide

- A. Prices.
- B. Non-rival goods efficiently.
- C. Supply and demand.
- D. None of the above.

12. Public goods can be
- A. Provided privately.
 - B. Provided publicly.
 - C. Subject to free rider problems.
 - D. All of the above.

13. Within the Circular Flow Model, households are assumed to be the owners of all factors of production, including the natural resources.

- A. True
- B. False

14. Environmental economics
- A. Is concerned mainly with the residual flow from economic activity back to nature
 - B. Focuses on the flow of resources from nature to economic activity
 - C. Recognizes that the flow of residuals back to nature is preventable
 - D. None of the above

- 15.** The most fundamental economic problem is
- A. Security.
 - B. The fact a State buys more goods from foreigners than we sell to foreigners.
 - C. Health.
 - D. Scarcity.

16. The income earned by the people who sell the services of the factor of production _____ is called _____.
- A) entrepreneurship; profit
 - B) entrepreneurship; wages
 - C) land; profit
 - D) capital; rent

17. The fact that wants cannot be fully satisfied with available resources reflects the definition of
- A) scarcity.
 - B) the big tradeoff.
 - C) the what tradeoff.
 - D) for whom to produce.

18. The task of Environmental economic science is to _____.
- A) tell us what is good for us
 - B) help us understand how the economic world works
 - C) make moral choices about things like drugs
 - D) save the earth from the overuse of natural resources

19. A normative statement is

- A) about what is.
- B) about what ought to be.
- C) one that does not use the ceteris paribus clause.
- D) always true.

20. The term "opportunity cost" points out that

- A) there may be such a thing as a free lunch.
- B) executives do not always recognize opportunities for profit as quickly as they should.
- C) any decision regarding the use of a resource involves a costly choice.
- D) not all individuals will make the most of life's opportunities because some will fail to achieve their goals.