



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

**Tutorial 2**  
**Resources and Environmental Economics**  
**First Term 2019/2020**

1. The circular flow of a market economy also assumes that consumers spend all their money on goods, services, and consumptions. This means that there is no \_\_\_\_\_ on the part of the consumer.
  - a) Saving
  - b) Investing.
  - c) Managing.
  - d) Borrowing.
  
2. Businesses provide a(n) \_\_\_\_\_ to households through employment.
  - a) Job
  - b) Income.
  - c) Product.
  - d) House.
  
3. The \_\_\_\_\_ is where businesses buy the materials and labor needed to produce their product.
  - a) Material Market
  - b) Resource Market.
  - c) Product Market.
  - d) Black Market.

4. Injections:

- a) Decrease aggregate demand
- b) Always equal savings
- c) Always equal national income
- d) Include investment and export spending

5. The study of environmental economics requires attention to many facets of problems, including \_\_\_\_\_.

- a) uncertainty
- b) the role of policymaking procedures
- c) human responses to the scarcity of environmental resources
- d) All of these answers are correct.

6. Which of the following is the most correct?

- a) Human responses to scarcity have a major effect on the future of environmental resources.
- b) The future of the environment will be determined mainly by whether the environment itself can adapt to human-induced changes.
- c) Environmentalists and economists agree that there will continue to be improvements in the state of the environment.
- d) Environmentalists and economists agree that environmental problems will continue to get worse.

7. In the case of an open access resource, a(n) \_\_\_\_\_ takes place due to a lack of \_\_\_\_\_.

- a) Externality; regulation
- b) Free rider problem; property rights
- c) Market failure; property rights
- d) External benefit; rivalry in consumption

8. The fact that my consumption of a public good does not diminish your consumption is called \_\_\_\_\_ and the fact that once a public good is made available to one individual it automatically becomes available to all is called \_\_\_\_\_.
- a) Non-exclusion; non-rivalness
  - b) Non-rivalness; free-riding
  - c) Free access; non-exclusion
  - d) Non-rivalness; non-exclusion
9. When production results in environmental degradation, private firms do not take the \_\_\_\_\_ into consideration when making their output decisions resulting in \_\_\_\_\_.
- a) External costs; a market failure
  - b) Market failure; an externality
  - c) Social costs; pollution
  - d) Market failure; pollution
10. Economics models \_\_\_\_\_.
- a) are used as detailed representations that include all aspects of an environmental issue
  - b) are likely to produce the same conclusions about environmental issues despite changes in the model's assumptions
  - c) can be useful for creating solutions to environmental problems if the assumptions are accurate
  - d) can be used to create accurate and concise representations of environmental problems
11. Ecology is the study of
- a) Plants.
  - b) Animals.
  - c) Global climate change.
  - d) Relationships between organisms and their environment.
12. Asymmetric information occurs when:
- a) Information is free
  - b) Buyers and sellers have access to different information
  - c) Community surplus is maximized
  - d) Community surplus is minimized
13. Demand for a commodity refers to:
- a) Need for the commodity
  - b) Desire for the commodity
  - c) Amount of the commodity demanded at a particular price and at a particular time
  - d) Quantity demanded of that commodity

14. In which of the following market structure is the degree of control over the price of its product by a firm very large?

- a) Imperfect competition
- b) Perfect competition
- c) Monopoly
- d) In A and B both

15. What type of externality is evident from the picture below?



- a) Negative consumption externality
- b) Positive consumption externality
- c) Negative production externality
- d) Positive production externality