



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

Tutorial 3
Resources and Environmental Economics
First Term 2019/2020
Test Bank

1. Which of the following is not one of the three main characteristics of Efficient Property Rights Structures?
 - a) Exclusivity
 - b) Unusable property
 - c) Transferability
 - d) Enforceability

2. The set of assumptions and values reflecting how you think the world works and what you think your role in the world should be is called
 - a) Environmental worldview
 - b) Environmental justice
 - c) Environmental ethics
 - d) environmental economics

3. Which of the following would be representative of an environmental wisdom worldview?
 - a) Continuous rapid economic growth improves environmental conditions.
 - b) Energy and materials efficiency must be continuously improved.
 - c) More money should be directed to research for controlling the environment.
 - d) Human beings are the most important life forms on earth

4. Jeff decides that he would pay as much as \$3,000 for a new laptop computer. He buys the computer and realizes consumer surplus of \$700. How much did Jeff pay for his computer?
 - a) \$700
 - b) \$2,300
 - c) \$3,000
 - d) \$3,700

5. A positive feedback loop is illustrated by all of the following except
- Accumulated capital Formation
 - Multiplier effect
 - A thermostat maintaining a certain temperature in your house
 - The greenhouse effect
6. Which best describes consumer surplus?
- The price consumers are willing to pay for a unit
 - The cost of providing a unit
 - The profits made by a firm
 - The difference between the price a consumer pays for an item and the price he/she is willing to pay for it
7. Which of the following statements is NOT true? In the free market changes in the price of a product:
- Can act as a signal to producers
 - Can provide an incentive to reallocate resources
 - Can act as a rationing device
 - Are set by the government
8. Community surplus equals:
- Producer surplus minus consumer surplus
 - Profits plus utility
 - Total utility minus plus profit
 - Consumer surplus plus producer surplus
9. Monopoly power in a market is likely to:
- Increase consumer surplus
 - Increase community surplus
 - Lead to higher producer surplus
 - Lead to lower prices and lower output
10. A public good will probably:
- Be expensive in a free market
 - Be overprovided in the free market
 - Not be provided in the free market
 - Has no opportunity cost
11. The greenhouse effect _____.
- Is clearly a negative phenomenon because it heats up the earth's temperature.
 - Is clearly a positive phenomenon because without the greenhouse gases, the earth's temperature would be too cold for life.
 - is decreasing overtime and so is not an issue that scientists take seriously.
 - Can be a positive phenomenon because it keeps the earth's temperature from being too low for life to exist, but can also be a negative phenomenon when too much greenhouse gas is stored in the atmosphere.

12. In the Wealth of Nations, Adam Smith argues that:

- a) A. Self-interest leads to the efficient allocation of resources
- b) Benevolence leads to the efficient allocation of resources
- c) Profits are maximized where marginal revenue equals net marginal benefits
- d) None of the statements associated with this question are correct

13 If the price a consumer pays for a product is equal to a consumer's willingness to pay, then the consumer surplus of that purchase would be

- a. zero.
- b. negative and the consumer would not purchase the product.
- c. positive and therefore the consumer would purchase the product.
- d. There is not enough information given to answer this question.

14 A demand curve reflects each of the following EXCEPT the

- a. willingness to pay of all buyers in the market.
- b. value each buyer in the market places on the good.
- c. highest price buyers are willing to pay for each quantity.
- d. ability of buyers to obtain the quantity they desire.

15 Belva is willing to pay \$65.00 for a pair of shoes for a formal dance. She finds a pair at her favorite outlet shoe store for \$48.00. Belva's consumer surplus is

- a) \$17.
- b) \$31.
- c) \$48.
- d) \$65.

17) If Brock is willing to pay \$400 for a new suit, but is able to buy the suit for \$350, his consumer surplus is

- a) \$50.
- b) \$150.
- c) \$350.
- d) \$400.

18) Suppose Lauren, Leslie and Lydia all purchase bulletin boards for their rooms for \$15 each. Lauren's willingness to pay was \$35, Leslie's willingness to pay was \$25, and Lydia's willingness to pay was \$30. Total consumer surplus for these three would be

- a) \$15.
- b) \$25.
- c) \$35.
- d) \$45.

18 Suppose that Larry, Moe and Curly are bidding in an auction for a mint-condition video of Charlie Chaplin's first movie. Each has in mind a maximum amount that he will bid.

This maximum is called

- a) a resistance price.
- b) willingness to pay.
- c) consumer surplus.
- d) producer surplus.

19) Willingness to pay measures the

- a) Amount a buyer is willing to pay for a good minus the amount the buyer actually pays for it.
- b) Amount a seller actually receives for a good minus the minimum amount the seller is willing to accept.
- c) Maximum amount a buyer is willing to pay minus the minimum amount a seller is willing to accept.
- d) Maximum amount that a buyer will pay for a good.

20) If the cost of producing sofas decreases, consumer surplus will

- a. increase, then decrease.
- b. decrease.
- c. remain constant.
- d. increase.