



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

**Tutorial 4**  
**Resources and Environmental Economics**  
**First Term 2019/2020**

1. 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
  
2. The first law of thermodynamics tells us that
  - a) Altering matter is the best source of energy.
  - b) Energy cannot be recycled.
  - c) Energy is neither created nor destroyed.
  - d) Energy cannot be converted.
  
3. Which of the following statements does not apply to the second law of energy?
  - a) Energy goes from useful to less useful forms.
  - b) Energy is neither created nor destroyed.
  - c) Energy conversions results in more-dispersed energy.
  - d) Heat is given off from energy conversions.
  
4. A merit good:
  - a) Is a public good
  - b) Involves a negative externality
  - c) Is overprovided in the free market
  - d) Is under provided in the free market
  
5. A demerit good:
  - a) Is a public good
  - b) Involves a positive externality
  - c) Is overprovided in the free market
  - d) Is under provided in the free market

6. Positive externalities are goods that are:
- Not provided in the free market economy
  - Under provided in the free market economy
  - Over provided in the free market economy
  - Provided free
7. Energy has different forms which include
- heat
  - work
  - all of the mentioned
  - none of the mentioned
8. By first law of thermodynamics,
- $Q=\Delta E*W$
  - $Q=\Delta E+W$
  - $Q=-\Delta E-W$
  - $Q=-\Delta E+W$
9. The first law of thermodynamics gives only the change on energy  $\Delta E$  for the process.
- true
  - false
10. A 'public good' is best defined as:
- a good supplied by a public company.
  - a good which will benefit certain members of the public.
  - a good supplied communally.
  - a good which is available for purchase by the public.
11. 'Merit goods' and 'public goods' are two examples of the principle of:
- deregulation.
  - market equilibrium.
  - privatisation.
  - market failure.
12. What type of externality is evident from the picture below?
- Negative consumption externality
  - Positive consumption externality
  - Negative production externality
  - Positive production externality
13. The reason that so many economic activities create externalities is that
- free riders exist
  - third parties become involved in decision making
  - special-interest groups lobby for them
  - property rights are poorly defined
  - government failure prevents them from being halted

14. The pursuit of self-interest in a “commons” where everyone has access to a valuable resource will cause:

- a) the common good of society to be realized
- b) careful conservation of the resource
- c) overuse of the resource
- d) individuals to make sure they bear the full costs of their actions
- e) a reduction in pollution levels

15. When there are negative externalities, the price should be adjusted so that it is equal to

- a) social cost
- b) private cost
- c) the amount of the externality
- d) zero
- e) the number of free riders