



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

Tutorial 5

Resources and Environmental Economics

First Term 2019/2020

- 1) What is government failure?
 - a) When the market fails
 - b) When the government intervenes in the market to fix a problem, but only makes things worse
 - c) When a coup d'etat occurs
 - d) When the invisible hand fails

- 2) In the context of government failure, when we say that the government has made things worse what do we mean?
 - a) It has made the market less efficient and/or harmed social welfare
 - b) It has created more jobs
 - c) The inequality gap has widened
 - d) the government is unstable

- 3) “Market Failure” can be described as a situation in which
 - a) The “free market outcome” is NOT efficient.
 - b) Government intervention leads to a greater Deadweight-Loss than does the “free market outcome.”
 - c) government imposes progressive taxes, in order to indirectly redistribute income.

- 4) Jim lives in a country in which military output is not provided by the government, but rather is supplied by profit maximizing firms and purchased by individual consumers in a free market. Jim chooses to enjoy the benefits of national security which result from military output purchased by others in society, while purchasing “zero units of military output” of his own. This example illustrates
- a) Joseph Schumpeter’s characterization of Capitalism as a “gale of creative destruction.”
 - b) the Free Rider Problem.
 - c) the “Coasian Solution” to the problem of externalities.
 - d) Adam Smith’s “Invisible Hand.”
- 5) A good is “Excludable” if
- a) Consumption by one person does not diminish the quantity/quality of consumption by others.
 - b) Consumption by one person does diminish the quantity/quality of consumption by others.
 - c) It is difficult (or very costly) to prevent consumption by those who do not pay for the good.
 - d) It is easy (or relatively costless) to prevent consumption by those who do not pay for the good
- 6) Which of the following applies to ‘externalities’?
- a) they are always responsible for a welfare loss.
 - b) They are the private costs of economic behaviour.
 - c) They are not normally reflected in the market price of a product.
 - d) they are always negative.
- 7) If pollution by one firm results in higher production costs for another firm, this would be classified as a:
- a) Marginal private cost of production.
 - b) Negative production externality.
 - c) Negative consumption externality.
 - d) Free good.
- 8) Pollution is regarded as a form of market failure because:
- a) Firms fail to respond to regulatory controls imposed by government.
 - b) The market does not always reflect the true costs of economic behaviour.
 - c) Market prices sometimes rise or fall.
 - d) The market cannot be used to tackle the problem of pollution.
- 9) The invisible hand is a metaphor for what
- a) The way the government guides the economy
 - b) The way corporations guide the economy, and create positive outcomes
 - c) People acting in self-interest, resulting in positive outcomes for the market and society
 - d) Capitalism

- 10) Ecology is the study of
- a) plants.
 - b) animals.
 - c) global climate change.
 - d) relationships between organisms and their environment.
 - e) the chemistry of living things.
- 11) Which of the following is not one of the types of property or resource rights?
- a) private property
 - b) unusable property
 - c) open access renewable
 - d) common property
 - e) none of these
- 12) 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
 - e) environmental capital
- 13) 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.
 - e) There is always more.
- 14) Which of the following does not represent kinetic energy?
- a) the wind blowing
 - b) water in a stream
 - c) a steam
 - d) a car at the top of a hill
 - e) electricity
- 15) A positive feedback loop is illustrated by all of the following except
- a) compound interest in a savings account
 - b) exponential population growth
 - c) a thermostat maintaining a certain temperature in your house
 - d) the greenhouse effect
 - e) none of these

- 16) 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.
 - e) We cannot recycle or reuse high-quality energy.

- 17) Environmental ethics tells all the life forms on Earth have the right to live.
- a) True
 - b) False

18) Scarcity is a condition that exists when

- A) there is a fixed supply of resources.
- B) there is a large demand for a product.
- C) resources are not able to meet the entire demand for a product.
- D) All of the above.

19) Which of the statements below best illustrates the use of the market process in determining the allocation of scarce resources?

- a. "Let's make this product because this is what we know how to do best."
- b. "Although we're currently making a profit on the products we make, we should consider shifting to products where we can earn even more money."
- c. "Everyone is opening video stores, why don't we?"
- d. "We can't stop making this product. This product gave our company its start."

20) Which of the following is not considered as a factor of production?

- a) money
- b) machinery and equipment
- c) land
- d) unskilled labor

21) Select the group that best represents the basic factors of production.

- A) land, labor, capital, entrepreneurship
- B) land, labor, money, management skills
- C) land, natural resources, labor, capital
- D) land, labor, capital, technology

22) A critical element of entrepreneurship is

- A) leadership skills.
- B) risk taking.
- C) technology.
- D) political skills.

23) The economic concept of "opportunity cost" is most closely associated with which of the following management considerations?

- A) market structure
- B) resource scarcity
- C) product demand
- D) technology

24) An organization and its "environmental set" members constitutes a system. Because it is difficult to place a boundary round the environment and to identify the complete set of components within the system, such a system is often referred to as a:

- a) Open system
- b) Closed system
- c) Ecological system
- d) Micro- environmental system

25) The chief normative economic criterion for choosing among various outcomes occurring at the same point in time.

- a) Static Efficiency
- b) Free Rider
- c) Economist
- d) Exclusivity

26) The environment provides the economy with raw materials, which are transformed into products by the production process, and energy, which fuels the production process; ultimately, these raw materials and energy return to the environment as waste products.

- a) Total Gross Benefit
- b) Common property problems
- c) Rent Seeking
- d) The environment as an asset

27) Producer Surplus is the actual amount a producer receives for a product (the market price) minus the minimum amount the producer is willing to accept in exchange for the product (marginal cost).

- a) True
- b) false

28) Common-pool resources are the Shared resources that are characterized by nonexclusivity and divisibility.

- a) True
- b) false