

Feedback — Lecture Eleven Quiz [Help](#)

You submitted this quiz on **Mon 2 Dec 2013 3:55 AM PST**. You got a score of **28.00** out of **28.00**.

Question 1

Private goods are:

Your Answer	Score	Explanation
1. Divisible.	Correct 1.00	
2. Non-rival in consumption		
Both 1 and 2		
Don't know		
Total	1.00 / 1.00	

Question 2

Public goods are:

Your Answer	Score	Explanation
1. Indivisible		
2. Non-excludable		
Both 1 and 2	Correct 1.00	
Don't know		
Total	1.00 / 1.00	

Question 3

Which good is rival in consumption?

Your Answer	Score	Explanation
Bridge		
Computer	Correct 1.00	
National defense		
None of the above		
Don't know		
Total	1.00 / 1.00	

Question 4

A big problem when a good is non-excludable is that:

Your Answer	Score	Explanation
Nobody wants to pay for it		
A perverse incentive is created among potential buyers to want to free ride.		
Consumers don't reveal their preferences		
All of the above	Correct 1.00	
Don't know		

Total	1.00 /
	1.00

Question 5

The market demand curve for a public good is:

Your Answer	Score	Explanation
1. Non-existent or significantly understated	Correct 1.00	
2. Perfectly inelastic		
Both 1 and 2		
Don't know		
Total	1.00 / 1.00	

Question 6

A public good tends to be:

Your Answer	Score	Explanation
Over-supplied		
Under-supplied	Correct 1.00	
Supplied at an efficient market outcome		
Don't know		
Total	1.00 / 1.00	

Question 7

The economic difference between public goods and private goods rests on:

Your Answer	Score	Explanation
1. Political philosophy		
2. Technical considerations	Correct 1.00	
Both 1 and 2		
Don't know		
Total	1.00 / 1.00	

Question 8

The demand curve for a public good is the:

Your Answer	Score	Explanation
Horizontal sum of the individual demand curves		
Horizontal sum of the individual demand curves divided by the supply curves		
Vertical sum of the individual demand curves	Correct 1.00	
Don't know		
Total	1.00 /	
	1.00	

Question 9

With a private good:

Your Answer	Score	Explanation
Individual consumers will pay the same price for a good but consume different quantities	Correct 1.00	
Individual consumers will pay different prices for a good but consume the same quantity		
Individual consumers will pay the same price for a good and consume the same quantity		
Don't know		
Total	1.00 / 1.00	

Question 10

In cost-benefit analysis, which is harder to measure?

Your Answer	Score	Explanation
Benefits	Correct 1.00	
Costs		
Both are equally difficult to measure		
Don't know		
Total	1.00 / 1.00	

Question 11

The decision rule in cost-benefit analysis is:

Your Answer	Score	Explanation
If the benefits from the project exceed its costs, build the project	Correct 1.00	
If the benefits from the project are less than its costs, build the project		
If the benefits from the project minus tax revenues exceed its costs, build the project		
Don't know		
Total	1.00 / 1.00	

Question 12

Benefit-Cost Analysis can:

Your Answer	Score	Explanation
1. Indicate whether a public project is worth building.		
2. Help government choose among the best competing alternatives		
Both 1 and 2	Correct 1.00	
Don't know		
Total	1.00 / 1.00	

Question 13

Efficient government:

Your Answer	Score	Explanation
Does not mean minimizing public spending	Correct 1.00	
Means minimizing public spending		
Means balancing spending with tax revenues		
Don't know		
Total	1.00 / 1.00	

Question 14

With externalities:

Your Answer	Score	Explanation
1. External benefits or costs are not accurately reflected in the supply and demand curves of producers and consumers		
2. The free market may be inefficient and under-supply or over-supply a good		
Both 1 and 2	Correct 1.00	
Don't know		
Total	1.00 / 1.00	

Question 15

Negative externalities such as pollution from a chemical plant:

Your Answer	Score	Explanation
1. Are not reflected in the demand curve		
2. Are not reflected in the supply curve	Correct 1.00	
Both 1 and 2		
Don't know		
Total	1.00 / 1.00	

Question 16

In the presence of a negative externality, a firm will produce:

Your Answer	Score	Explanation
1. Too few goods and too much pollution from society's point of view		
2. Too many goods and too much pollution from society's point of view	Correct 1.00	
Neither 1 or 2		
Don't know		
Total	1.00 / 1.00	

Question 17

In the presence of positive externalities, the free market tends to lead to:

Your Answer	Score	Explanation
1. The underconsumption of goods that yield positive externalities	Correct 1.00	
2. The overproduction of goods that yield positive externalities		
Both 1 and 2		
Don't know		
Total	1.00 / 1.00	

Question 18

Which provides a rationale for agencies like the Environmental Protection Agency?

Your Answer	Score	Explanation
1. Externalities theory	Correct 1.00	
2. Public goods theory		
Both 1 and 2		
Don't know		
Total	1.00 / 1.00	

Question 19

In the presence of a negative externality:

Your Answer	Score	Explanation
The demand curve of the firm will be to the right of the demand curve reflecting social costs		
The supply curve of the firm will be to the left of the supply curve reflecting social costs		
The supply curve of the firm will be to the right of the supply curve reflecting social costs	Correct 1.00	
Don't know		
Total	1.00 / 1.00	

Question 20

Coase argued that negative or positive externalities do not require government intervention where:

Your Answer	Score	Explanation
Property ownership is poorly defined,		
The number of people involved is large		
Bargaining costs are negligible	Correct 1.00	
All of the above		
Don't know		
Total	1.00 / 1.00	

Question 21

In the Coase Theorem, what is the most important determinant of who pays whom?

Your Answer	Score	Explanation
The amount of the damage		
The assignment of property rights	Correct 1.00	
The number of claimants		
Don't know		
Total	1.00 / 1.00	

Question 22

The Coase Theorem tends to breakdown:

Your Answer	Score	Explanation
As the number of people involved in the negotiations decreases		
As the number of people involved in the negotiations increases	Correct 1.00	
A Coase Theorem solution is independent of the number of people		
Don't know		
Total	1.00 / 1.00	

Question 23

The tort system may be ineffective eliminating externalities because:

Your Answer	Score	Explanation
1. Lawsuits are expensive, time-consuming, and have uncertain outcomes		
2. Major time delays in the court system are commonplace		
Both 1 and 2	Correct 1.00	
Don't know		
Total	1.00 / 1.00	

Question 24

When negative externalities involve property held in common rather than private property, the best solution may be:

Your Answer	Score	Explanation
1. A Coase Theorem solution		
2. Direct government intervention	Correct 1.00	
Either 1 or 2		
Don't know		
Total	1.00 / 1.00	

Question 25

When you use Pigouvian taxes to internalize externalities, you:

Your Answer	Score	Explanation
Subsidize negative externalities		
Tax negative externalities	Correct 1.00	
Tax positive externalities		
Don't know		
Total	1.00 / 1.00	

Question 26

In the accompanying figure, which project should you choose using cost-benefit analysis?

Your Answer	Score	Explanation
Levees		
Small reservoir		
Medium reservoir	Correct 1.00	
Large reservoir		
Don't know		
Total	1.00 / 1.00	

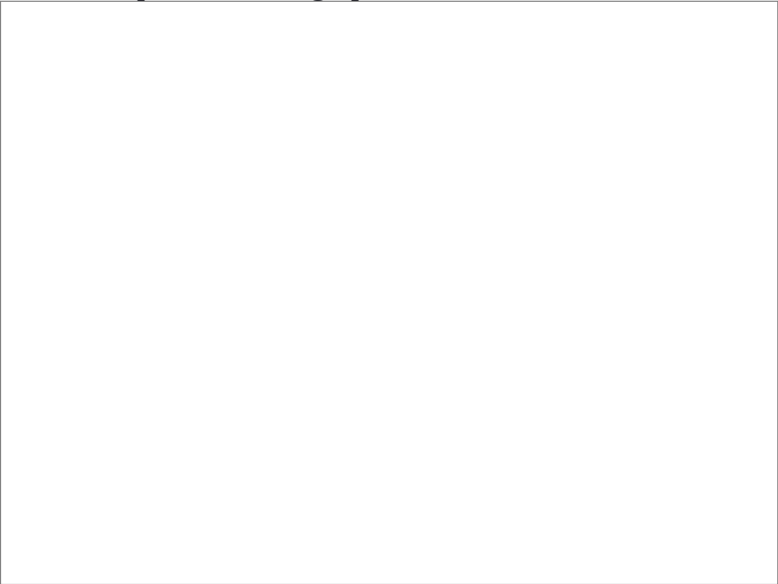
Question 27

In the accompanying figure, which depicts a negative externality, the preferred equilibrium is at:

Your Answer	Score	Explanation
Point A with a price of P1		
Point A with a price of P2	Correct 1.00	
Point B with a price of P1		
Point B with a price of P2		
Don't know		
Total	1.00 / 1.00	

Question 28

What is depicted in this graph?



Your Answer	Score	Explanation
A negative externality		
A positive externality	Correct 1.00	
A public good		
Don't know		
Total	1.00 / 1.00	