

# Homework (chapter 10 & 11)

**Due** Feb 24 at 11:59pm**Points** 20**Questions** 20**Available** until Feb 24 at 11:59pm**Time Limit** None**Allowed Attempts** 2

## Instructions

This required homework assignment covers material from chapters 10 and 11.

Homework answers may be saved and returned to, as long as it is within the deadline. To do so, remember to save your responses before leaving the Canvas website, and do not click on the “Submit” button (or Canvas will automatically grade your assignment and you will have no way of changing your answers). If you start the quiz before the deadline but do not finish by the deadline, Canvas will submit the homework for you at the deadline.

This quiz was locked Feb 24 at 11:59pm.

## Attempt History

	Attempt	Time	Score
LATEST	<a href="#">Attempt 1</a>	18 minutes	18 out of 20

Score for this attempt: **18** out of 20

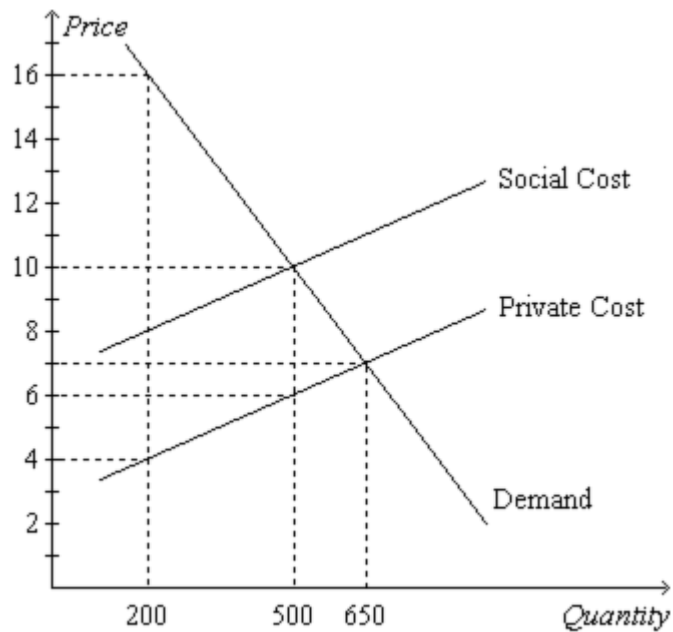
Submitted Feb 11 at 11:11am

This attempt took 18 minutes.

### Question 1

**1 / 1 pts**

*Figure 10-2.* The graph depicts the market for plastic.



**Refer to Figure 10-2.** Suppose that the production of plastic creates a social cost which is depicted in the graph above. Without any government regulation, how much plastic will be produced?

☐ 200

☐ 500

☒ 650

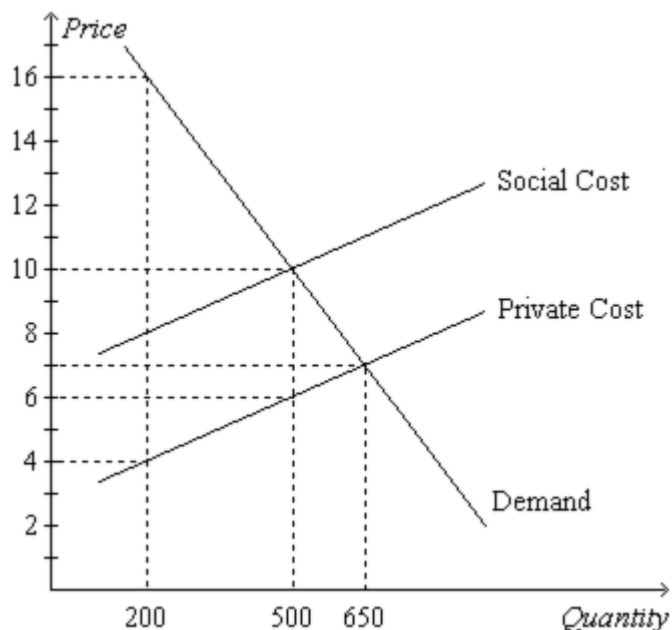
☐ 900

Correct!

## Question 2

1 / 1 pts

**Figure 10-2.** The graph depicts the market for plastic.



**Refer to Figure 10-2.** Suppose that the production of plastic creates a social cost which is depicted in the graph above. What is the socially optimal quantity of plastic?

☐ 200 units

☐ 450 units

☒ 500 units

☐ 650 units

**Correct!**

### Question 3

1 / 1 pts

Which of the following illustrates the concept of a negative externality?

☐

A college professor plays a vigorous game of racquet ball with the racquet he recently purchased.

☐

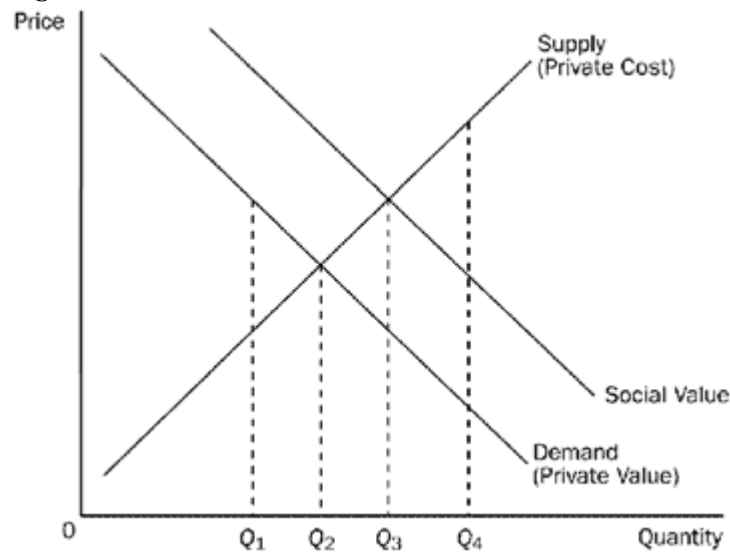
A flood wipes out a farmer's corn crop.

**Correct!**

A college student plays loud music on his new stereo system at 2:00 a.m.



A janitor eats a hamburger during his lunch break.

**Question 4****1 / 1 pts****Figure 10-7**

Refer to Figure 10-7. Which quantity represents the social optimum for this market?



Q<sub>1</sub>.



Q<sub>2</sub>.

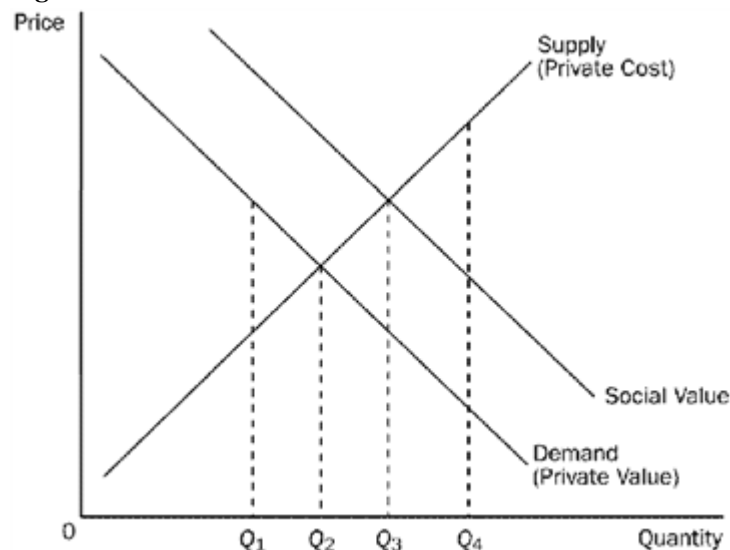


Q<sub>3</sub>.



Q<sub>4</sub>.

**Correct!****Question 5****1 / 1 pts**

**Figure 10-7**

Refer to Figure 10-7. To internalize the externality in this market, the government should

- ☐ impose a tax on this product.
- ☒ provide a subsidy for this product.
- ☐ forbid production.
- ☐ produce the product itself.

**Correct!****Question 6****1 / 1 pts**

Which of the following is an example of a positive externality?

- ☐ A college student buys a new car when she graduates.
- ☒ The mayor of a small town plants flowers in the city park.
- ☐ Local high school teachers have pizza delivered every Friday for lunch.

**Correct!**

- ☐ An avid fisherman buys new fishing gear for his next fishing trip.

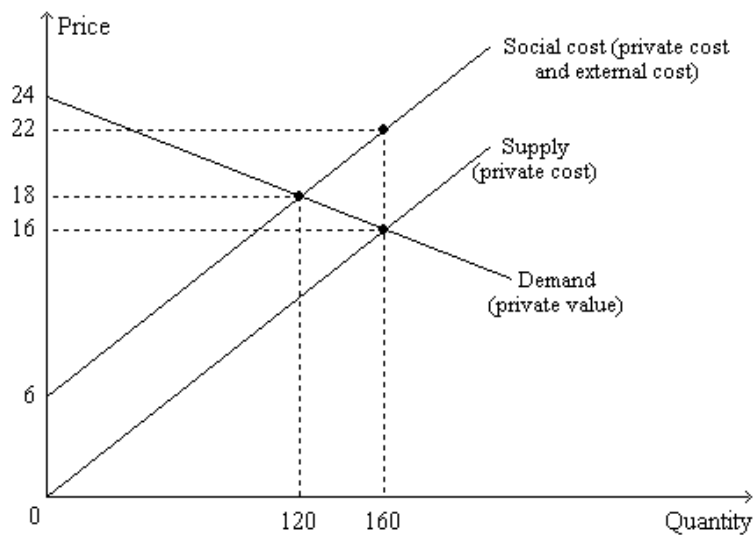
**Question 7****1 / 1 pts**

Technology spillover occurs when

- ☐ a firm passes the high costs of technical research on to society through higher prices.
- ☒ a firm's research yields technical knowledge that is used by society as a whole.
- ☐ the government subsidizes firms engaged in high-tech research.
- ☐ copyright laws prohibit firms from profiting from the research of others.

**Correct!****Question 8****1 / 1 pts**

*Figure 10-10*



Refer to Figure 10-10. The graph represents a market in which

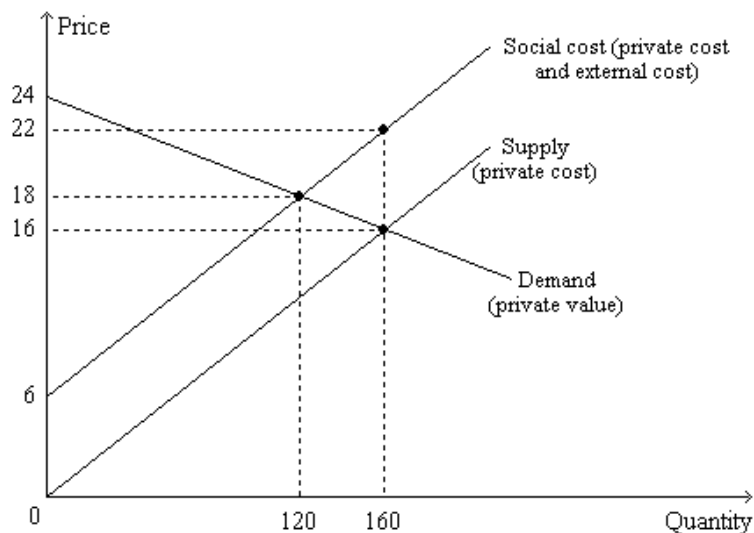
- ☐ there is no externality.
- ☐ there is a positive externality.
- ☒ there is a negative externality.
- ☐ The answer cannot be determined from inspection of the graph.

Correct!

## Question 9

1 / 1 pts

*Figure 10-10*



**Refer to Figure 10-10.** A decrease in output from 160 units to 120 units would

- ☐ move the market from a socially efficient outcome to a socially inefficient outcome.
- ☐ reduce the external cost per unit of output.
- ☒ increase total economic well-being.
- ☐ not be an action of which a benevolent social planner would approve.

**Correct!**

### Question 10

1 / 1 pts

The Coase theorem suggests that private markets may not be able to solve the problem of externalities

- ☐ if the government does not become involved in the process.
- ☒ when the number of interested parties is large and bargaining costs are high.

**Correct!**



- ☐ if the firm in the market is a monopoly.
- ☐ if some people benefit from the externality.

**Question 11****1 / 1 pts**

Abe owns a dog; the dog's barking annoys Abe's neighbor, Jenny. Suppose that the benefit of owning the dog is worth \$200 to Abe and that Jenny bears a cost of \$400 from the barking. Assuming Abe has the legal right to keep the dog, a possible private solution to this problem is that

- ☐ Jenny pays Abe \$150 to give the dog to his parents who live on an isolated farm.
- ☐ Abe pays Jenny \$350 for her inconvenience.
- ☒ Jenny pays Abe \$300 to give the dog to his parents who live on an isolated farm.
- ☐ There is no private transaction that would improve this situation.

**Correct!****Question 12****1 / 1 pts**

A corrective tax is also known as:

- ☐ a command-and-control regulation.
- ☐ a Coase tax.
- ☒ a Pigovian tax.

**Correct!**

- ☐ a Smithian tax.

**Question 13****1 / 1 pts**

Excludability is the property of a good whereby

- ☐ one person's use diminishes other peoples' use.
- ☒ a person can be prevented from using it.
- ☐ the government rations the quantity of a good that is available.
- ☐ the resource is congestible.

**Correct!****Question 14****1 / 1 pts**

Both public goods and common resources are

- ☐ rival in consumption.
- ☐ nonrival in consumption.
- ☐ excludable.
- ☒ nonexcludable.

**Correct!****Question 15****1 / 1 pts**

When a good is rival in consumption,

**Correct!**

one person's use of the good diminishes another person's ability to use it.



people can be prevented from using the good.



an unlimited number of people can use the good at the same time.



everyone will be excluded from obtaining the good.

**Question 16****0 / 1 pts***Figure 11-1*

		<b>Rival in Consumption?</b>	
		<b>Yes</b>	<b>No</b>
<b>Excludable?</b>	<b>Yes</b>	<i>A</i>	<i>B</i>
	<b>No</b>	<i>C</i>	<i>D</i>

Refer to Figure 11-1. Which of the following statements is correct?



A congested toll road is an example of the type of good represented by Box *B*.



An uncongested toll road is an example of the type of good represented by Box *D*.

**You Answered****Correct Answer**

A congested nontoll road is an example of the type of good represented by Box *C*.



An uncongested nontoll road is an example of the type of good represented by Box A.

### Question 17

0 / 1 pts

*Figure 11-1*

		Rival in Consumption?	
		Yes	No
Excludable?	Yes	A	B
	No	C	D

Refer to Figure 11-1. Which of the following items is *not* an example of the type of good represented by Box D?

You Answered

☒ a mathematical theorem

Correct Answer

☐ an uncongested toll road

☐ national defense

☐ fighting poverty

### Question 18

1 / 1 pts

*Figure 11-1*

**Rival in Consumption?**

		Yes	No
Excludable?	Yes	A	B
	No	C	D

**Refer to Figure 11-1.** Which of the following items is *not* a clear-cut example of the type of good represented by Box *D*?

- ☐ a fireworks display in a town with many residents
- ☐ national defense
- ☐ general knowledge
- ☒ a lighthouse

**Correct!****Question 19****1 / 1 pts**

The Tragedy of the Commons occurs because

- ☒ common resources are rival in consumption.
- ☐ government does not efficiently allocate society's scarce resources.
- ☐ people consider the value of resources in the future more than in the present.
- ☐ markets do not account for the presence of property rights.

**Correct!**

**Question 20****1 / 1 pts**

Because of the free-rider problem,

**Correct!**

- ☒ private markets tend to undersupply public goods.
- ☐ the federal government spends too many resources on national defense and not enough resources on medical research.
- ☐ fireworks displays have become increasingly dangerous.
- ☐ poverty has increased.

**Quiz Score: 18 out of 20**