

Conservation Economics: Assignment 8

The correct answer is in **bold**

1	For a positive consumption externality, (a) $SMB = PMB$ (b) $SMB = PMB - MD$ (c) $SMB = PMB + MB$ (d) $SMC = PMC / MD$
2	For a positive production externality, (a) $SMB = PMB$ (b) $SMB = PMB - MD$ (c) $SMB = PMB + MB$ (d) $SMC = PMC / MD$
3	"The direct cost to producers of producing an additional unit of a good" is (a) private marginal cost (PMC) (b) social marginal cost (SMC) (c) private marginal benefit (PMB) (d) social marginal benefit (SMB)
4	For a negative production externality, (a) $SMC = PMC + MD$ (b) $SMC = PMC - MD$ (c) $SMC = PMC$ (d) $SMC = PMC - MB$
5	"The private marginal cost to producers plus any costs associated with the production of the good that are imposed on others" is (a) private marginal cost (PMC) (b) social marginal cost (SMC) (c) private marginal benefit (PMB) (d) social marginal benefit (SMB)
6	Partying with loud noise is an example of (a) negative production externality (b) positive production externality (c) negative consumption externality (d) positive consumption externality
7	"When an individual's consumption increases the well-being of others, but the individual is not compensated by those others," we have (a) negative production externality (b) positive production externality (c) negative consumption externality (d) positive consumption externality
8	"When a firm's production increases the well-being of others but the firm is not compensated by those others," we have (a) negative production externality (b) positive production externality (c) negative consumption externality (d) positive consumption externality
9	"When an individual's consumption reduces the well-being of others who are not compensated by the individual," we have (a) negative production externality (b) positive production externality (c) negative consumption externality (d) positive consumption externality
10	For a negative consumption externality, (a) $SMB = PMB$ (b) $SMB = PMB - MD$ (c) $SMB = PMB + MB$ (d) $SMC = PMC / MD$