Week 8 MCQs

1. What is the primary focus of Module 8 in the Conservation Economics course?

    A. Externalities and market power

    B. The design of the tax system

    C. Public sector and conservation (Correct)

    D. The Minamata disaster

2. How many lectures are included in Module 8?

    A. One

    B. Two

    C. Three (Correct)

    D. Four

3. What is the first lecture in Module 8 about?

    A. Public goods

    B. Common resources

    C. Externalities (Correct)

    D. Tax systems

4. According to the text, when are markets usually a good way to organize economic activity?

    A. Always

    B. Never

    C. Usually (Correct)

    D. Occasionally

5. What is one reason markets are considered a good way to organize economic activity?

    A. Government regulation

    B. Limited choice

    C. Absence of free will

    D. Free will and choice (Correct)

6. What is an example of environmental damage mentioned in the text?

    A. The Love Canal

    B. The Bhopal gas tragedy

    C. The Minamata disaster

    D. All of the above (Correct)

7. What caused the Minamata disaster?

A. Untreated waste containing mercury (Correct)

B. Release of dioxins

C. Bhopal gas leak

D. London smog

8. What was the Chisso factory manufacturing?

    A. Mercury

    B. Dioxins

    C. Acetaldehyde (Correct)

    D. MIC gas

9. What was the right option for the Chisso factory regarding waste disposal?

    A. Dumping it into the sea

    B. Treating the waste before disposal (Correct)

    C. Accumulating it in large quantities

    D. Shutting down the refrigeration unit

10. What were some of the observed effects of mercury contamination in Minamata?

    A. Dying fish

    B. Bizarre cat symptoms

    C. Neurological disorders in humans

    D. All of the above (Correct)

11. What was the approximate cost of the Minamata disaster in terms of compensation?

    A. Millions of yens

    B. Billions of yens (Correct)

    C. Trillions of yens

    D. Millions of dollars

12. What is another environmental disaster mentioned besides Minamata?

    A. London smog of 1952

    B. Seveso plant incident

    C. Love Canal waste dump

    D. All of the above (Correct)

13. What was the Love Canal primarily used for before being sold?

    A. A school

    B. An industrial waste dump (Correct)

    C. A fishing village

D. A sugarcane farm

14. What was the primary reason for the Bhopal gas tragedy?

    A. Proper maintenance
    B. Cost-cutting measures (Correct)
    C. Lack of regulation
    D. Natural disaster

15. What company was involved in the Bhopal gas tragedy?

    A. Chisso Corporation
    B. Union Carbide Corporation (Correct)
    C. Chisso Factory
    D. None of the above

16. What is a market failure?

    A. Efficient allocation of resources
    B. Reaching the optimum level of welfare
    C. A situation where the market fails to allocate resources efficiently (Correct)
    D. Increased welfare of buyers and sellers

17. What are two major causes of market failure mentioned?

    A. Externality and market power (Correct)
    B. Regulation and corrective taxes
    C. Public goods and common resources
    D. Private goods and club goods

18. What is an externality?

    A. The impact of one person's actions on themselves
    B. The impact of market power on prices
    C. The impact of one person's actions on the well-being of a bystander (Correct)
    D. The efficient allocation of resources

19. In the context of externalities, who are bystanders?

    A. The actors performing the actions
    B. Those directly involved in the transaction
    C. Those indirectly affected by the actions (Correct)
    D. Government regulators

20. What is market power?

A. The ability of a single economic actor to influence market prices (Correct)

B. The government's control over markets

C. The total demand for a good

D. The efficient allocation of resources

21. What are the two types of externalities discussed?

   A. Positive and negative (Correct)

   B. Production and consumption

   C. Private and social

   D. Market and non-market

22. What is a negative externality?

   A. A positive impact on a bystander

   B. A negative impact on a bystander (Correct)

   C. A benefit to the actor

   D. An efficient allocation of resources

23. What is a positive externality?

   A. A negative impact on a bystander

   B. A positive impact on a bystander (Correct)

   C. A cost to the actor

   D. An inefficient allocation of resources

24. What is a production externality?

   A. An externality caused by consumption

   B. An externality caused by production (Correct)

   C. An externality caused by regulation

   D. An externality caused by market power

25. What is a consumption externality?

   A. An externality caused by production

   B. An externality caused by consumption (Correct)

   C. An externality caused by taxation

   D. An externality caused by market failure

26. What is private marginal cost?

   A. The cost to society of producing an additional unit

   B. The direct cost to producers of producing an additional unit (Correct)

   C. The benefit to consumers of consuming an additional unit

   D. The total cost of production

27. What is social marginal cost?

    A. The direct cost to producers

    B. The cost to society of producing an additional unit (Correct)

    C. The benefit to consumers

    D. The marginal damage caused by pollution

28. In a negative production externality, how does the social marginal cost relate to the private marginal cost?

    A. SMC < PMC

    B. SMC = PMC

    C. SMC > PMC (Correct)

    D. SMC is unrelated to PMC

29. What is marginal damage (MD)?

    A. The private marginal cost

    B. The social marginal cost

    C. The cost imposed on others due to production (Correct)

    D. The total cost of production

30. In a negative production externality, what happens to the supply curve?

    A. It shifts to the right

    B. It shifts to the left (Correct)

    C. It remains unchanged

    D. It becomes vertical

31. What is private marginal benefit?

    A. The cost to consumers

    B. The benefit to producers

    C. The direct benefit to consumers of consuming an additional unit (Correct)

    D. The social benefit of consumption

32. What is social marginal benefit?

    A. The private marginal benefit

    B. The private marginal benefit minus any cost imposed on others (Correct)

    C. The total benefit to society

    D. The marginal damage caused by consumption

33. In a negative production externality, how does the social marginal benefit relate to the private marginal benefit?

A. SMB < PMB

B. SMB = PMB (Correct)

C. SMB > PMB

D. SMB is unrelated to PMB

34. What is deadweight loss?

    A. The total cost of production

    B. The total benefit to society

    C. A loss of economic efficiency (Correct)

    D. An efficient allocation of resources

35. What is a negative consumption externality?

    A. When consumption benefits others

    B. When consumption harms others (Correct)

    C. When production benefits others

    D. When production harms others

36. In a negative consumption externality, how does the social marginal cost relate to the private marginal cost?

    A. SMC < PMC

    B. SMC = PMC (Correct)

    C. SMC > PMC

    D. SMC is unrelated to PMC

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    A. It shifts to the right

    B. It shifts to the left (Correct)

    C. It remains unchanged

    D. It becomes vertical

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    A. SMB = PMB

    B. SMB > PMB

    C. SMB < PMB (Correct)

    D. SMB is unrelated to PMB

39. What is a positive production externality?

    A. When production harms others

    B. When production benefits others (Correct)

C. When consumption harms others

D. When consumption benefits others

40. In a positive production externality, how does the social marginal cost relate to the private marginal cost?

A. SMC > PMC

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C. SMC < PMC (Correct)

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B. SMC = PMC (Correct)

C. SMC < PMC

D. SMC is unrelated to PMC

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A. It shifts to the left

B. It shifts to the right (Correct)

C. It remains unchanged

D. It becomes vertical

45. What is one solution mentioned for dealing with externalities?

A. Ignoring them

B. Private sector solutions

C. Public sector solutions

D. Both B and C (Correct)

46. What is regulation as a solution to externalities?

   A. Government intervention to control actions (Correct)

   B. Private bargaining

   C. Corrective taxes

   D. Subsidies

47. What are corrective taxes?

   A. Taxes designed to increase government revenue

   B. Taxes designed to induce private decision-makers to account for social costs (Correct)

   C. Taxes on positive externalities

   D. Taxes on private goods

48. What is another name for corrective taxes?

   A. Pigouvian taxes (Correct)

   B. Environmental taxes

   C. Revenue taxes

   D. Progressive taxes

49. What is the purpose of corrective taxes?

   A. To increase government revenue

   B. To deter negative externalities (Correct)

   C. To subsidize positive externalities

   D. To regulate market power

50. What are corrective subsidies?

   A. Government payments to discourage negative externalities

   B. Government payments to encourage positive externalities (Correct)

   C. Taxes on positive externalities

   D. Subsidies for private goods

51. What are tradable pollution permits?

   A. Government-set prices for pollution

   B. Government-set quantities of allowable pollution (Correct)

   C. Taxes on pollution

   D. Subsidies for pollution control

52. In the tradable pollution permits system, what does the government set?

   A. The price of pollution

B. The quantity of pollution (Correct)

C. Both price and quantity

D. Neither price nor quantity

53. What is the Coase theorem?

A. Private parties can always solve externality problems

B. Government intervention is always necessary for externality problems

C. Private parties can solve externality problems if they can bargain without cost (Correct)

D. Externalities cannot be solved

54. What is a crucial condition for the Coase theorem to work effectively?

A. Government regulation

B. High taxes

C. Well-defined property rights (Correct)

D. Absence of bargaining

55. What is a common resource?

A. A rival and excludable good

B. A rival but non-excludable good (Correct)

C. A non-rival and excludable good

D. A non-rival and non-excludable good

56. What is a public good?

A. A rival and excludable good

B. A rival but non-excludable good

C. A non-rival and excludable good

D. A non-rival and non-excludable good (Correct)

57. What is excludability?

A. Preventing someone from using a good (Correct)

B. Diminishing the use of a good for others

C. Sharing a resource

D. The total supply of a good

58. What is rivalry in consumption?

A. One person's use diminishes others' use (Correct)

B. Sharing a resource equally

C. Preventing someone from using a good

D. The total demand for a good

59. What are private goods?

   A. Rival and excludable (Correct)

   B. Rival but non-excludable

   C. Non-rival and excludable

   D. Non-rival and non-excludable

60. What are club goods?

   A. Rival and excludable

   B. Rival but non-excludable

   C. Non-rival and excludable (Correct)

   D. Non-rival and non-excludable

61. What is the tragedy of the commons?

   A. Efficient use of common resources

   B. Overexploitation of shared resources (Correct)

   C. Equal sharing of resources

   D. Private ownership of resources

62. What is a solution to the tragedy of the commons?

   A. Privatization

   B. Government regulation

   C. Social arrangements

   D. All of the above (Correct)

63. What is a free rider?

   A. Someone who pays for a public good

   B. Someone who benefits from a public good without paying (Correct)

   C. Someone who owns a private good

   D. Someone who regulates markets

64. What is a solution to the free rider problem?

   A. Public sector provision

   B. Social norms and sanctions

   C. Voluntary organizations

   D. All of the above (Correct)

65. What is crowding out?

   A. Increased private sector activity due to public good provision

B. Decreased private sector activity due to public good provision (Correct)

C. Efficient allocation of resources

D. Market equilibrium

66. What is contracting out?

A. Government providing services directly

B. Government hiring private firms to provide services (Correct)

C. Private sector regulation

D. Market failure

67. What is the main source of funding for government spending on conservation?

A. Private donations

B. International aid

C. Taxes (Correct)

D. Government borrowing

68. What percentage of GDP do some European Union countries spend on environmental conservation?

A. 0.5-1%

B. 1.2-1.4% (Correct)

C. 5-7%

D. 10-12%

69. What is mentioned as an example of government spending on conservation in India?

A. MGNREGS

B. Clean Ganga Mission

C. Shola forest conservation

D. All of the above (Correct)

70. What is the approximate amount allocated to pollution control in the Indian environment ministry's budget (as per the text)?

A. 3100 crores

B. 460 crores (Correct)

C. 1000 crores

D. 2000 crores

71. What unique ecosystem is mentioned in relation to Karnataka's budget?

A. Mangrove forests

B. Grasslands

C. Shola forests (Correct)

D. Rainforests

72. What percentage of MGNREGS work is planned for water conservation?

   A. 25%

   B. 50%

   C. 75% (Correct)

   D. 100%

73. What is mentioned as an example of a project under the Clean Ganga Mission?

   A. A sewage plant in Varanasi (Correct)

   B. A mangrove zoo

   C. A dam construction

   D. A highway project

74. What is the planned capacity of the Varanasi sewage plant (in litres)?

   A. 1 crore litres

   B. 10 crore litres

   C. 14 crore litres (Correct)

   D. 20 crore litres

75. What project is mentioned in relation to the Jharkhali area?

   A. A dam

   B. A sewage plant

   C. The world's first mangrove zoo (Correct)

   D. A sugarcane farm

76. Why is the study of taxes important in conservation economics?

   A. Taxes fund conservation efforts (Correct)

   B. Taxes harm the environment

   C. Taxes have no relation to conservation

   D. Taxes are irrelevant to government spending

77. Placeholder: Generation failed/incomplete for Week 8 - Q77

   A. Failed A (Correct)

   B. Failed B

   C. Failed C

   D. Failed D

78. Placeholder: Generation failed/incomplete for Week 8 - Q78

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

79. Placeholder: Generation failed/incomplete for Week 8 - Q79

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

80. Placeholder: Generation failed/incomplete for Week 8 - Q80

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

81. Placeholder: Generation failed/incomplete for Week 8 - Q81

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

82. Placeholder: Generation failed/incomplete for Week 8 - Q82

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

83. Placeholder: Generation failed/incomplete for Week 8 - Q83

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

84. Placeholder: Generation failed/incomplete for Week 8 - Q84

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

85. Placeholder: Generation failed/incomplete for Week 8 - Q85

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

86. Placeholder: Generation failed/incomplete for Week 8 - Q86

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

87. Placeholder: Generation failed/incomplete for Week 8 - Q87

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

88. Placeholder: Generation failed/incomplete for Week 8 - Q88

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

89. Placeholder: Generation failed/incomplete for Week 8 - Q89

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

90. Placeholder: Generation failed/incomplete for Week 8 - Q90

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

91. Placeholder: Generation failed/incomplete for Week 8 - Q91

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

92. Placeholder: Generation failed/incomplete for Week 8 - Q92

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

93. Placeholder: Generation failed/incomplete for Week 8 - Q93

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

94. Placeholder: Generation failed/incomplete for Week 8 - Q94

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

95. Placeholder: Generation failed/incomplete for Week 8 - Q95

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

96. Placeholder: Generation failed/incomplete for Week 8 - Q96

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

97. Placeholder: Generation failed/incomplete for Week 8 - Q97

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

98. Placeholder: Generation failed/incomplete for Week 8 - Q98

   A. Failed A (Correct)

   B. Failed B

   C. Failed C

   D. Failed D

99. Placeholder: Generation failed/incomplete for Week 8 - Q99

   A. Failed A (Correct)

   B. Failed B

   C. Failed C

   D. Failed D

100. Placeholder: Generation failed/incomplete for Week 8 - Q100

   A. Failed A (Correct)

   B. Failed B

   C. Failed C

   D. Failed D