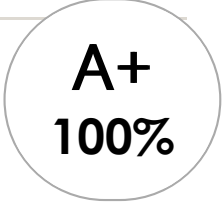


14 Multiple choice questions



A+
100%

1. are goods and services whose consumption by one individual does not reduce the ability of other individuals to consume the good or service
 - a. pollution
 - b. public good
 - c. non-excludable goods
 - d. **CORRECT: non-rival goods**

2. refers to a group of individuals who benefit from a good or service without contributing to the cost of supplying the good or service
 - a. environment
 - b. **CORRECT: free riders**
 - c. pollution
 - d. market failure

3. is the totality of the physical environment in which human society lives, and includes the land, water, climate and plant and animal life
 - a. public good
 - b. free riders
 - c. pollution
 - d. **CORRECT: environment**

4. occurs because the price mechanism takes account of private benefits and costs of production to consumers and producers but does not take into account of wider social costs and benefits borne by all of society
 - a. free riders
 - b. climate change
 - c. **CORRECT: market failure**
 - d. pollution

5. an unintended positive outcome of an economic activity whose value is not reflected in the operation of the price mechanism
 - a. negative externality
 - b. pollution
 - c. public sector goods
 - d. **CORRECT: positive externality**

6. occurs when the natural environment is degraded in some way, such as by harmful chemical substances, noise or untreated rubbish
 - a. **CORRECT: pollution**
 - b. public good
 - c. free riders
 - d. environment

7. involves conserving and enhancing the community's resources so that ecological processes and quality of life are maintained
 - a. non-excludable goods
 - b. public sector goods
 - c. **CORRECT: ecologically sustainable development**
 - d. pollution

8. an unintended negative outcome of an economic activity whose cost is not reflected in the operation of the price mechanism
 - a. free riders
 - b. **CORRECT: negative externality**
 - c. positive externality
 - d. environment

9. is the impacts of the natural environment such as rising temperatures and sea level caused by emissions of greenhouse gases such as carbon dioxide, nitrous oxide and methane
 - a. **CORRECT: climate change**
 - b. pollution
 - c. market failure
 - d. free riders

10. natural resources such as oil, coal and gas that are finite in supply and cannot be recreated in a short time frame
 - a. non-excludable goods
 - b. **CORRECT: non-renewable resources**
 - c. renewable resources
 - d. non-rival goods

11. naturally regenerate themselves in a time frame that makes their use sustainable, e.g. timber
 - a. **CORRECT: renewable resources**
 - b. market failure
 - c. non-renewable resources
 - d. free riders

12. is an item firms are unwilling to supply as they are not available to restrict usage and benefits to those willing to pay for the good; because of this the government should supply these goods
 - a. **CORRECT: public good**
 - b. public sector goods
 - c. pollution
 - d. non-rival goods

13. are goods or services whose consumption cannot be restricted by those willing to pay for them, such as clean air and national defense; the private sector is generally unwilling to provide non-excludable goods because individuals may not pay to use them
 - a. **CORRECT: non-excludable goods**
 - b. non-renewable resources
 - c. public sector goods
 - d. non-rival goods

14. are goods and services provided by the government such as train services and hospitals
 - a. non-excludable goods
 - b. public good
 - c. non-rival goods
 - d. **CORRECT: public sector goods**