Chapter11_ProblemSession

Multiple Choice
Identify the choice that best completes the statement or answers the question.

____ 1. A good is excludable if
a. one person's use of the good diminishes another person's enjoyment of it.
b. the government can regulate its availability.
c. it is not a normal good.
d. people can be prevented from using it.

____ 2. If one person's use of a good diminishes another person's enjoyment of it, the good is
a. rival in consumption.
b. excludable.
c. normal.
d. exhaustible.

____ 3. Goods that are rival in consumption and excludable would be considered
a. natural monopolies.
b. common resources.
c. public goods.
d. private goods.

____ 4. An example of a private good would be
a. national defense.
b. a t-shirt.
c. a streetlight.
d. a river.

____ 5. An AM radio transmission of a baseball game is
a. excludable and rival in consumption.
b. excludable and not rival in consumption.
c. not excludable and rival in consumption.
d. not excludable and not rival in consumption.

____ 6. A cheeseburger is
a. excludable and rival in consumption.
b. excludable and nonrival in consumption.
c. nonexcludable and rival in consumption.
d. nonexcludable and nonrival in consumption.

____ 7. Why has the value of ivory threatened the extinction of the elephant, whereas the value of beef has enhanced the survival of the cow?
a. Cows are a common resource, whereas elephants are owned by governments.
b. Elephants are larger than cows, requiring more economic resources.
c. Elephants live in Africa, where economic resources are scarce.
d. Elephants are a common resource, whereas cows are privately owned.

Table 11-2

Consider a small town with only three families, the Jones family, the Harris family, and the Wong family. The town does not currently have any streetlights so it is very dark at night. The three families are considering putting in streetlights on Main Street and are trying to determine how many lights to install. The table below shows each family's willingness to pay for each streetlight.

Number of Streetlights	The Jones Family	The Harris Family	The Wong Family
1	$180	$250	$220
2	140	200	210
3	90	140	180
4	30	70	130
5	0	35	60
6	0	0	20

____ 8. **Refer to Table 11-2.** Suppose the cost to install each streetlight is $400 and the families have agreed to split the cost of the streetlights equally. If the families vote to determine the number of streetlights to install, basing their decision solely on their own willingness to pay (and trying to maximize their own surplus), what is the greatest number of streetlights for which the majority of families would vote "yes?"

a. 1 streetlight
b. 2 streetlights
c. 3 streetlights
d. 4 streetlights

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Answer Section

MULTIPLE CHOICE

1. ANS: D PTS: 1 DIF: 1 REF: 11-1
   NAT: Analytic LOC: The study of economics and definitions in economics
   TOP: Excludability MSC: Definitional
2. ANS: A PTS: 1 DIF: 1 REF: 11-1
   NAT: Analytic LOC: The study of economics and definitions in economics
   TOP: Rivalry in consumption MSC: Definitional
3. ANS: D PTS: 1 DIF: 2 REF: 11-1
   NAT: Analytic LOC: Understanding and applying economic models
   TOP: Rivalry in consumption MSC: Applicative
4. ANS: B PTS: 1 DIF: 1 REF: 11-1
   NAT: Analytic LOC: The study of economics and definitions in economics
   TOP: Private goods MSC: Applicative
5. ANS: D PTS: 1 DIF: 2 REF: 11-1
   NAT: Analytic LOC: The study of economics and definitions in economics
   TOP: Public goods MSC: Applicative
6. ANS: A PTS: 1 DIF: 2 REF: 11-1
   NAT: Analytic LOC: Understanding and applying economic models
   TOP: Private goods MSC: Applicative
7. ANS: D PTS: 1 DIF: 2 REF: 11-3
   NAT: Analytic LOC: Markets, market failure, and externalities
   TOP: Common resources MSC: Applicative
8. ANS: C PTS: 1 DIF: 3 REF: 11-2
   NAT: Analytic LOC: Understanding and applying economic models
   TOP: Public goods MSC: Applicative