

Microeconomics of Nature and Animals

Microeconomics · Answer Key · 8 Questions

1. What is considered a common-pool resource in the context of ocean fishing?

- A) Commercial fishing nets
- B) The high seas fish stocks**
- C) Personal aquariums
- D) Fish processing factories

2. Which term describes the extra cost incurred by a factory when producing one additional unit of plastic that ends up as ocean pollution?

- A) Marginal cost**
- B) Fixed cost
- C) Sunk cost
- D) Average revenue

3. When a forest is cleared for agriculture, the loss of natural carbon sequestration is an example of what economic concept?

- A) Positive externality
- B) Negative externality**
- C) Public good
- D) Producer surplus

4. Which natural resource is most commonly categorized as a non-renewable resource in economic studies?

- A) Solar energy
- B) Wind currents
- C) Crude oil**
- D) Timber

5. What happens to the market price of a rare natural item when its supply is extremely limited and demand is high?

- A) Price decreases
- B) Price stays stable
- C) Price increases**
- D) Price becomes irrelevant

6. In microeconomics, what does 'scarcity' mean regarding natural water supplies in a desert?

- A) Water is infinite
- B) Unlimited supply relative to demand
- C) Limited supply relative to human needs**
- D) Water has no market value

7. What is the 'opportunity cost' of using land for a national park instead of a shopping mall?

- A) The price of the park's entrance fees
- B) The lost potential profit from the mall**
- C) The cost of planting trees
- D) The value of government taxes

8. Which of the following is considered a 'public good' because it is non-excludable and non-rivalrous?

- A) Private wildlife reserve
- B) Clean air**
- C) Bottled water
- D) Farm-raised salmon