

# Microeconomics of Nature and Animals

Microeconomics · Practice Test · 8 Questions

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**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