

Econ 101 Tutorial 5

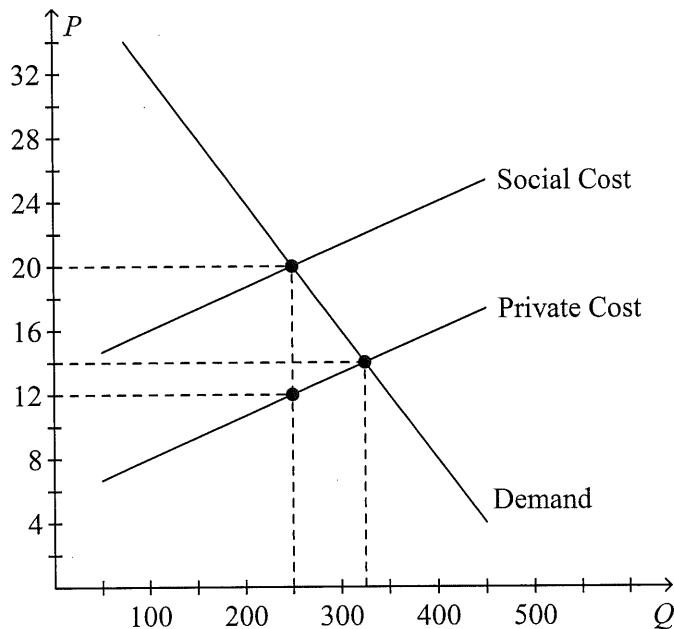
Short Answer

1. Place each of the following in the correct location in the table.

		Rival?	
		Yes	No
Excludable?	Yes	Private Goods	Club Goods
	No	Common Resources	Public Goods

- a. Congested toll roads
- b. Knowledge
- c. Fish in the ocean
- d. National defense
- e. Congested nontoll roads
- f. Cable TV
- g. The environment
- h. Fire protection
- i. Ice-cream cones
- j. Uncongested toll roads
- k. Clothing
- l. Uncongested nontoll roads

Figure 10-13. On the graph, Q represents the quantity of plastics and P represents the price of plastics.



- 2. Refer to Figure 10-13. Each unit of plastics that is produced results in an external
- 3. Refer to Figure 10-13. In order to reach the social optimum, the government could
- 4. Refer to Figure 10-13. If 250 units of plastics are produced and consumed, then the

Name: _____

ID: A

5. Dick owns a dog whose barking annoys Dick's neighbor Jane. Suppose that the benefit of owning the dog is worth \$700 to Dick and that Jane bears a cost of \$500 from the barking. Assuming Dick has the legal right to keep the dog, a possible private solution to this problem is that

6. Sally's cat causes Mike to sneeze. Sally values her cat's companionship at \$300 per year. The cost to Mike of tissues and her allergy medication is \$350 per year. Based on the Coase theorem,