

1. ANS: E                      PTS: 1                      DIF: M                      REF: Module 74/38  
MSC: Concept-Based
2. ANS: D                      PTS: 1                      DIF: M                      REF: Module 74/38  
MSC: Concept-Based
3. ANS: C                      PTS: 1                      DIF: M                      REF: Module 74/38  
MSC: Critical Thinking
4. ANS: B                      PTS: 1                      DIF: M                      REF: Module 74/38  
MSC: Concept-Based
5. ANS: C                      PTS: 1                      DIF: M                      REF: Module 75/39  
MSC: Fact-Based
6. ANS: D                      PTS: 1                      DIF: M                      REF: Module 75/39  
MSC: Analytical Thinking
7. ANS: D                      PTS: 1                      DIF: M                      REF: Module 75/39  
MSC: Analytical Thinking
8. ANS: A                      PTS: 1                      DIF: M                      REF: Module 75/39  
MSC: Analytical Thinking
9. ANS: A                      PTS: 1                      DIF: M                      REF: Module 75/39  
MSC: Definitional
10. ANS: D                      PTS: 1                      DIF: M                      REF: Module 75/39  
MSC: Concept-Based

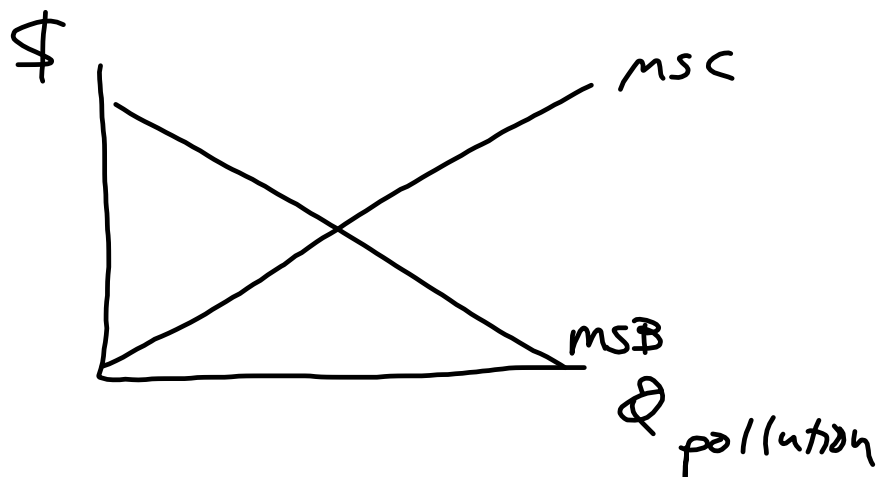


Figure 74-2: Efficiency and Pollution

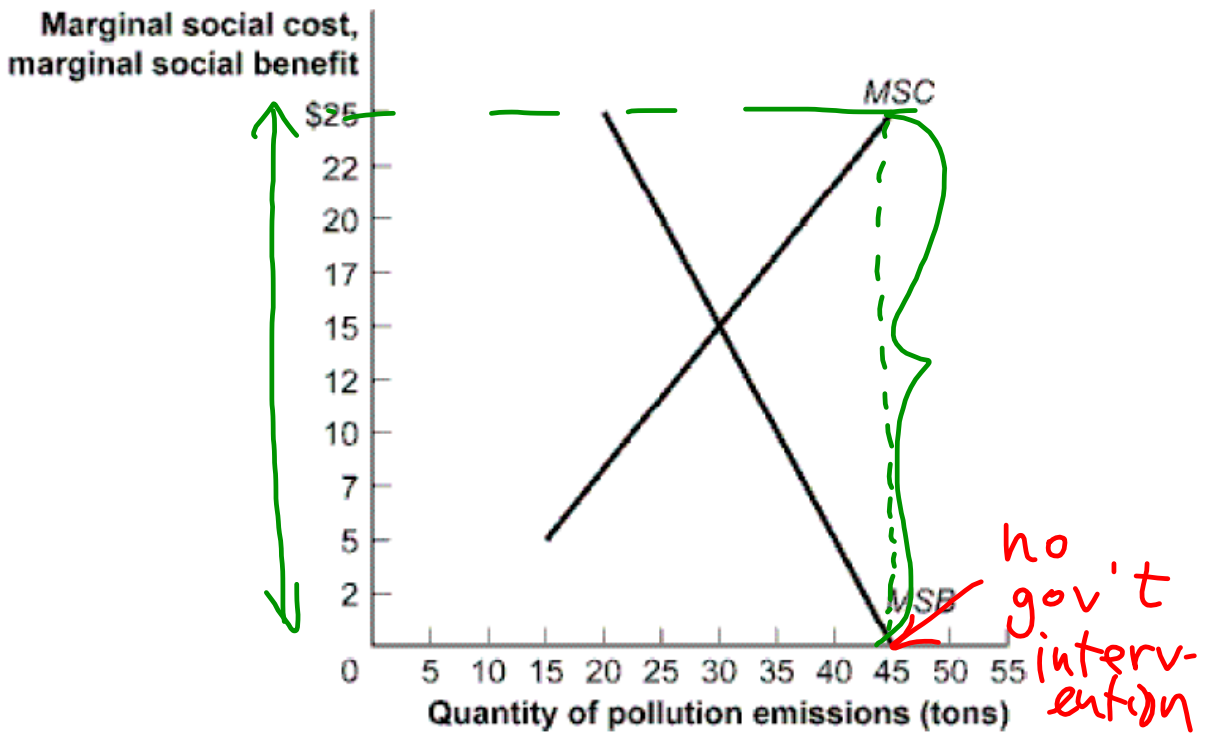
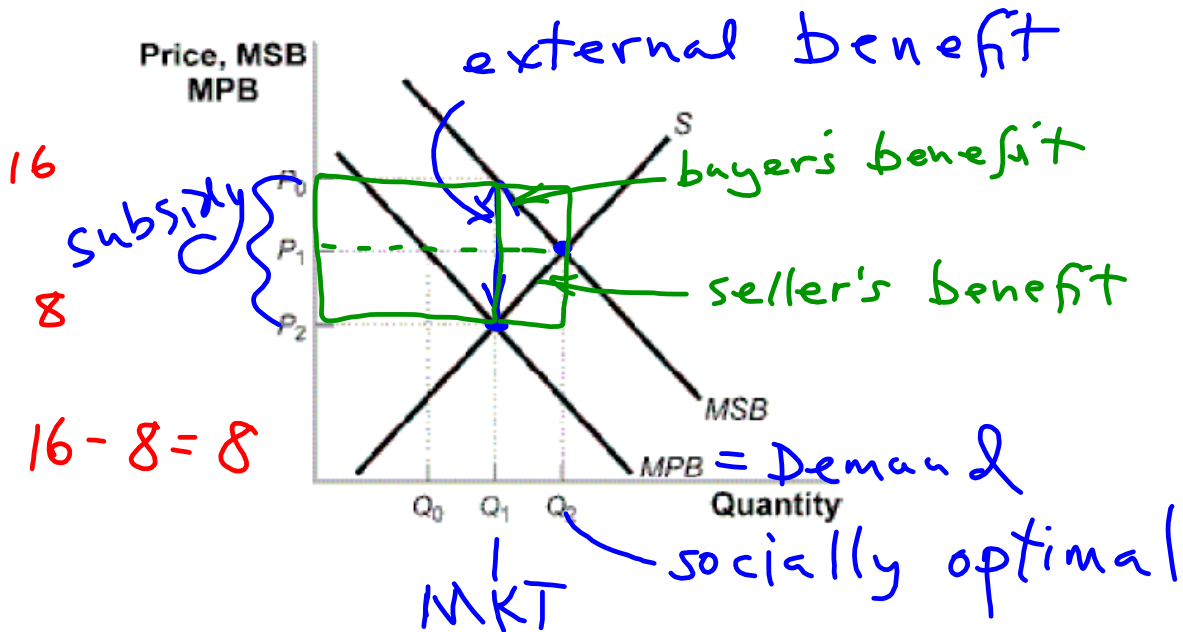


Figure 75-8: Marginal Private Benefits and Marginal Social Benefits



Topic: Public Goods. *markets great*

	Rival in consumption	Nonrival in consumption
Excludable	<b>Private goods</b> <ul style="list-style-type: none"> <li>• Wheat</li> <li>• Bathroom fixtures</li> </ul>	<b>Artificially scarce goods</b> <ul style="list-style-type: none"> <li>• Pay-per-view movies</li> <li>• Computer software</li> </ul>
Non-excludable	<b>Common resources</b> <ul style="list-style-type: none"> <li>• Clean water</li> <li>• Biodiversity</li> </ul>	<b>Public goods</b> <ul style="list-style-type: none"> <li>• Public sanitation</li> <li>• National defense</li> </ul>

Excludable: you can keep someone from consuming.

Rival in consumption: if I consume a unit, nobody else can.

*market will not produce.*