Please circle the **most** correct or appropriate answer. Please only choose **one** answer per

question..

1. **A public good has the following characteristic(s):**

a. It is non-exclusive.

b. It has a free-rider problem.

c. It causes market failure.

d. It can be corrected by assigning property rights.

e. All of the above.

1. **Education has a \_\_\_\_\_\_\_\_\_\_\_\_\_.**

a. negative externality.

b. positive externality.

c. private marginal valuation that is equal to the social marginal valuation.

d. No definite answer.

1. **A tax can be used to correct:**

a. a positive externality problem.

b. monopoly power.

c. an imperfect information problem.

d. a negative externality problem.

**4. The tax burden does not depend on which party actually pays the tax.**

a. True.

b. False.

c. Uncertain.

**5. The tax burden depends on the relative elasticities of supply and demand**,

a. the less elastic party pays a higher tax burden.

b. the more elastic party pays a higher tax burden.

c. there is no certain relationship.

d. there is insufficient information to make a decision.

**6. (Bonus) The individuals who receive the benefit of the good or service should pay the**

**tax necessary to supply the good. This statement demonstrates the**

a. Ability-to-Pay Principle

b. Maximum-Revenue Principle

c. Benefit Principle

d. Common sense