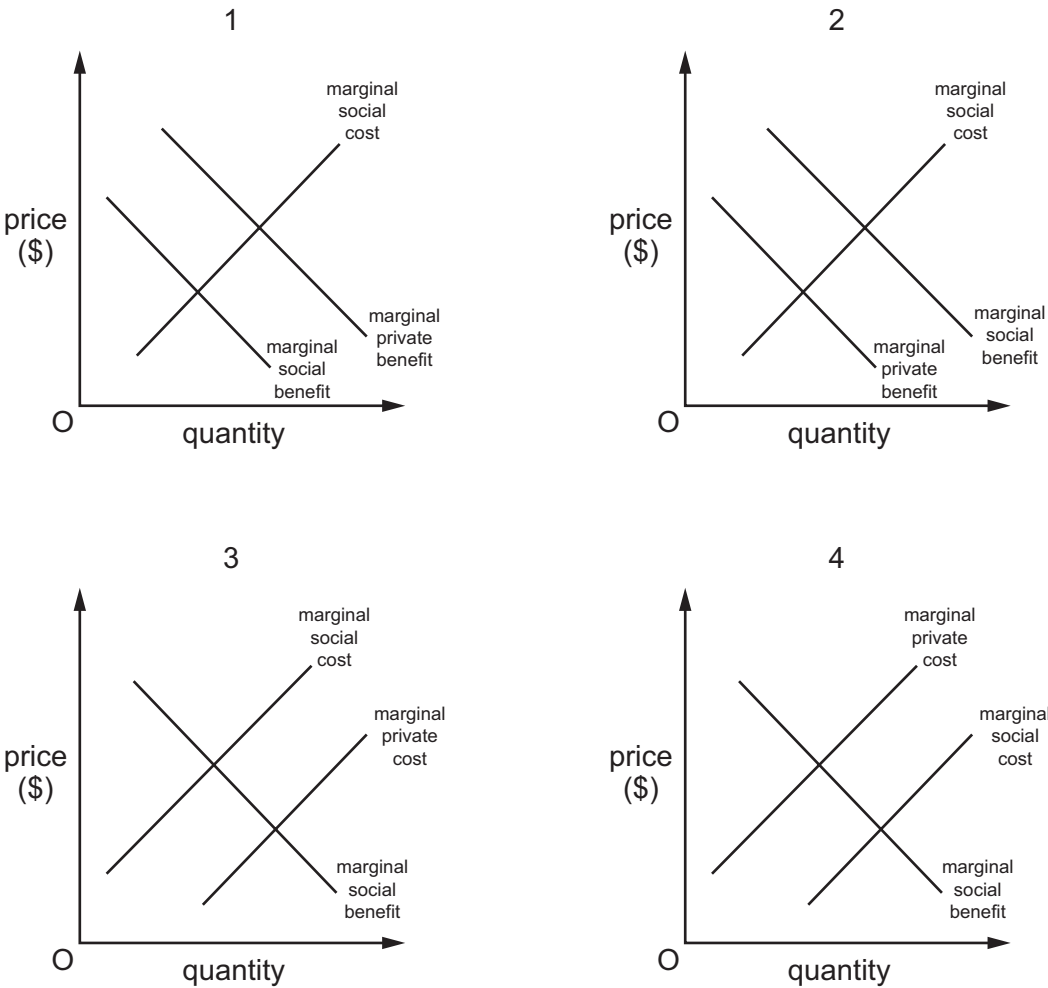


- 13 What is an economic reason why hospitals are often built and funded by the government?
- A Hospitals are a public good.
 - B Hospitals are very expensive to build and run.
 - C Hospitals cannot use price to allocate demand.
 - D Hospital treatments may benefit many apart from those who use them.

14 The diagrams show the costs and benefits in four markets.



Which pair of diagrams show the existence of a positive consumption externality and a negative production externality?

| | positive consumption externality | negative production externality |
|---|----------------------------------|---------------------------------|
| A | 1 | 2 |
| B | 2 | 3 |
| C | 3 | 4 |
| D | 4 | 1 |