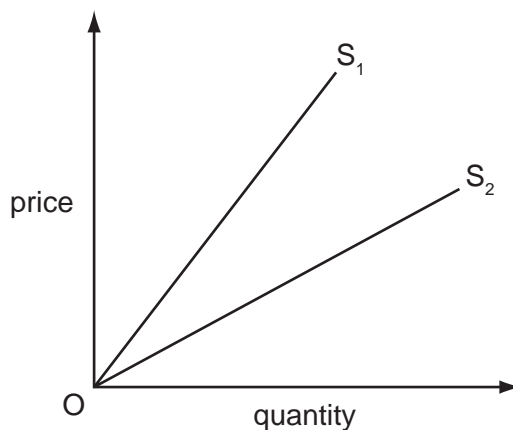


12 In the diagram OS_1 and OS_2 are two straight-line supply curves.



As price increases, the elasticity of supply

- A** decreases along both OS_1 and OS_2 .
 - B** increases less rapidly along OS_1 than along OS_2 .
 - C** increases more rapidly along OS_1 than along OS_2 .
 - D** is constant along both OS_1 and OS_2 .
- 13** What is the most likely reason economists will give to explain why large hospital projects are often funded by governments?
- A** Governments usually control the construction industry.
 - B** Hospitals benefit many people who do not use them.
 - C** Hospitals are non-excludable.
 - D** Hospitals are an essential service.
- 14** How would net external benefit be calculated?
- A** external benefit minus external cost
 - B** external benefit plus private benefit
 - C** private benefit plus social benefit
 - D** social benefit minus private cost