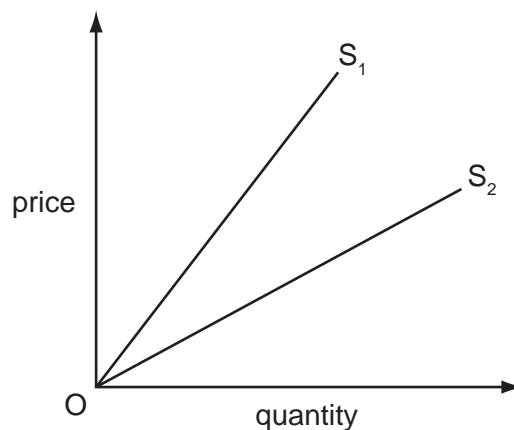


12 In the diagram  $OS_1$  and  $OS_2$  are two straight-line supply curves.



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