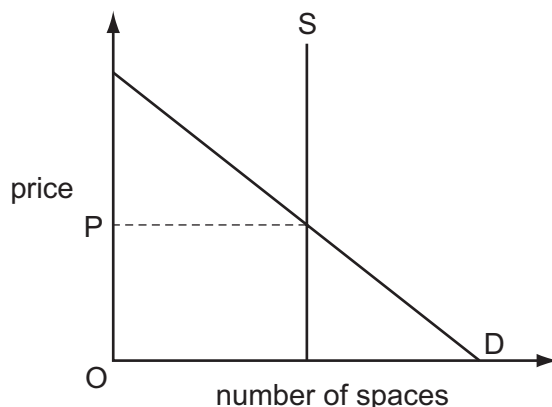


- 13 The diagram shows the demand and supply curves for parking spaces in a hospital car park.



The managers decide to rely on the price mechanism to allocate parking spaces at the hospital.

What is required for this to work?

- A Alternative means of transport must be provided for those unable to afford price OP.
 - B A survey will be needed to find out the amount users are willing to pay.
 - C The capacity of the car park will need to be expanded.
 - D The price charged for parking spaces must be OP.
- 14 Which statement is correct?
- A External cost equals social cost minus private cost.
 - B Private cost equals external cost minus social cost.
 - C Social cost equals external cost minus private cost.
 - D Social cost equals private cost minus external cost.
- 15 In deciding whether to invest in a new project, what would be taken into account in government cost-benefit analysis but not by a private company?
- A consultancy fees
 - B consumer surplus
 - C interest charges
 - D tax payments