12 Global stocks of cod are currently under threat due to over-fishing whilst there are plentiful supplies of the less popular Alaskan pollock.

How might the price mechanism operate to limit the depletion of fish stocks?

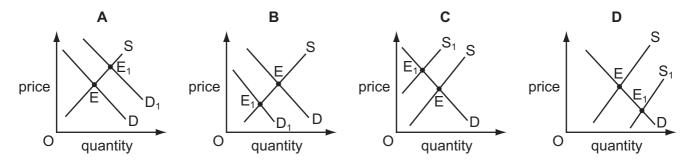
- A The price of both cod and Alaskan pollock will fall.
- **B** The price of both cod and Alaskan pollock will rise.
- **C** The price of cod will fall whilst the price of Alaskan pollock will rise.
- **D** The price of cod will rise whilst the price of Alaskan pollock will fall.
- 13 The table shows some of the costs and benefits at a given level of production of a good.

costs	\$m	benefits	\$m
private	80	private	90
social	200	external	100

What is correct at this level of production?

- A External benefits exceed external costs.
- **B** Private benefits exceed external costs.
- **C** Private costs exceed social benefits.
- **D** Social costs exceed social benefits.
- 14 The consumption of a good generates external benefits. Its market equilibrium is E.

Which diagram shows the change in the equilibrium (E to E_1) necessary to reflect the correct value of the good to society?



- **15** What is an advantage, rather than a disadvantage, of cost-benefit analysis in deciding on a government investment project?
 - A Economic agents place different values on external costs and external benefits.
 - **B** Estimates of external costs and external benefits are included.
 - **C** Forecasts of future costs and benefits vary over time.
 - **D** Miscalculations of the costs are financed by the taxpayer.