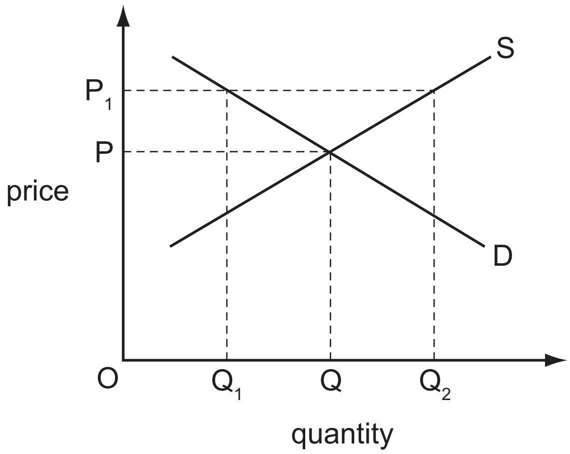
**13** The diagram shows the demand and supply curves for a good.




The government fixes a maximum price of $OP_1$.

What would happen?

**A** Consumers would have to be rationed to quantity $OQ_1$.

**B** The government would have to introduce a subsidy of $PP_1$.

**C** The market equilibrium quantity OQ would be demanded and supplied.

**D** The supply of quantity $OQ_2$ would be guaranteed.

**14** People walking past a bakery often comment on the pleasure of smelling freshly baked bread.

Of what is this an example?

**A** a negative consumption externality

**B** a negative production externality

**C** a positive consumption externality

**D** a positive production externality

**15** When would cost-benefit analysis definitely indicate that a government project should be approved?

**A** if it eliminated all external costs

**B** if it gave a higher rate of return than a private sector project

**C** if it maximised net social benefit

**D** if it minimised total social cost