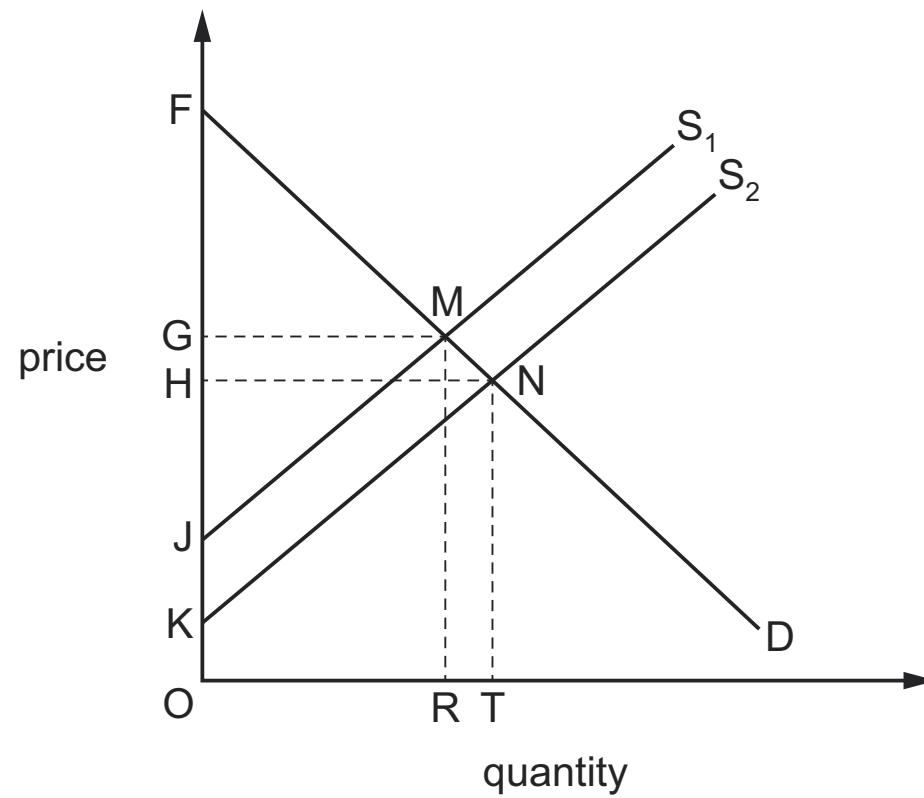


13 The diagram shows the European airline market.



New entrants have come into the market, shifting supply from S_1 to S_2 .

Which area represents the new producer surplus?

- A** HNK **B** HNF **C** GMJ **D** KNTO

14 What would be **least** likely to have an external benefit?

- A** a new drug to prevent malaria in Nigeria
B the granting of permission to develop a rural area in Bangladesh
C the imposition of a quota on fishing in the Atlantic Ocean
D the purchase of tickets to attend the Olympics in Brazil

15 Which statement is correct?

- A** External cost is the sum of social cost and private cost.
B Private costs are usually larger than social costs.
C Social costs are usually smaller than external costs.
D Social cost is the sum of private cost and external cost.