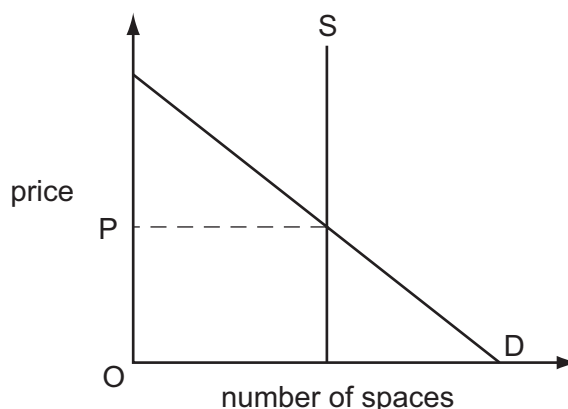


- 13** The diagram shows the demand and supply curves for parking spaces in a hospital car park.



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

What is required in order 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** In which situation are there definitely positive externalities?
- A** Private benefits exceed private costs.
 - B** Private benefits exceed social benefits.
 - C** Social benefits exceed private benefits.
 - D** Social benefits exceed private costs.
- 15** Correct use of cost-benefit analysis should produce an outcome where
- A** social costs are minimised and social benefits are maximised.
 - B** social benefits are in excess of social costs.
 - C** marginal private benefits equal marginal social benefits.
 - D** marginal social benefits equal marginal social costs.