15 The government has to choose the best one of four possible sites to locate a port.

The costs and benefits of each site are shown in \$m in the table.

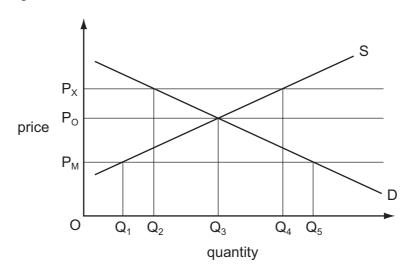
Which site would be chosen?

site	private costs	external costs	private benefits	external benefits
Α	10	50	900	600
В	20	5	1 000	800
С	80	40	800	1 100
D	100	200	1 000	900

16 Why do governments often subsidise the cost of entrance to museums?

- A Museums are a pure public good.
- **B** Social benefits are less than social costs.
- **C** Social benefits exceed private benefits.
- **D** Social costs exceed private costs.

17 The diagram shows the market for spectacles. Initially the market equilibrium price is P_0 and quantity Q_3 is bought and sold.



The government then sets both a maximum spectacle price of P_{X} and a minimum price of P_{M} .

What effect will these measures have on the market for spectacles?

- A create a shortage of spectacles equal to Q₁Q₅
- **B** create a surplus of spectacles equal to Q₂Q₄
- C create a surplus of spectacles equal to Q₃Q₄
- D leave the quantity bought and sold unchanged

© UCLES 2004 9708/01/O/N/04