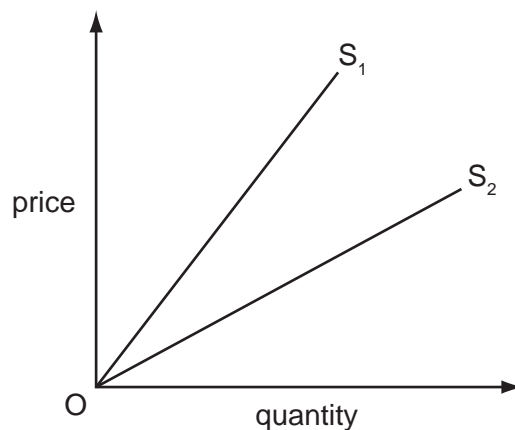


12 In the diagram OS_1 and OS_2 are two straight-line supply curves.



As price increases, the elasticity of supply

- A decreases along both OS_1 and OS_2 .
 - B increases less rapidly along OS_1 than along OS_2 .
 - C increases more rapidly along OS_1 than along OS_2 .
 - D is constant along both OS_1 and OS_2 .
- 13 What is the most likely reason economists will give to explain why large hospital projects are often funded by governments?
- A Governments usually control the construction industry.
 - B Hospitals benefit many people who do not use them.
 - C Hospitals are non-excludable.
 - D Hospitals are an essential service.
- 14 How would net external benefit be calculated?
- A external benefit minus external cost
 - B external benefit plus private benefit
 - C private benefit plus social benefit
 - D social benefit minus private cost