

- 15** A cost-benefit analysis concludes that a nuclear power station project might be socially worthwhile, although it will take 10 years to bring into operation.

Why might a government decide **not** to undertake the project?

- A** Cost-benefit analysis has no method for valuing the long-term impact of a project.
 - B** Cost-benefit analysis is only suitable for private sector projects.
 - C** The government believes that the project has too high an opportunity cost.
 - D** The government's policy is to restrict the extent of the market system.
- 16** A good is more likely to be supplied by the government rather than a private company if it is
- A** excludable and non-rival.
 - B** excludable and rival.
 - C** non-excludable and non-rival
 - D** non-excludable and rival
- 17** A government fixes a maximum price for a product in order to increase its consumption.
- What would be the likely outcome of such a policy?
- A** Consumption will fall if the maximum price is above the current equilibrium price.
 - B** Consumption will rise if the maximum price is below the current equilibrium price.
 - C** Production will fall if the maximum price is above the current equilibrium price.
 - D** Production will fall if the maximum price is below the current equilibrium price.