14 The table shows some of the costs and benefits at a given level of production of a good.

costs	$m	benefits	$m
private	80	private	90
social	200	external	100

What is correct at this level of production?

A External benefits exceed external costs.

B Private benefits exceed external costs.

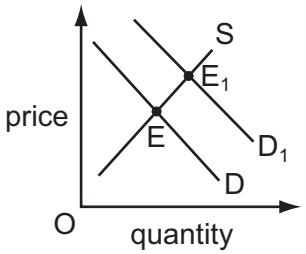
C Private costs exceed social benefits.

D Social costs exceed social benefits.

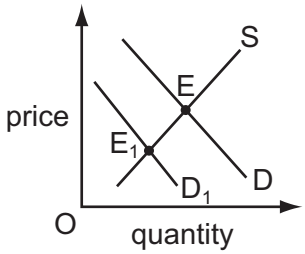
15 The consumption of a good generates external benefits. Its market equilibrium is E.

Which diagram shows the change in the equilibrium (E to E_1) necessary to reflect the correct value of the good to society?

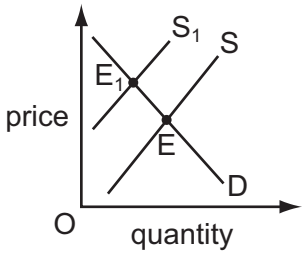
A



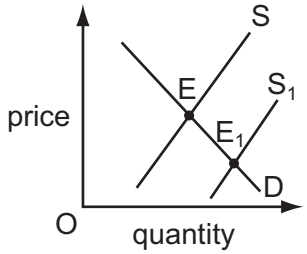
B



C



D



16 What is an advantage, rather than a disadvantage, of cost-benefit analysis in deciding on a government investment project?

A Economic agents place different values on external costs and external benefits.

B Estimates of external costs and external benefits are included.

C Forecasts of future costs and benefits vary over time.

D Miscalculations of the costs are financed by the taxpayer.

17 What is a distinguishing feature of a public good that is **not** found with private goods?

A Consumption depends on the ability to pay.

B It creates negative externalities.

C Its consumption by one consumer can have an effect on other consumers.

D Its consumption by one consumer does not restrict consumption by other consumers.