

14 The existence of a positive externality is possible when

- A** consumers are not the best judges of the future benefits from consuming a product.
- B** groups of consumers act together to negotiate a discount on the sale of a product.
- C** producers use a government scheme to clear waste from their offices at no cost to themselves.
- D** social costs of production exceed private costs of production.

15 A firm opens a new factory on derelict ground on the outskirts of a town.

What will be included among the externalities arising from the opening of the new factory?

	an increase in air pollution	an increase in the rents of neighbouring factory sites	the change in the appearance of the neighbourhood
A	no	no	yes
B	no	yes	no
C	yes	no	yes
D	yes	yes	no

16 A firm owns a bridge and charges all vehicle users who cross it.

How might the charge be classified?

- A** a private benefit and a private cost
- B** a private benefit and an external cost
- C** an external benefit and a private cost
- D** an external benefit and an external cost