14 James grows fruit trees in his garden. They attract butterflies and bees.

What is **not** an externality of this situation?

A Neighbours may be stung by the bees that pollinate the trees.

B Neighbours may buy fruit more cheaply from James than from the local supermarket.

C Neighbours may enjoy better air quality as the trees naturally improve the atmosphere.

D Neighbours may like to watch the activity of the wildlife at no cost.

15 Jaguar-Land Rover launched a car in 2013 that could run on electricity as well as gas (petrol). This would reduce harmful emissions by about 14% compared with the next most efficient car. However, it was more expensive to buy.

What can be concluded if these cars are bought rather than the existing models?

A Private benefits and external costs would rise.

B Private costs would rise and external costs would fall.

C Private costs and external costs would fall.

D Social costs would rise.

16 A government conducts a cost-benefit analysis into the construction of a new high-speed railway network. The analysis reveals the following information.

	US$ billion
private benefits	120
external benefits	40
private costs	100

If it is to build the railway network, the government requires that the net social benefit is more than US$20 billion.

What must the external costs be to satisfy the government?

A under US$40 billion

B over US$40 billion but below US$60 billion

C over US$60 billion but below US$160 billion

D over US$160 billion