

16 The table shows the expected costs and benefits from four government projects. The government can afford only one project.

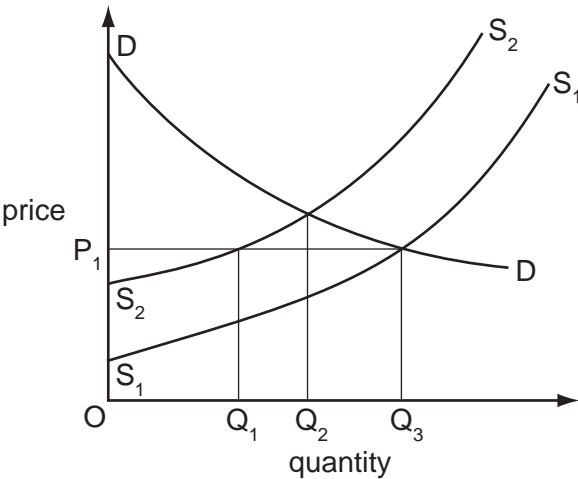
Which project should the government choose?

	private benefits \$m	external benefits \$m	private costs \$m	external costs \$m
A	40	200	60	70
B	60	160	100	20
C	100	210	100	120
D	150	90	120	140

17 What will make it more likely that road tolls will reduce traffic congestion?

- A Cross-elasticity of demand between private and public transport is zero.
- B Demand for car use is income-elastic.
- C Demand for car use is price-elastic.
- D Supply of public transport is price-inelastic.

18 In the diagram,  $S_1S_1$  and  $DD$  represent the original supply and demand curves for an agricultural product.



Bad weather then reduces supply to  $S_2S_2$ .

The government does not allow the price to rise above  $OP_1$ .

How much of the product will the government have to supply from stocks if the price is to be maintained at  $OP_1$ ?

- A  $OQ_3$
- B  $Q_1Q_3$
- C  $Q_1Q_2$
- D  $Q_2Q_3$