

15 Which good or service is excludable but non-rival in consumption?

- A** fish stocks
- B** national defence
- C** street lighting
- D** TV broadcasting

16 What must a government do to stabilise the price of an agricultural commodity?

	when demand exceeds supply	when supply exceeds demand
A	add the excess demand to a buffer stock	release an amount equal to the excess supply from a buffer stock
B	meet excess demand by running down a buffer stock	purchase the excess supply and add it to a buffer stock
C	subsidise production	impose a tax on consumers
D	tax consumers of the commodity	subsidise production

17 The world consists of Sealand and Fantasia. Each produces two goods, X and Y.

Good X needs much land but little labour. Good Y needs much labour but little land.

Sealand has plentiful land and labour. Fantasia has more labour than Sealand.

What can be deduced from the above about Sealand?

- A** It is unlikely to gain from trade with Fantasia.
- B** It will have an absolute advantage in the production of both X and Y.
- C** It will have a comparative advantage in the production of X.
- D** It will have a comparative advantage in the production of Y.

18 Which measure would encourage domestic production?

A reduction in

- A** the safety standards for imports.
- B** the size of import quotas.
- C** the subsidies on home produced goods.
- D** the time taken to process import paperwork.