

- 14** 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)
<b>A</b>	40	200	60	70
<b>B</b>	60	160	100	20
<b>C</b>	100	210	100	120
<b>D</b>	150	90	120	140

- 15** What will be the result, from society's view, if the market price for a product does not reflect the positive externalities in its production?

- A** too little consumption and too little production
- B** too little consumption and too much production
- C** too much consumption and too little production
- D** too much consumption and too much production

- 16** A good is produced which consumers are unable to avoid consuming.

What type of good is this?

- A** demerit good
- B** inferior good
- C** private good
- D** public good

- 17** A government introduces a subsidy to reduce the price of heating oil, maximum rents for apartments and a national minimum wage rate.

Who is meant to benefit from each of these?

	heating oil market	apartment market	labour market
<b>A</b>	consumers	landlords	employers
<b>B</b>	consumers	tenants	workers
<b>C</b>	producers	landlords	workers
<b>D</b>	producers	tenants	employers