

16 A cost-benefit analysis of a proposed underground railway produced the following statistics.

annual costs and benefits	\$ million
annual capital cost	10
operating and maintenance costs	3
fare revenue	6
savings to private travellers	5
savings to business	10
other economic benefits	7

What can be concluded from the statistics?

- A** If undertaken by the private sector there would be a loss of \$13 million.
- B** If undertaken by the private sector there would be a profit of \$3 million.
- C** If undertaken by the public sector there would be a net social benefit of \$15 million.
- D** If undertaken by the public sector there would be a net social cost of \$1 million.

17 What is the best example of what was once a public good becoming a private good?

- A** education
- B** medical care
- C** postal services
- D** television broadcasts