

- 15 The table shows the total amount consumers are willing to pay for different quantities of good X and the total external benefits that arise from the consumption of X.

| quantity of good X (000 units) | consumers' willingness to pay (\$000) | total external benefits (\$000) |
|-----------------------------------|--|------------------------------------|
| 1 | 100 | 20 |
| 2 | 180 | 38 |
| 3 | 240 | 54 |
| 4 | 280 | 68 |
| 5 | 300 | 80 |

What is the value of the marginal social benefit when 5000 units are consumed?

- A** \$12 000 **B** \$32 000 **C** \$80 000 **D** \$380 000
- 16 A company applied to build a supermarket on the edge of a town near a river. Permission to do this involved an expensive planning process with the local government. In order to gain approval the company agreed to build a bridge across the river near the supermarket.
- What would be included in a social cost-benefit study of this application which would **not** be included in a private calculation?
- A** the value of the extra customers the supermarket gets by people using the new bridge
B the value of the land used which could have been used for housing
C the value of the time of the local government's officials in the planning process
D the value of the time saved by people using the new bridge to get to work in the town
- 17 A good is most suitable to be provided by the market if it is
- A** excludable and non-rival.
B excludable and rival.
C non-excludable and non-rival.
D non-excludable and rival.