

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

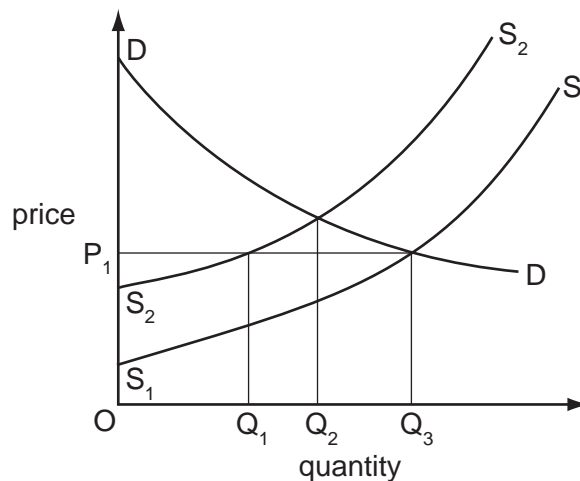
Which project should the government choose?

	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