

- 14** What is an externality created by an individual consuming take-away food?
- A** the cost to the individual of purchasing the take-away food
 - B** the litter created by the individual's take-away food packaging being discarded
 - C** the pleasure derived by the individual from eating the take-away food
 - D** the time saved by the individual purchasing the take-away food
- 15** A project has a social cost of \$100 million, a private cost of \$40 million and an external benefit of \$20 million. Its net social value is zero.

What can be concluded about the project?

- A** External cost is greater than external benefit.
 - B** Private cost is greater than external cost.
 - C** Private cost is greater than private benefit.
 - D** Social cost is greater than social benefit.
- 16** What is least likely to be included in a cost-benefit analysis of a proposed new university?
- A** the costs of building the new university
 - B** the extra income earned by the new university's graduates
 - C** the future staffing costs of other universities
 - D** the staffing costs of the new university five years into the future
- 17** A local government decided to organise a craft show in its exhibition centre. Admission was \$3. It promoted the show by paying for advertisements on advertising sites around the area.

How may the craft show and the advertisements be classified from the viewpoint of local residents?

| | craft show | advertisements |
|----------|--------------|----------------|
| A | private good | private good |
| B | private good | public good |
| C | public good | private good |
| D | public good | public good |