

- 15** In deciding whether to invest in a new project, what would be taken into account in government cost-benefit analysis but not by a private company?
- A** consultancy fees
 - B** consumer surplus
 - C** interest charges
 - D** tax payments
- 16** Why does the production of public goods have to be financed by the government?
- A** One person's consumption of a public good means it is not available for anyone else.
 - B** People are able to consume public goods without paying for them.
 - C** Private sector firms will charge a price significantly above cost for public goods.
 - D** The cost of producing public goods is higher in the private sector.
- 17** The government has to choose the best one of four possible sites to locate a port.

The benefits and costs of each site are shown in \$m in the table.

Which site would be chosen?

	private benefits	external benefits	private costs	external costs
A	700	1100	20	5
B	800	1100	80	40
C	900	600	10	50
D	1000	900	100	200