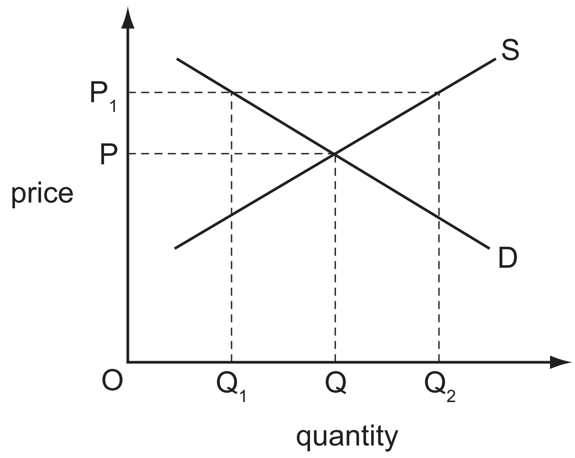
13 The diagram shows the demand and supply curves for a good.



The government fixes a maximum price of OP_1.

What would happen?

A Consumers would have to be rationed to quantity OQ_1.

B The government would have to introduce a subsidy of PP_1.

C The market equilibrium quantity OQ would be demanded and supplied.

D The supply of quantity OQ_2 would be guaranteed.

14 People walking past a bakery often comment on the pleasure of smelling freshly baked bread.

Of what is this an example?

A a negative consumption externality

B a negative production externality

C a positive consumption externality

D a positive production externality

15 When would cost-benefit analysis definitely indicate that a government project should be approved?

A if it eliminated all external costs

B if it gave a higher rate of return than a private sector project

C if it maximised net social benefit

D if it minimised total social cost