

14 Which is **not** an example of an externality?

- A** The establishment of a new firm in an area increases the general level of wage rates in the area.
- B** The flowers planted by a householder in his garden give pleasure to his neighbours.
- C** The immunisation of children against smallpox reduces the danger of the risk of infection to others.
- D** The installation of security cameras in a city centre results in an increase in thefts elsewhere.

15 A government decided to approve a private airport-building scheme because it was socially beneficial. In making its decision it calculated private costs at \$700m, private benefits at \$800m and external costs at \$200m.

What must have been true about the external benefits of the scheme?

- A** External benefits equalled private benefits.
- B** External benefits exceeded external costs.
- C** External benefits exceeded \$100m.
- D** There were no external benefits.