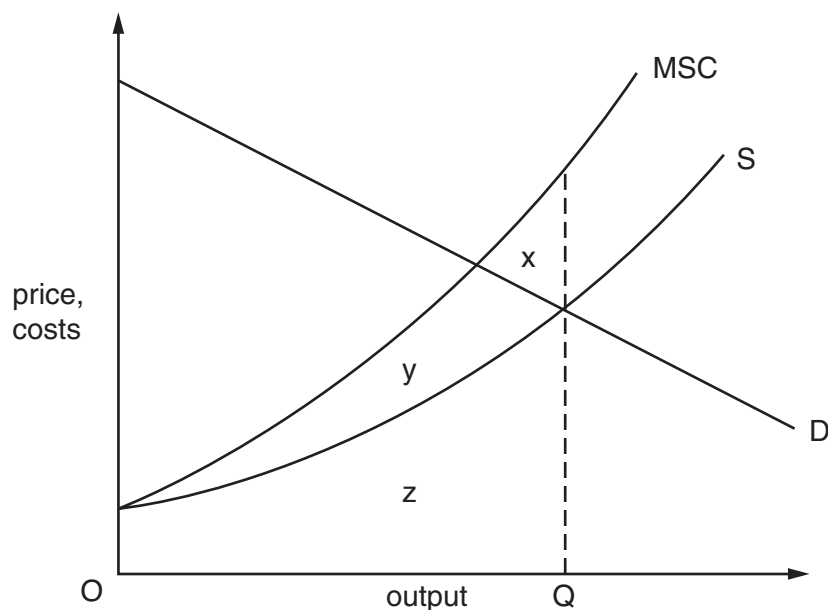


16 The diagram shows the supply curve and the demand curve for a good.

The curve labelled MSC shows the marginal social cost of producing the good.



Which area measures the social cost of producing output OQ?

- A** x
- B** y
- C** z
- D** x + y + z

17 Which of the following goods is excludable but non-rival?

- A** air defence
- B** public libraries
- C** street lighting
- D** television broadcasts

18 What is a merit good?

- A** a good where any benefit obtained by one consumer is extended to all consumers
- B** a good that is made available to consumers according to merit
- C** a good that the government believes consumers will buy too little of if it is provided by private enterprise at market prices
- D** a good where the private benefits of consuming the good exceed its social benefits