

- 15** The table shows, for two different quantities of good X, the total amount consumers are willing to pay and the total external benefits that are generated.

quantity of good X (units)	consumers' willingness to pay (\$)	total external benefits (\$)
3	240	54
4	280	68

What is the additional social benefit when 4 units rather than 3 units are produced?

- A** \$14                      **B** \$40                      **C** \$54                      **D** \$348
- 16** What is a merit good?
- A** a good that is made available to consumers according to merit
- B** a good that the government believes consumers will buy too little of if it is provided by private enterprise at market prices
- C** a good where any benefit obtained by one consumer is extended to all consumers
- D** a good where the private benefits of consuming the good exceed its social benefits
- 17** Which good or service is excludable but non-rival in consumption?
- A** fish stocks
- B** national defence
- C** street lighting
- D** TV broadcasting
- 18** What must a government do to stabilise the price of an agricultural commodity?

	when demand exceeds supply	when supply exceeds demand
<b>A</b>	add the excess demand to a buffer stock	release an amount equal to the excess supply from a buffer stock
<b>B</b>	meet excess demand by running down a buffer stock	purchase the excess supply and add it to a buffer stock
<b>C</b>	subsidise production	impose a tax on consumers
<b>D</b>	tax consumers of the commodity	subsidise production