

17 What is a defining characteristic of a public good?

- A** An increase in consumption by one individual leaves the quantity available to others unchanged.
- B** Consumption of the good by one individual confers benefits on other individuals.
- C** The benefits obtained by those who consume the good are greater than they themselves realise.
- D** The good is consumed jointly by all members of society.

18 A government introduces a maximum price for house rentals (maxPh) and a minimum price for cleaning services (minPc). Both markets have identical demand and supply curves.

Which diagram shows that the maximum price will be effective and the minimum price will be ineffective in the respective markets?

