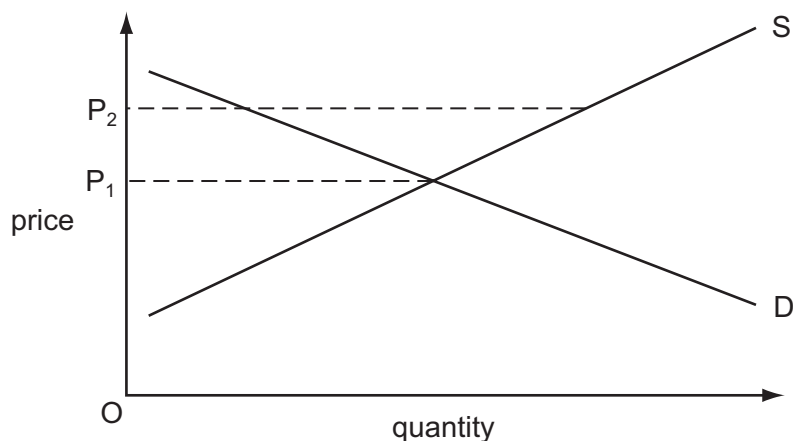


- 15 When is cost-benefit analysis most likely to be used?
- A by a firm when deciding whether to relocate
  - B by a firm when deciding to purchase new machinery
  - C by a government when choosing between two road schemes
  - D by a local authority when deciding its tax rate
- 16 Which of the following is a public good?
- A defence
  - B education
  - C electricity supply
  - D health services
- 17 The diagram shows the original market clearing price is  $P_1$ . The government then imposes a maximum price of  $P_2$  on the industry.



What will result from this?

- A a higher price and output
- B a shortage
- C a surplus
- D an unchanged price and output