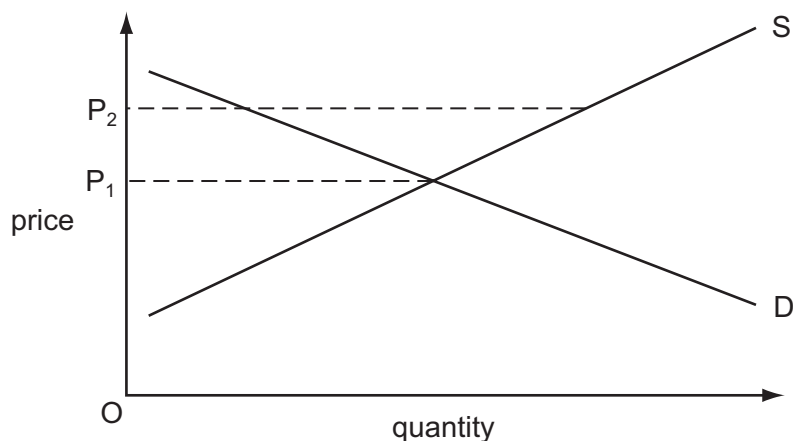


- 15 When is cost-benefit analysis most likely to be used?
- A by a firm when deciding whether to relocate
 - B by a firm when deciding to purchase new machinery
 - C by a government when choosing between two road schemes
 - D by a local authority when deciding its tax rate
- 16 Which of the following 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