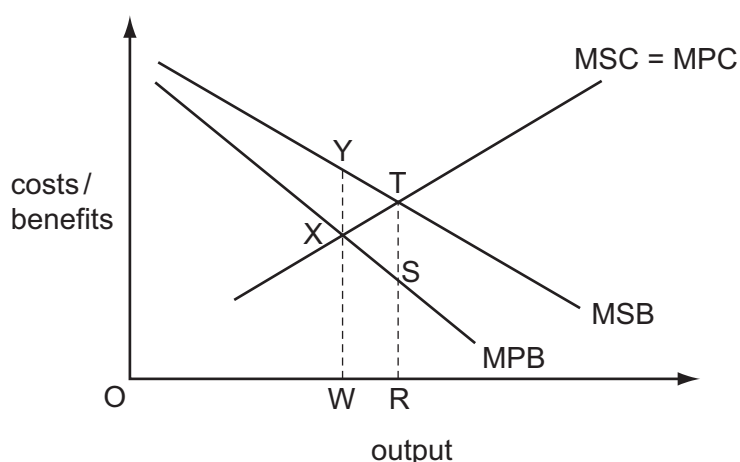


- 14 A government is planning to intervene in a free market to fix output at the currently economically desirable level.



To achieve its objective, what should the government introduce?

- A a subsidy of TS
 - B a subsidy of YX
 - C a tax of TS
 - D a tax of YX
- 15 What does a government compare when carrying out a cost-benefit analysis of a project?
- A external benefit and external cost
 - B financial benefit and opportunity cost
 - C real benefit and monetary cost
 - D social benefit and social cost
- 16 What is the defining characteristic of a private good?
- A Consumption by one individual reduces the amount of the good available to others.
 - B The benefits derived from the good are confined to those who consume it.
 - C The good is wholly produced within the private sector.
 - D To acquire the good a consumer must be willing and able to pay for it.
- 17 Which pair of government actions are intended to directly benefit suppliers?
- A government provision of consumer goods and maximum price laws
 - B maximum price laws and price stabilisation policies
 - C price stabilisation policies and indirect taxes
 - D production subsidies and minimum price laws