

11 A local government is deciding whether to increase parking charges and provide more lanes for bus use only.

One official said that the increase in parking charges should cause more bus travel.

A second official said that an increase in the frequency of bus services will not cause demand for bus travel to rise.

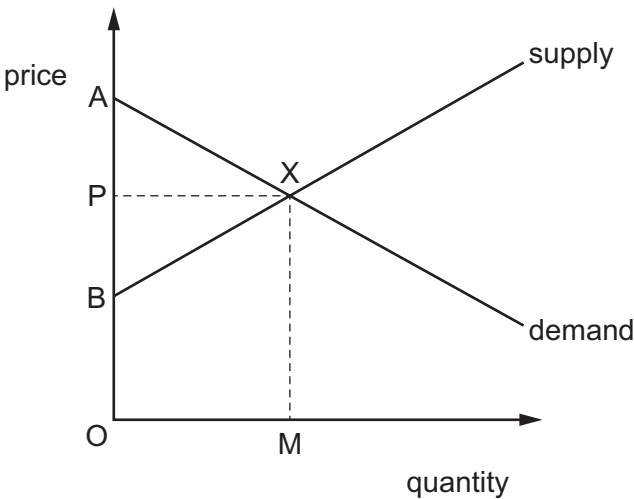
Are these official statements correct or incorrect?

	first statement	second statement
A	correct	correct
B	correct	incorrect
C	incorrect	correct
D	incorrect	incorrect

12 What would prevent the operation of the market mechanism's rationing function?

- A falling prices
- B price controls
- C rising profits
- D self interest

13 The diagram shows the demand and supply curves for a good during a certain period. The market price is shown by P and the quantity traded by point M.



Which area indicates producer surplus?

- A AXB
- B AXMO
- C AXP
- D PXB