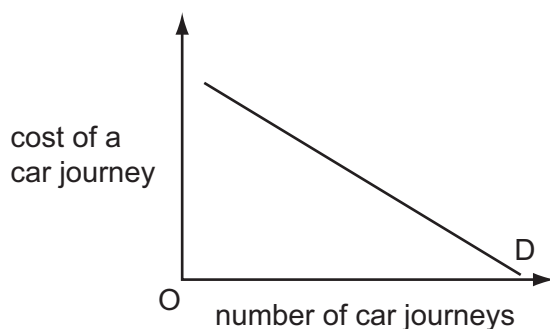


- 11 The demand curve in the diagram shows the relationship between the number of car journeys and the cost of a car journey.



What would cause the demand curve to shift to the left?

- A a reduction in car tax
 - B a reduction in petrol prices
 - C a reduction in public transport prices
 - D the introduction of tolls on motorways
- 12 What would cause a failure of the market mechanism's rationing function?
- A falling prices
 - B price controls
 - C rising profits
 - D self interest
- 13 The government is considering building flood defences along a river. It has calculated the costs and benefits as follows.

| | costs \$m | benefits \$m |
|----------|--------------|-----------------|
| private | 450 | 260 |
| external | 60 | 190 |

According to cost-benefit analysis, which decision and reasoning about flood defences is correct?

| | decision | reasoning |
|---|---------------|---|
| A | Build. | External benefits are greater than external costs. |
| B | Build. | Social benefits are greater than private benefits. |
| C | Do not build. | Private costs are greater than the external benefits. |
| D | Do not build. | Social costs are greater than the social benefits. |