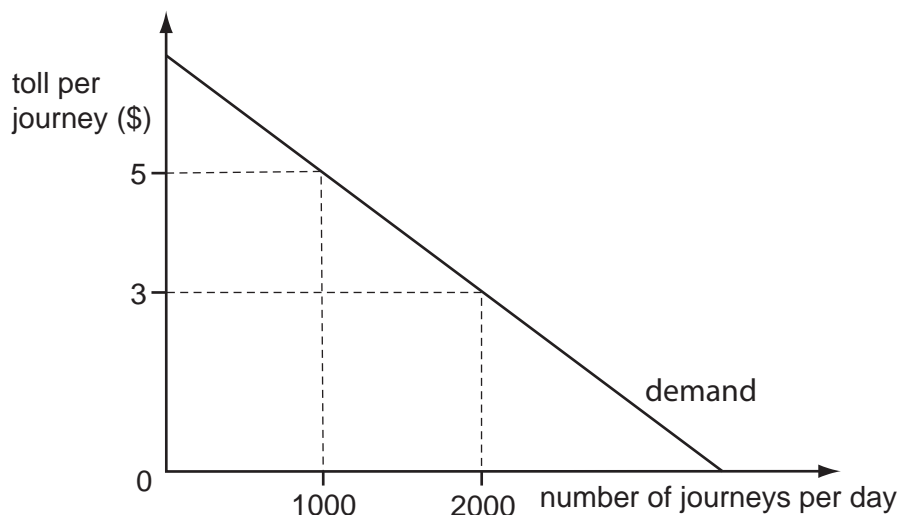


12 The diagram shows a demand curve for journeys on a toll road.



If there is a reduction in the toll from \$5 to \$3, what is the resulting increase in the daily consumer surplus?

- A** \$1000 **B** \$2000 **C** \$3000 **D** \$4000

13 What does **not** happen when price acts as a means to allocate resources?

- A** Price determines the supply of public goods.
B Price operates in the markets for both goods and factors of production.
C Price recognises consumers' ability to pay rather than consumers' needs.
D Price signals to producers which goods are most profitable.

14 James grows fruit trees in his garden. They attract butterflies and bees.

What is **not** an externality of this?

- A** Neighbours may be stung by the bees that pollinate the trees.
B Neighbours may buy fruit more cheaply from James than the local supermarket.
C Neighbours may enjoy better air quality as the trees naturally improve the atmosphere.
D Neighbours may like to watch the activity of the wildlife at no cost.