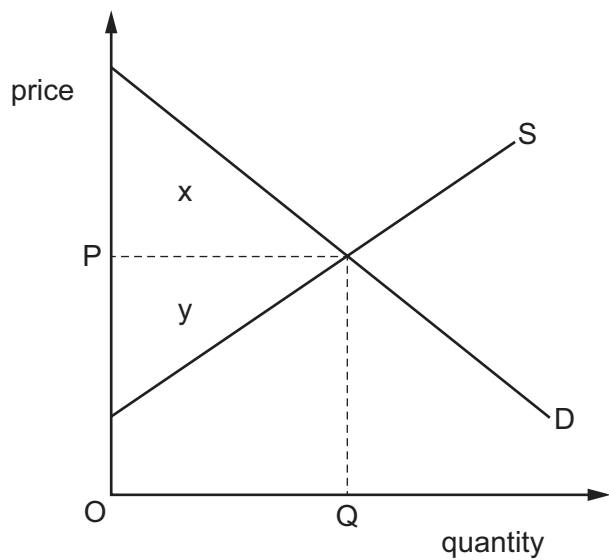


12 The diagram shows the demand and supply of a good.



When the market is in equilibrium, which area measures the difference between what consumers are willing and able to pay and what producers receive at that output?

- A** x **B** y **C** $x + y$ **D** $x - y$
- 13 Why do some local governments subsidise the provision of bicycles to encourage their use?
- A** Consumers are afraid of having car accidents.
B Consumers are unable to afford bicycles.
C Consumers are not aware of the external benefits of using bicycles.
D Consumers ignore the external costs of using bicycles.

14 The table shows Gini coefficients for both income and wealth in two countries.

	country P	country Q
income	0.6	0.5
wealth	0.4	0.7

Which statement is correct?

- A** Gini coefficients are not comparable between income and wealth because one is a flow concept and the other is a stock concept.
B Income inequality is greater in country P than in country Q.
C Wealth inequality is greater in country P than in country Q.
D Wealth inequality is greater than income inequality in both countries.