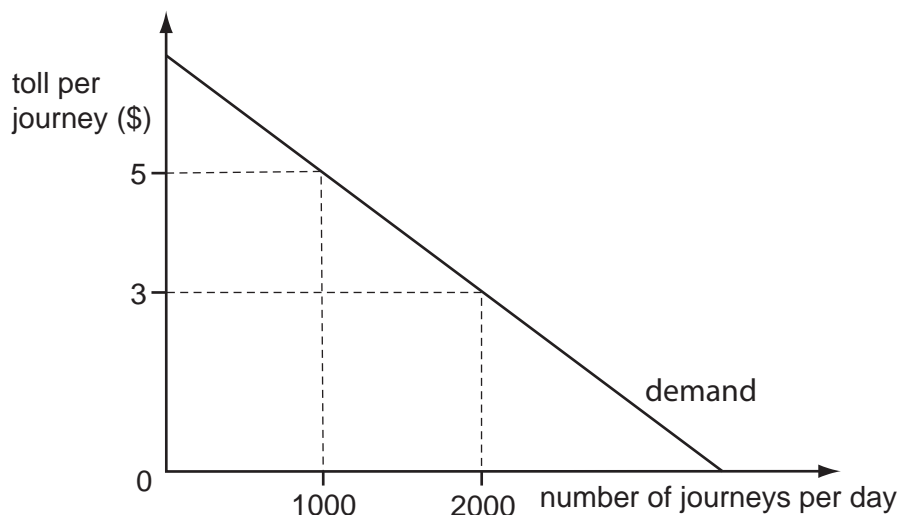


12 The diagram shows a demand curve for journeys on a toll road.



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.