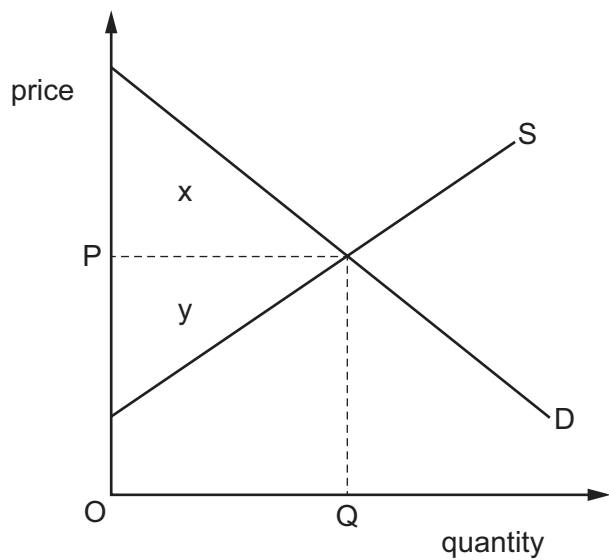


12 The diagram shows the demand and supply of a good.



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.