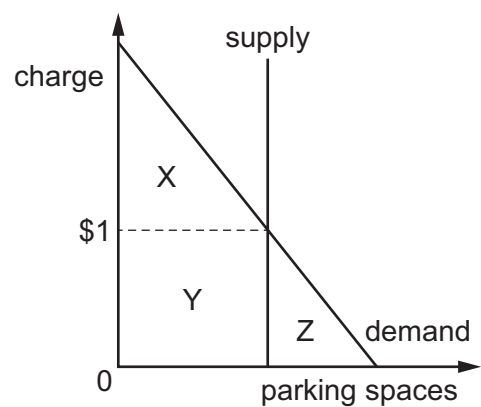


12 The diagram shows the outcome when a landowner, who had allowed motorists to park on his field at no cost, introduces a parking charge of \$1.



What happens as a result of the change?

- A The landowner gains a surplus of Y + Z.
- B The motorist gains a surplus of X + Y.
- C The ownership of surplus Y changes.
- D There is a total surplus of X + Y + Z.

13 The table gives information about the market for two models of car.

model	number of cars sold per week	cross elasticity of demand with respect to the price of petrol
1200 cc	10 000	−0.25
2000 cc	5 000	−0.50

If the prices of the cars remain unchanged, but the price of petrol increases by 100%, what will be the effect on the number of cars sold per week?

- A increase by 5000
- B no change
- C decrease by 5000
- D decrease by 15 000

14 In many countries there are goods that must be provided directly by the government.

What would be the most convincing argument for such provision?

- A The consumption of these products may be beneficial.
- B The production of these products may be harmful.
- C The production of these products have high opportunity costs.
- D These products are non-rival in consumption and non-excludable.