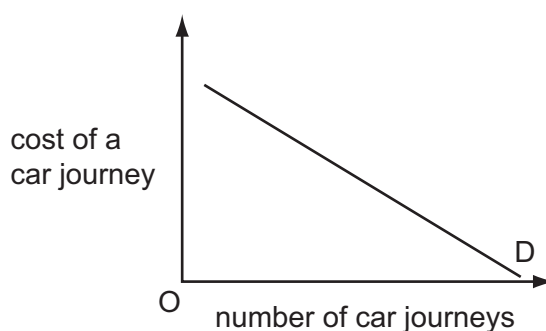


- 12 The demand curve in the diagram shows the relationship between the number of car journeys and the cost of a car journey.



What would cause the demand curve to shift to the left?

- A a reduction in car tax
 - B a reduction in petrol prices
 - C a reduction in public transport prices
 - D the introduction of tolls on motorways
- 13 What would cause a failure of the market mechanism's rationing function?
- A falling prices
 - B price controls
 - C rising profits
 - D self interest
- 14 The government is considering building flood defences along a river. It has calculated the costs and benefits as follows.

	costs \$m	benefits \$m
private	450	260
external	60	190

According to cost-benefit analysis, which decision and reasoning about flood defences is correct?

	decision	reasoning
A	Build.	External benefits are greater than external costs.
B	Build.	Social benefits are greater than private benefits.
C	Do not build.	Private costs are greater than the external benefits.
D	Do not build.	Social costs are greater than the social benefits.