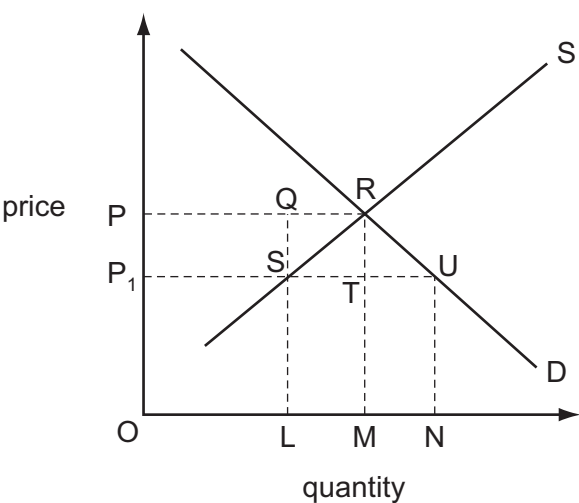


11 The diagram shows the market for sugar which is in equilibrium at a price of OP.



A government then fixes a maximum price of OP₁.

What will happen as a result?

- A an increase in consumer surplus equal to PRUP₁
- B a reduction in expenditure by people who still buy sugar equal to PQSP₁
- C a reduction in farmers' receipts equal to QRML
- D farmers' receipts would be PQLO

12 A consumer needed a new camera and a new armchair. She was prepared to spend \$500 on one item. She discovered that the camera cost \$450 and the armchair \$500. She bought the camera.

What was her opportunity cost and her consumer surplus?

	opportunity cost	consumer surplus
A	the armchair	\$50
B	the armchair	\$500
C	\$50	\$450
D	\$450	\$50

13 In which set of circumstances will prices play no part in determining how resources are allocated between alternative uses but may still have a role as a rationing mechanism?

- A The government sets maximum prices for all goods above their market clearing price.
- B The government sets minimum wages for all workers below the market rates of pay.
- C The quantities of consumer goods produced are determined by the government.
- D The total income consumers have available to spend is fixed by the government.