

- 12 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.
- 13 Which statement about market disequilibrium is correct?
- A Price is likely to change.
 - B Supply is equal to demand.
 - C The government must intervene.
 - D There must be shortages.
- 14 Which combination of tax changes is **most** likely to be regressive in a developed economy?
- A increasing the rate of wealth tax and raising the rate of sales tax (VAT) on luxury products
 - B introducing a tax on owning property based on its sales value and increasing the rate of income tax
 - C reducing the basic rate of income tax and increasing the duty on fuel
 - D removing the tax-free allowance for income tax and extending sales tax (VAT) to include all food
- 15 The demand and supply functions for a product are quantity demanded = $1500 + 50P$ and quantity supplied = $300P - 2000$ where P = price. With government regulation, the current price in the market is \$15.

What can be concluded about the form of price regulation and the balance of demand and supply in the market?

	form of price regulation	balance of demand and supply
A	effective maximum price	excess demand
B	effective maximum price	excess supply
C	effective minimum price	excess demand
D	effective minimum price	excess supply