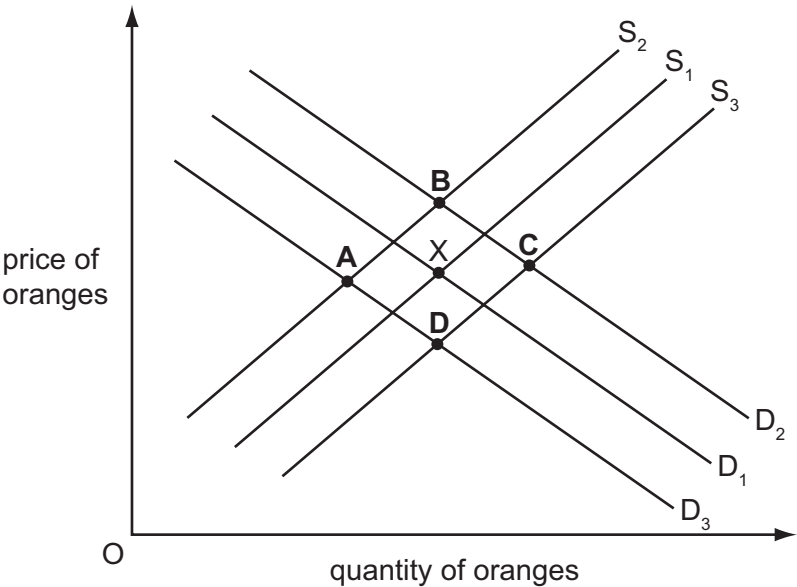


11 Oranges and apples are substitutes.

The diagram shows the equilibrium position in the market for oranges at X.

Weather conditions reduce the number of oranges grown but increase the number of apples grown.

Which point is likely to indicate the new equilibrium for oranges?



12 A consumer saved \$700 and preferred to spend the money on a new television rather than a new washing machine. When she went to the shop she discovered that the television cost \$500 and the washing machine cost \$400. She bought the television.

What was the consumer surplus and the opportunity cost?

	consumer surplus	opportunity cost
A	\$100	\$400
B	\$200	the washing machine
C	\$200	\$500
D	\$400	the washing machine

13 What is generally considered to be one of the advantages of using the price mechanism as a rationing device?

- A** It ensures that goods are allocated in accordance with the needs of consumers.
- B** It ensures that suppliers cannot make excessive profits.
- C** No one can be prevented from consuming a good if they are willing and able to pay the market price.
- D** The allocation of goods is determined by consumers' wealth.