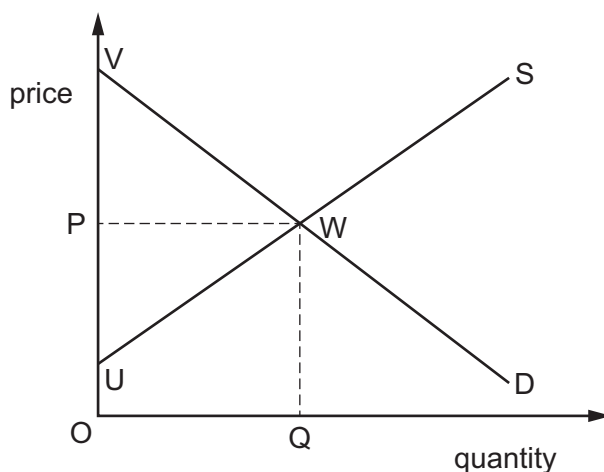


- 12 What is generally considered to be one of the advantages of using the price mechanism as a rationing device?
- A It ensures that goods are allocated in accordance with the wants of consumers.
 - B It ensures that suppliers cannot make excessive profits.
 - C No one can be prevented from consuming a good if they are willing and able to pay the market price.
 - D The allocation of goods is determined by consumers' wealth.
- 13 The diagram shows a competitive market in equilibrium with price P and quantity Q sold.



Which area represents the producer surplus?

- A $OPWQ$ minus $OUWQ$
 - B $OPWQ$ minus UPW
 - C $OVWQ$ minus $OPWQ$
 - D $OVWQ$ minus PVW
- 14 The government fixes a maximum price for wheat flour below the market equilibrium price.
- After the maximum price is imposed, which statement is **not** correct?
- A Producers' revenue is increased.
 - B Some consumers may encourage illegal sales.
 - C The quantity supplied of flour will decrease.
 - D There will be an excess demand for flour.