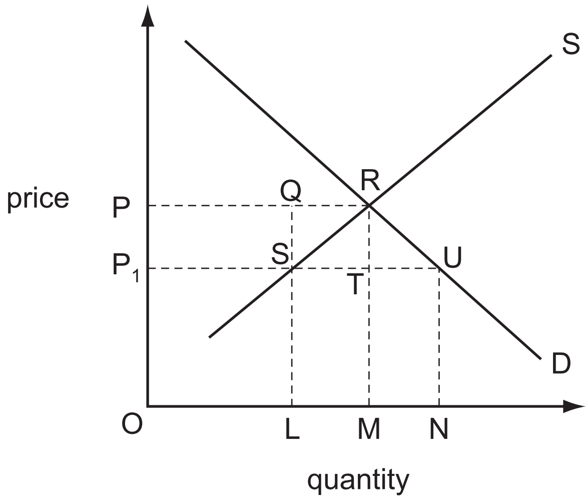
11 The diagram shows the market for sugar which is in equilibrium at a price of OP.



A government then fixes a maximum price of OP_1.

What will happen as a result?

A an increase in consumer surplus equal to $PRUP_1$

B a reduction in expenditure by people who still buy sugar equal to $PQSP_1$

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.