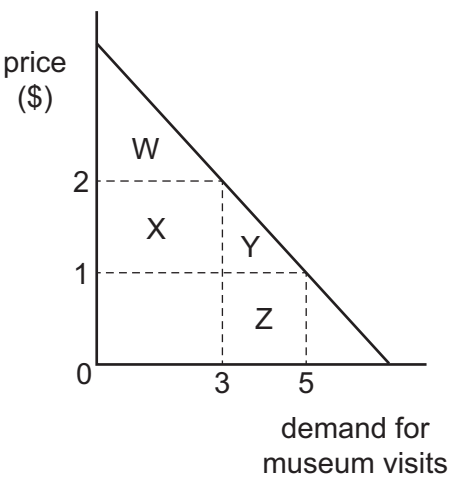


- 12 What is necessary for consumer surplus to be zero?
- A Demand is perfectly elastic.
 - B Demand is perfectly inelastic.
 - C Supply is perfectly elastic.
 - D Supply is perfectly inelastic.
- 13 A local government decides to issue a card for residents that gives a 50% reduction on entry prices for visits to local museums. The diagram shows the demand curve for a resident who currently makes 3 museum visits.



What would be the change in the resident’s consumer surplus when the card is issued?

- A W
 - B X + Y
 - C Y
 - D Y + Z
- 14 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 |