

- 11 In which situation will it be necessary to use an alternative to the price mechanism to allocate a good between consumers?
- A Supply exceeds the quantity demanded at the initial market price.
  - B The government sets a price ceiling below the equilibrium price.
  - C The product is excludable and rival.
  - D There is a single monopoly producer.

- 12 The table shows the price Rashid is willing to pay for successive bottles of water.

bottles of water	1st	2nd	3rd	4th
price willing to pay	\$0.90	\$0.80	\$0.65	\$0.50

If the price is \$0.50 and Rashid buys four bottles, what is the monetary value of Rashid's consumer surplus?

- A \$0.15
  - B \$0.85
  - C \$0.90
  - D \$1.35
- 13 A market is in equilibrium at price \$5. Market supply changes from being inelastic at each price to become elastic at each price. The market equilibrium price does not change.

What is the effect on consumer surplus and producer surplus?

	consumer surplus	producer surplus
A	rises	falls
B	rises	unchanged
C	unchanged	falls
D	unchanged	unchanged

- 14 A government has introduced an effective maximum price on rice.

Which combination of changes must cause an existing shortage of rice to increase the most?

- A a fall in the maximum price and a less price-elastic supply
- B a fall in the maximum price and a more price-elastic supply
- C a rise in the maximum price and a less price-elastic supply
- D a rise in the maximum price and more price-elastic supply