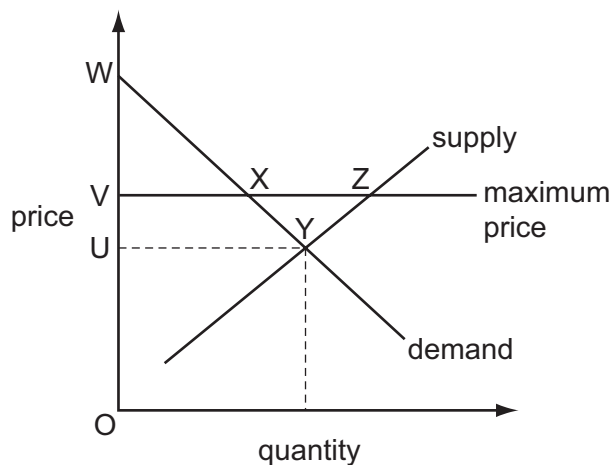


12 The diagram represents a market for a good, in which the equilibrium price is OU.



A maximum price of OV is imposed by the government.

What effect does this have on consumer surplus?

- A** It decreases by area VXYU.
- B** It increases by area WXV.
- C** It increases by area XYZ.
- D** It is not affected.

13 Which government policy might limit the rationing function of the price mechanism?

- A** the imposition of tariffs on imported consumer goods
- B** the levy of indirect taxes at varying rates on different goods
- C** the payment of subsidies to food producers
- D** the setting of maximum prices for rented housing