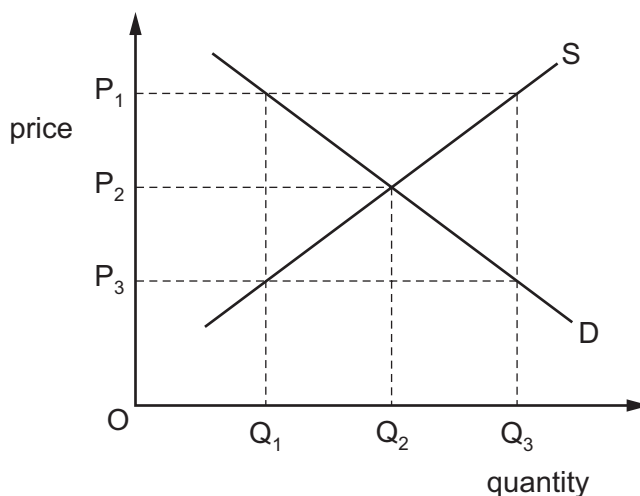


- 10 In a free market in disequilibrium, which combination of price and quantity will lead to a fall in price and a contraction in output to reach equilibrium?



- A**  $P_1Q_1$       **B**  $P_1Q_3$       **C**  $P_3Q_1$       **D**  $P_3Q_3$

- 11 A change in market conditions causes a reduction in supply. This results in a higher price for the product, which has a downward-sloping demand curve.

What must be the outcome of this higher price?

- A** a decrease in the demand for substitutes  
**B** a decrease in the quantity demanded  
**C** an increase in the factors employed in the industry  
**D** an increase in producer's revenue

- 12 The soap industry consists of several firms. Firm X produces a small percentage of total output.

What is likely to cause the supply curve for firm X to shift to the right while the market supply curve shifts to the left?

- A** Firm X has improved technology while other firms have higher input costs.  
**B** Firm X has to pay a large fine for polluting a river while other firms have a tax reduction.  
**C** Firm X is involved in a strike while other firms enter the industry.  
**D** Firm X's rent and interest charges increase while other firms receive a government subsidy.