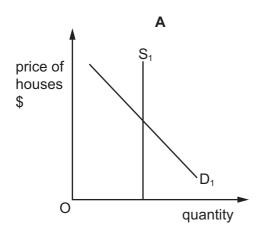
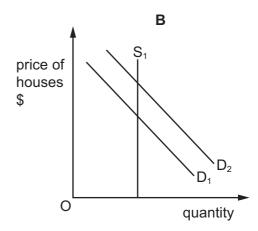
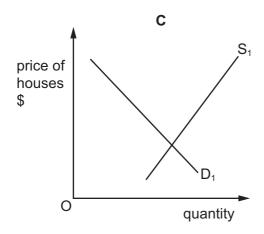
11 The diagrams show the demand for and the supply of houses.

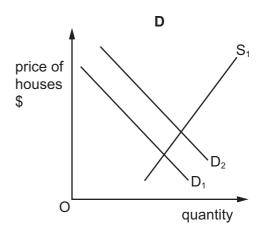
In the short run, the stock of houses for sale,  $S_1$ , is fixed. A government decides to allow some agricultural land to be used for building houses and subsidises lower-income buyers of the new houses.

Which diagram shows the long-run situation?









12 The equation for the quantity demanded, Q<sub>D</sub>, for a product is

$$Q_D = 400 - 20P$$

where P = price in \$. The quantity supplied,  $Q_S$ , is given by  $Q_S = 100 + 40P$ .

Which change will occur if the price rises from \$5 to \$6?

- **A** The market will move from equilibrium to shortage.
- **B** The market will move from equilibrium to surplus.
- **C** The market will move from shortage to surplus.
- **D** The market will move from surplus to shortage.