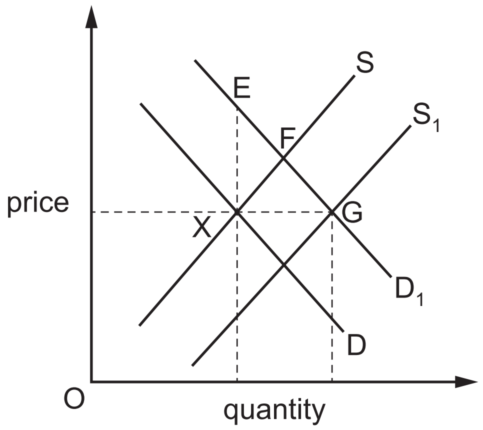
17 The diagram shows the demand for and supply of a foreign-made mobile (cell) phone. The initial position in the domestic market is X.



Importers increased the supply of the phone and there was an increase in demand for the phone. The government considered whether to protect domestic manufacturers with a limit on imports which would keep the supply at the initial quantity.

How would the price change between the new equilibrium without a limit on imports and the equilibrium with a limit on imports?

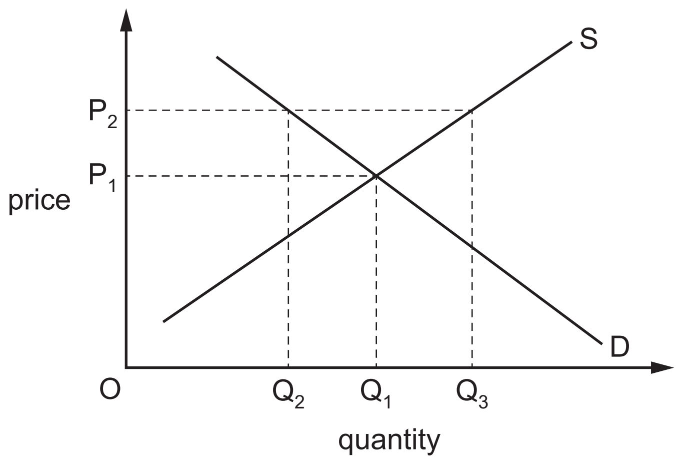
A a movement from E to F

B a movement from F to G

C a movement from G to E

D a movement from G to F

18 The government imposes a maximum price of P_2 on a product.



What will be the position after this action?

A an equilibrium with price P_1 and quantity Q_1

B an equilibrium with price P_2 and a quantity between Q_2 and Q_3

C an oversupply in the market by Q_2Q_3

D a shortage in the market of Q_2Q_3