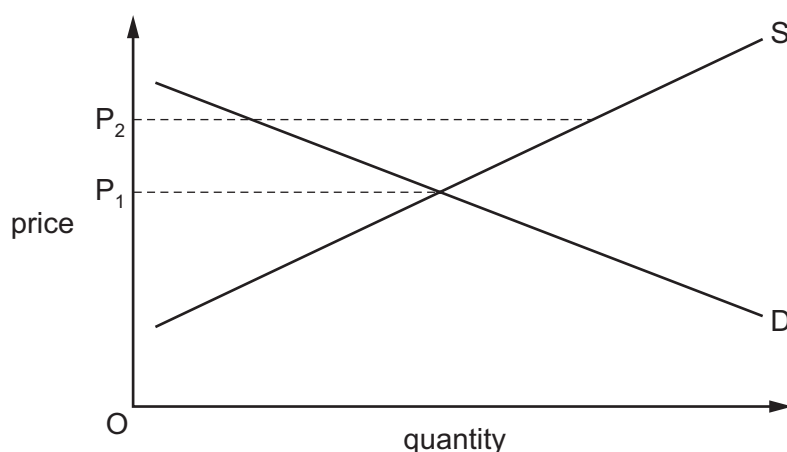
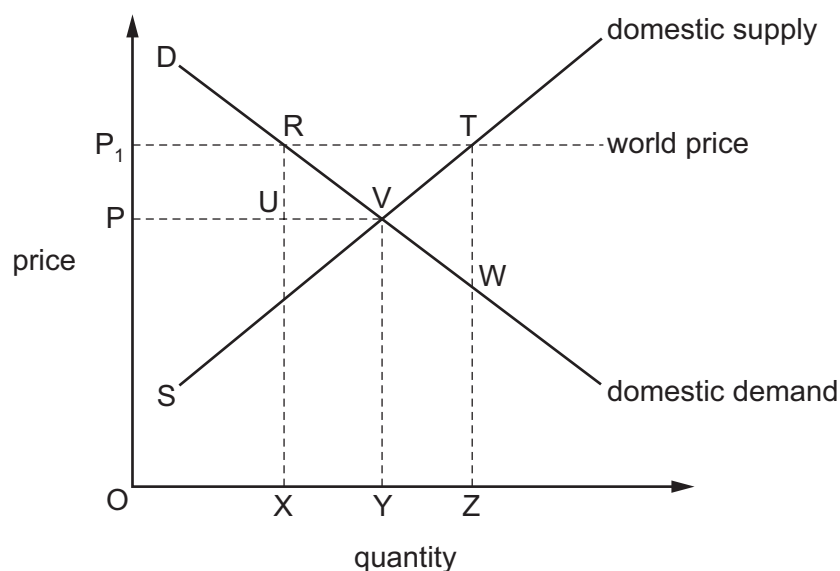


- 18 The diagram shows the original market clearing price is P_1 . The government then imposes a maximum price of P_2 on the industry.



What will result from this?

- A a higher price and output
 - B a shortage
 - C a surplus
 - D an unchanged price and output
- 19 The diagram shows that a country can make a product at less than the world price.



What will happen if it engages in international trade?

- A Domestic consumers will experience a fall in consumer surplus of RVT.
- B Domestic output of OY will be exported.
- C Domestic producers will gain an increase in revenue of PP₁TV.
- D Revenue from exports will be XRTZ from the product.