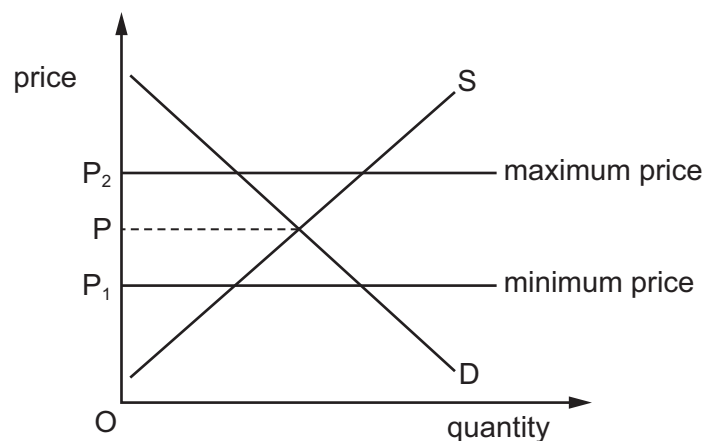


- 9 The diagram shows the market for a good.



If the government imposes a minimum price at  $OP_1$  and maximum price at  $OP_2$  what would happen?

- A The price will be unchanged at  $OP$ .
  - B The price will fall to  $OP_1$ .
  - C The price will rise to  $OP_2$ .
  - D There will need to be rationing by the government.
- 10 Two goods, X and Y, have a cross elasticity of demand of +1.8. Good Y has an income elasticity of demand of -0.6.

An increase in both the incomes of consumers and the price of good Y will have which combination of effects?

	quantity demanded of X	quantity demanded of Y
<b>A</b>	fall	fall
<b>B</b>	fall	rise
<b>C</b>	rise	fall
<b>D</b>	rise	rise

- 11 What is price elasticity of supply?

- A the change in the quantity supplied when a price changes
- B the change in the quantity supplied when demand changes
- C the comparison of the proportionate change in supply to the proportionate change in demand
- D the comparison of the proportionate change in supply to the proportionate change in price