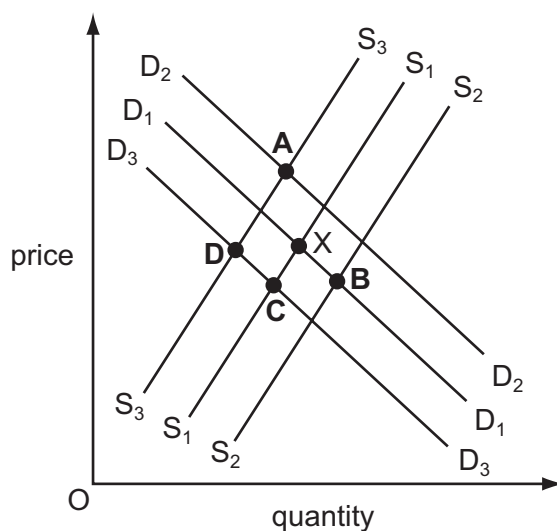


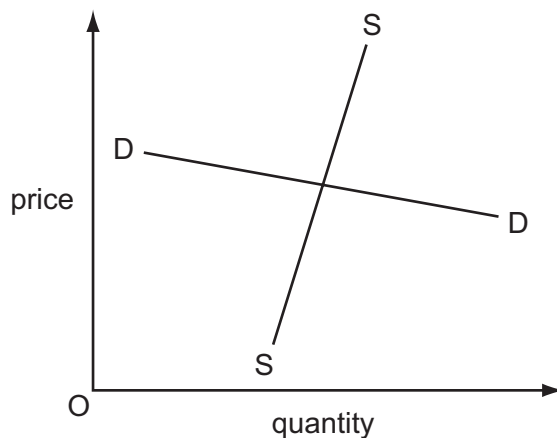
- 11 In the diagram below,  $D_1$  and  $S_1$  represent the demand and supply curves of a Malaysian industry in its home market. Equilibrium is at X.

The industry has to pay a large wage increase and at the same time faces increased competition from imported substitutes.

Which point on the diagram could represent the new equilibrium?



- 12 The diagram shows the demand curve and supply curve for a good on which the government imposes a specific tax.



What will be the result of this tax?

- A Most of the incidence of the tax will fall on the producer.
- B The new demand curve will be parallel to DD.
- C The price will rise by the full amount of the tax.
- D The quantity bought will fall proportionately to the tax rate.