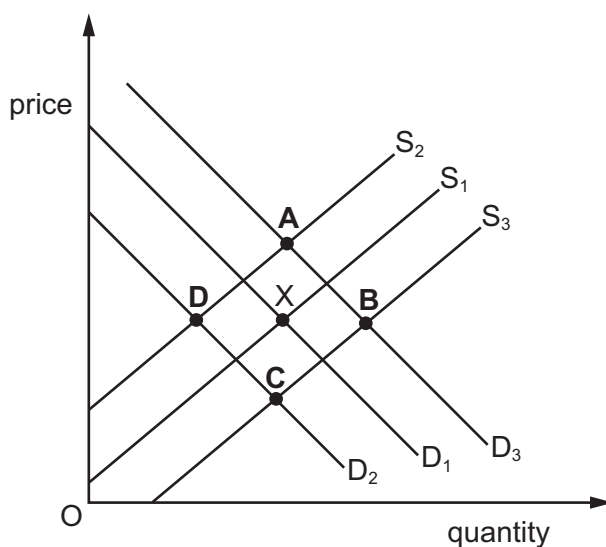


- 11** The diagram shows the demand and supply curves for the global air cargo market.

The initial equilibrium is at point X.

What would the new equilibrium be if there is a global recession and an increase in fuel costs?



- 12** A government gives free food to poor households in a community.

What is this food an example of?

- A** a free good
 - B** a public good
 - C** a demerit good
 - D** a normal good
- 13** A government wishes to raise the incomes of farmers without raising the price of food to consumers.
- Which policy should it use?
- A** a maximum price below the market price for food
 - B** a minimum price below the market price for food
 - C** a payment of a subsidy to farmers to produce food
 - D** a release of government food stocks onto the market