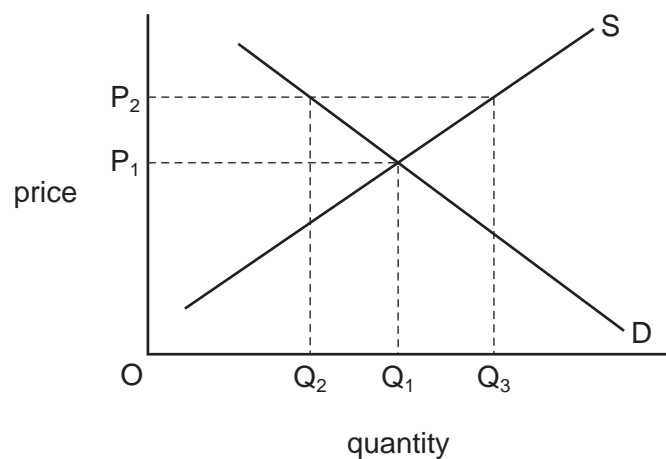


- 9 In 2008 a disease killed a significant number of sheep used to produce wool.

How would the short-run effect be shown on a demand and supply diagram for wool?

- A a movement down the existing supply curve
- B a movement up the existing supply curve
- C a shift to the left of the supply curve
- D a shift to the right of the supply curve

- 10 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