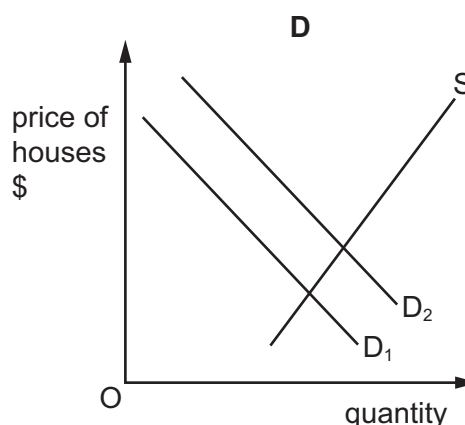
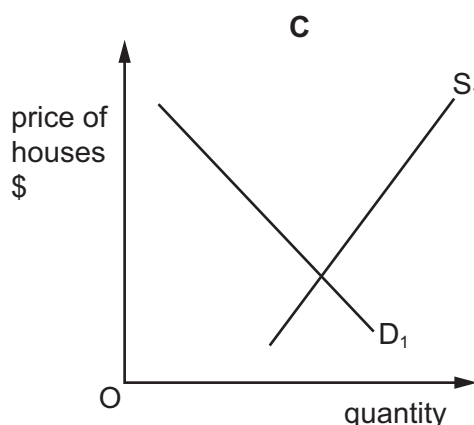
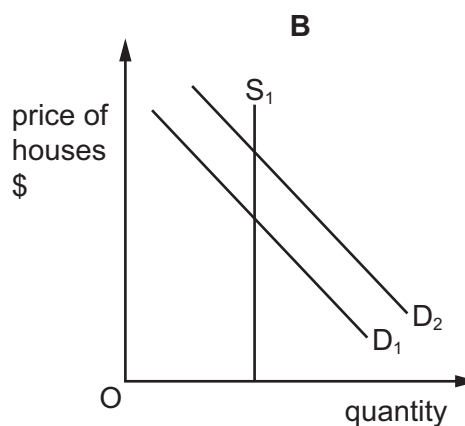
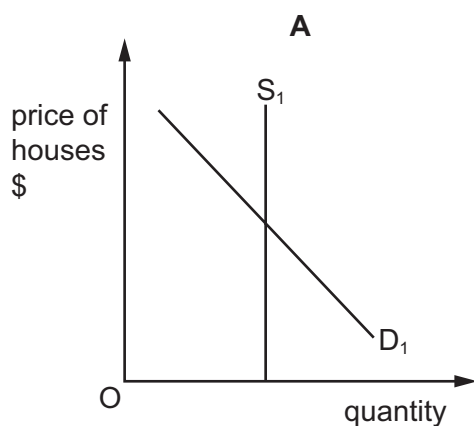


- 11** The diagrams show the demand for and the supply of houses.

In the short run, the stock of houses for sale, S_1 , is fixed. A government decides to allow some agricultural land to be used for building houses and subsidises lower-income buyers of the new houses.

Which diagram shows the long-run situation?



- 12** The equation for the quantity demanded, Q_D , for a product is

$$Q_D = 400 - 20P$$

where P = price in \$. The quantity supplied, Q_S , is given by $Q_S = 100 + 40P$.

Which change will occur if the price rises from \$5 to \$6?

- A** The market will move from equilibrium to shortage.
- B** The market will move from equilibrium to surplus.
- C** The market will move from shortage to surplus.
- D** The market will move from surplus to shortage.