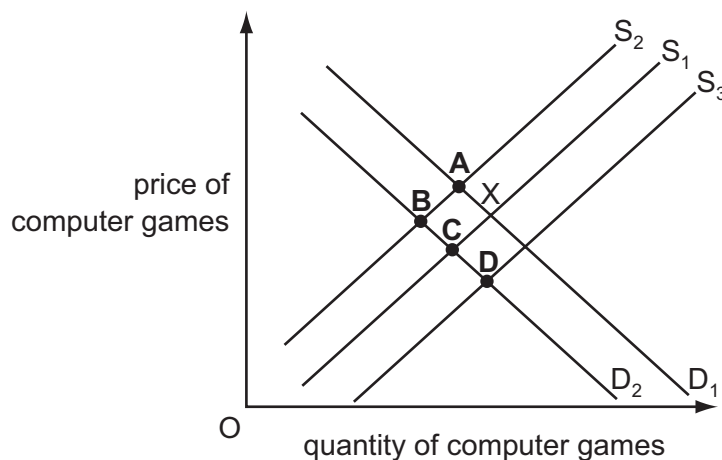


- 10 The diagram shows the market for computer games. The market starts in equilibrium at X.

What will be the new equilibrium if the tax on computer games is increased and incomes fall?

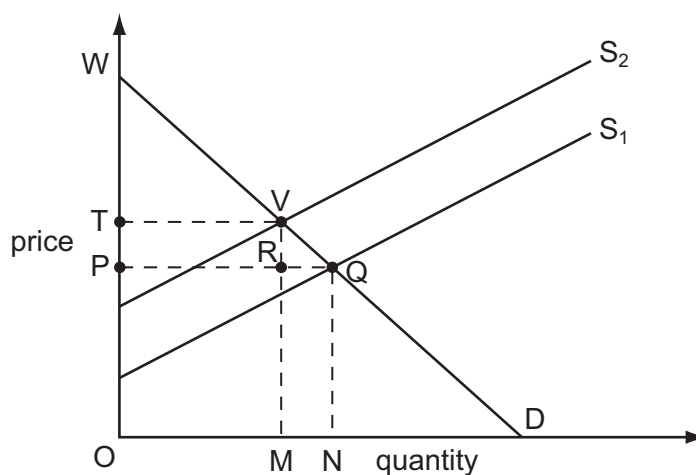


- 11 Assume the price elasticity of demand for best-quality French wine is zero.

What would be the effect in New Zealand if the New Zealand government imposed a tariff on such wine?

- A The price of the wine would rise by an amount less than the tariff.
- B Demand for the wine would fall.
- C Expenditure on the wine would rise.
- D Sales of the wine would cease.

- 12 In the diagram, S_1 is the original supply curve and D is the original demand curve.



If supply shifts to S_2 , which area represents the change in consumer surplus?

- A PQVT
- B PQW
- C PRVT
- D TVW