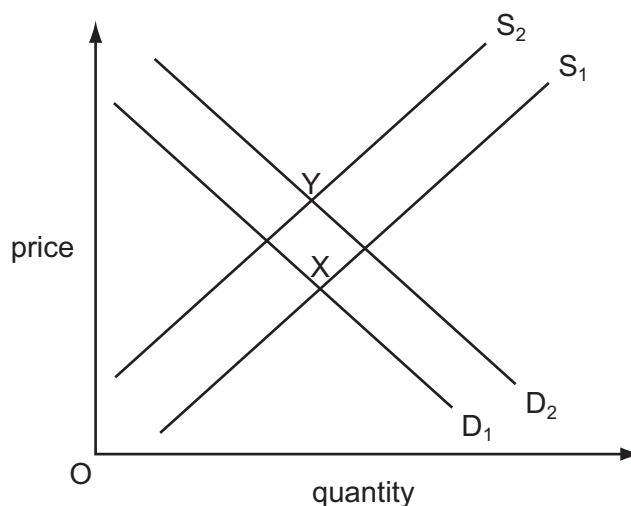


11 The diagram shows the market for new houses.



What would cause the change in the market equilibrium position from X to Y?

- A a fall in income tax and a rise in building costs
- B a fall in interest rates and an increased efficiency in house-building
- C a fall in population and a rise in taxes on building materials
- D a rise in building subsidies and a fall in incomes

12 The market demand equation for a good is given by $Q_d = 310 - 20p$ and the supply equation by $Q_s = 10 + 10p$, where p denotes the price of the good.

What is the equilibrium price?

- A 5 B 10 C 15 D 20

13 What is necessary for consumer surplus to be zero?

- A Demand is perfectly inelastic.
- B Demand is perfectly elastic.
- C Supply is perfectly inelastic.
- D Supply is perfectly elastic.

14 The growing of flowers in a private garden results in a positive externality.

What can be concluded from this?

- A External benefits exceed private costs.
- B External costs exceed private costs.
- C Private costs exceed social benefits.
- D Social benefits exceed private benefits.