

- 11 During a certain period, 10 000 units of a normal good are sold at a price of US\$20. During a later period, 12 000 units are sold at a price of US\$22.

What could explain this change?

- A an increase in indirect taxation
- B an increase in the cost of raw materials
- C an increase in the price of a substitute commodity
- D an increase in the productivity of factors of production

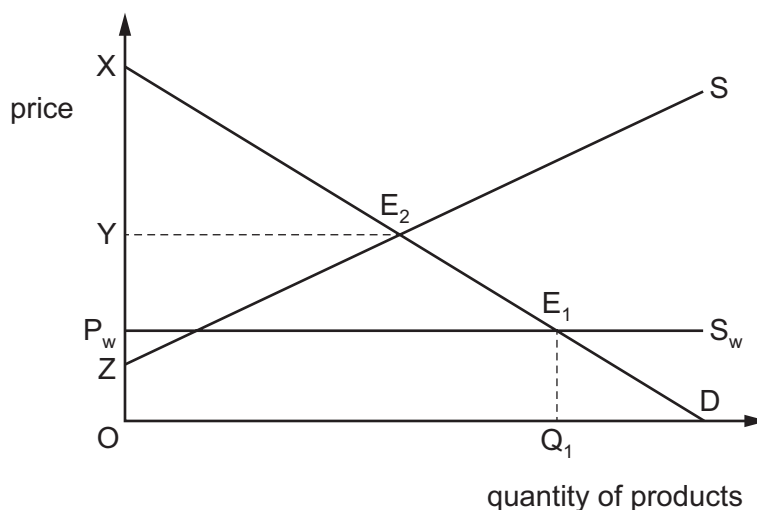
- 12 A free market is in disequilibrium with a shortage of a product.

As the market moves towards equilibrium, what will happen to the price, the quantity demanded and the quantity supplied?

	price	quantity demanded	quantity supplied
A	decrease	decrease	increase
B	decrease	increase	decrease
C	increase	decrease	increase
D	increase	increase	decrease

- 13 In the diagram, D and S represent the domestic demand and supply curves for a product. S_w represents world supply of the product at a world price of P_w . The initial domestic market equilibrium of the product is at E_1 .

If foreign trade were to be banned completely, the domestic market equilibrium would be at E_2 .



What would be the loss of consumer surplus if all foreign trade were banned?

- A $P_w X E_1$
- B $P_w Y E_2 E_1$
- C $Y X E_2$
- D $Z Y E_2$