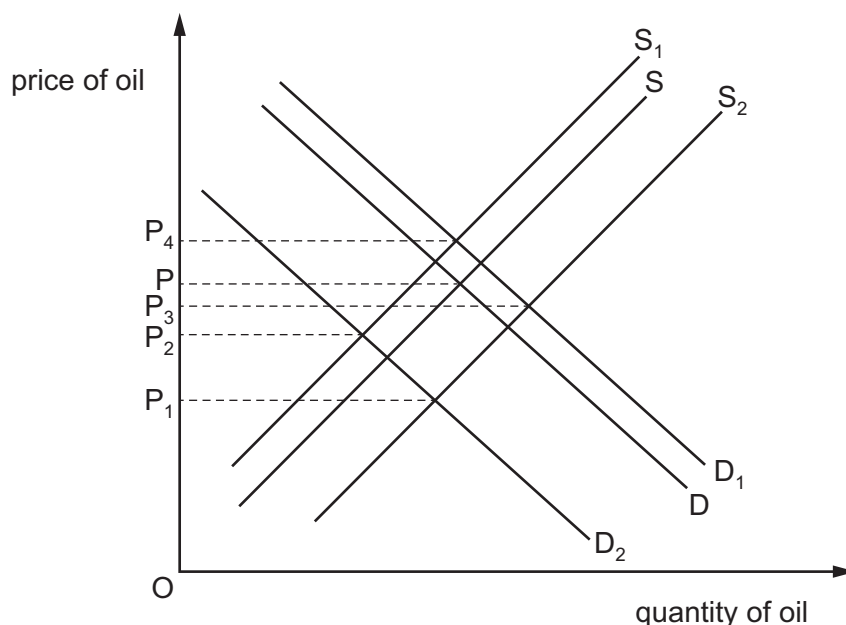


- 10 There is a reduction in world oil supplies due to war in some supplying countries at a time when the winter in some importing countries was much colder than usual. The diagram shows the original equilibrium price,  $P$ .



What will be the equilibrium price of oil in these circumstances?

- A**  $P_1$                       **B**  $P_2$                       **C**  $P_3$                       **D**  $P_4$
- 11 Good X is a substitute for good Y and a complement to good Z.
- What would happen after a fall in the price of good X?
- A** Only the demand for X will rise.
- B** Demand for X, Y and Z will rise.
- C** Demand for Y will fall and for Z will rise.
- D** Demand for Y will rise and for Z will fall.
- 12 A government imposes a specific indirect tax on a product.

When will the tax cause the greatest reduction in consumer surplus for the buyers of the product?

- A** The product has price elastic demand and price elastic supply.
- B** The product has price elastic demand and price inelastic supply.
- C** The product has price inelastic demand and price elastic supply.
- D** The product has price inelastic demand and price inelastic supply.