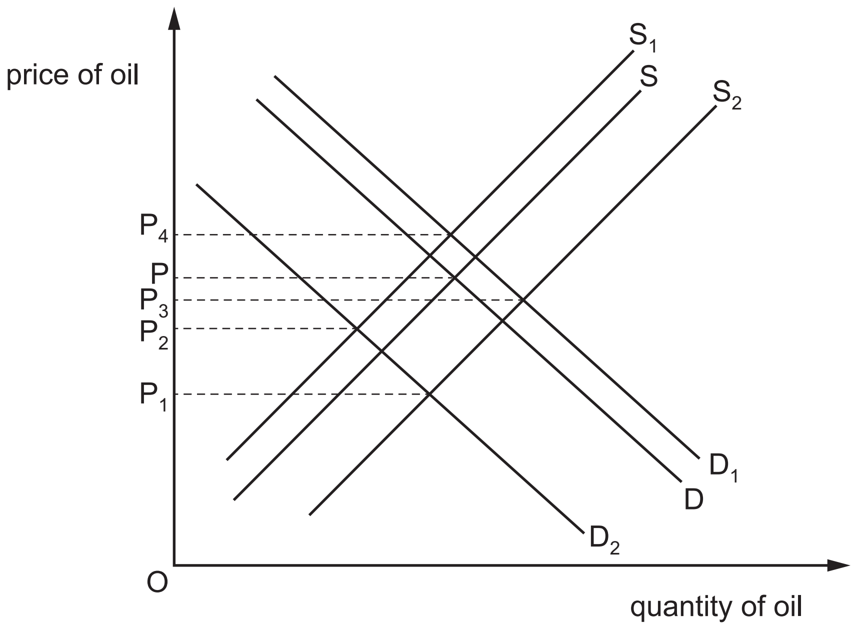
10 There is a reduction in world oil supplies due to war in some supplying countries at a time when the winter in some importing countries was much colder than usual. The diagram shows the original equilibrium price, P.



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.