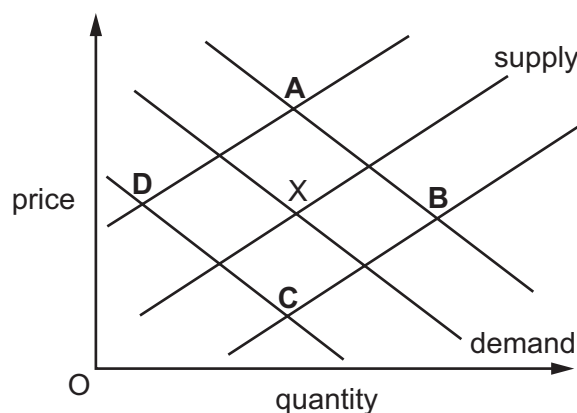


- 11 The diagram shows the market for a luxury brand of smartphones. The initial equilibrium is at point X.

What will be the new equilibrium following a rise in the price of batteries used by the manufacturer of smartphones and a rise in consumer incomes?



- 12 When will it **not** be possible to use price as a rationing mechanism?

- A when a good has a number of close substitutes
- B when a good is an inferior good
- C when the demand for a good is infinitely inelastic
- D when the quantity of a good is in fixed supply

- 13 A government imposes an indirect tax on a product with normal demand and supply curves. The tax raises \$100 million.

What effect will the tax have on the value of the combined consumer surplus and producer surplus?

- A It will be unaffected.
- B It will fall by less than \$100 million.
- C It will fall by exactly \$100 million.
- D It will fall by more than \$100 million.