Solutions

Each answer shows the steps, then the **result**.

2.1

- a surplus forms and the price falls back toward equilibrium

2.2

- the price falls and the quantity rises

2.3

- when both curves shift, so the effect on one variable depends on the relative sizes of the shifts

3.1 B

3.2 C

- price definitely rises, but quantity is indeterminate

3.3

(a)

- it rises

(b)

- it rises

(c)

- the price becomes indeterminate