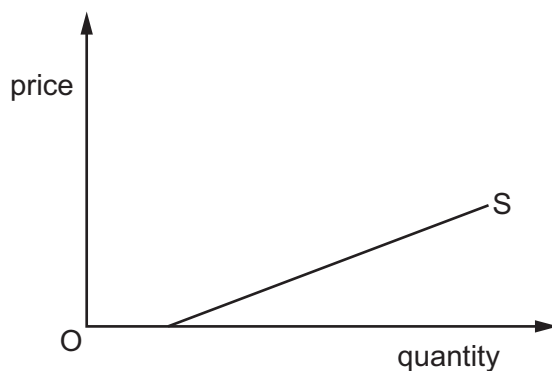


11 The diagram shows the supply curve of a firm.



Which statement about the price elasticity of supply (PES) along this curve is correct?

- A** PES is greater than unity at all points along the supply curve.
- B** PES is the same at all points along the supply curve.
- C** PES is elastic when the price is low and becomes more inelastic when the price rises.
- D** PES rises when the supply rises.

12 The diagram shows the market for electric cars with X as the initial equilibrium.

What will be the new equilibrium when the price of electric car batteries falls and consumers become more environmentally aware?

