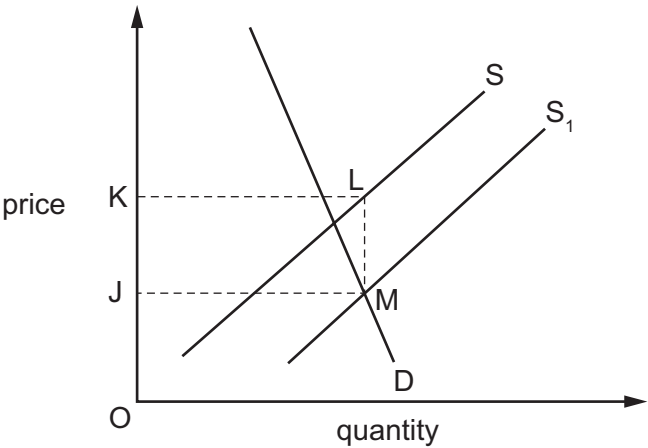


- 9 The diagram shows the effect on the market for rice of a change in government policy that causes a shift in the supply curve from  $S$  to  $S_1$ .



What does the area JKLM represent?

- A the cost to the government of a subsidy to rice growers
  - B the extra saving to importers of the removal of a tariff on rice
  - C the increase in consumer surplus from the introduction of a maximum price for rice
  - D the loss in government revenue from the reduction in a lump sum tax on rice
- 10 The price of a firm's product rises by 12%.
- After one week the firm is only able to produce the same quantity but after one month it can increase the quantity by 6%.

How would the price elasticity of supply be described after one week and after one month?

	after one week	after one month
A	infinite	elastic
B	infinite	inelastic
C	zero	elastic
D	zero	inelastic