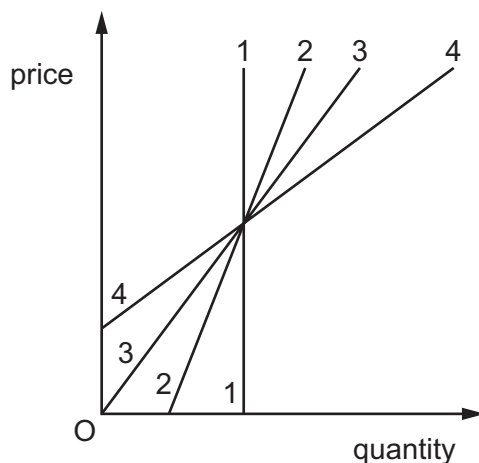


- 7 The diagram shows four supply curves.



Which statement about the price elasticities of the curves is correct?

- A** Curve 1 has constant infinite elasticity.
 - B** Curve 2 has elasticity greater than curve 4 over its whole length.
 - C** Curve 3 has increasing elasticity as price rises.
 - D** Curve 4 has decreasing elasticity as price rises.
- 8 The data shows both short-term and long-term changes in the quantities of a product that are supplied to a market in response to an increase in its price from \$20 to \$25 per unit.

quantity supplied at a price of \$20 per unit	400 per week
quantity supplied after short-term adjustments when price rises to \$25 per unit	440 per week
quantity supplied after long-term adjustments when price rises to \$25 per unit	560 per week

What are the short-term and long-term price elasticities of supply for the product?

	short-term	long-term
A	0.4	1.6
B	2	8
C	2.5	0.625
D	8	32