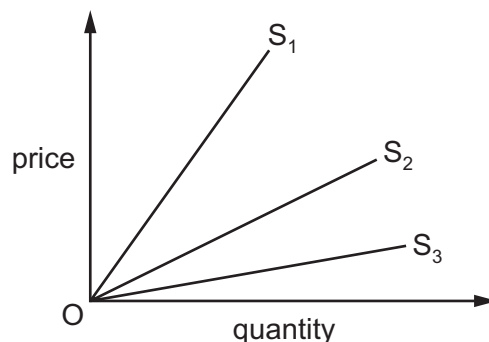


10 The diagram shows three supply curves.



What can be concluded about the price elasticity of supply of the curves?

- A** As price rises, the price elasticity of supply of S_2 will increase.
- B** At any price, the price elasticity of supply of S_1 will be less than that of S_3 .
- C** At any price, the price elasticity of supply of S_2 will be higher than that of S_3 .
- D** The price elasticity of supply of each curve is constant.

11 Demand for shoes increases which pushes up their price. Firm Y increases its supply more quickly than firm Z.

What would explain this difference in the speed of their responses?

- A** Firm Y has limited stocks of unsold shoes whereas firm Z has plentiful stocks of unsold shoes.
- B** Firm Y has spare capacity in its factories whereas firm Z's factories are working at full capacity.
- C** Firm Y's shoes are handmade whereas firm Z's shoes are made by machine.
- D** Firm Y's shoes need raw materials which are in short supply whereas firm Z's shoes need raw materials which are in plentiful supply.