

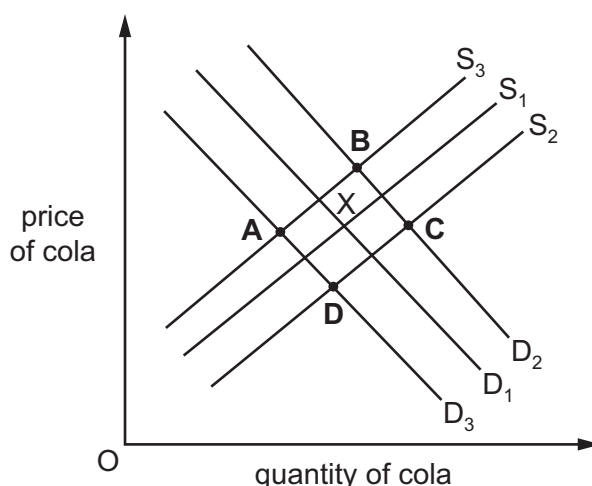
- 11** Many people used to smoke in restaurants. Restaurant owners have found that the decline in smoking caused by a tax on cigarettes has decreased their sales of meals.

How would this be shown on demand and supply diagrams for cigarettes and for meals?

	cigarettes	meals
A	a movement along the demand curve	a shift inwards of the demand curve
B	a movement along the supply curve	a movement along the demand curve
C	a shift outwards of the demand curve	a shift outwards of the supply curve
D	a shift outwards of the supply curve	a movement along the supply curve

- 12** S_1 and D_1 show the original supply and demand curves for cola. Point X is the initial equilibrium.

What will be the new equilibrium position following a rise in production costs and a fall in the price of lemonade?



- 13** Producer surplus is the difference between

- A** the consumer surplus from the good and the producers' total cost in supplying the good.
- B** the highest price that the consumer would be willing to pay for the good and the price the producer actually sold it for.
- C** the lowest price that the producer would accept for the good and the price the producer actually sold it for.
- D** the quantity that the producers manufacture in a week and the amount sold to consumers in that week.