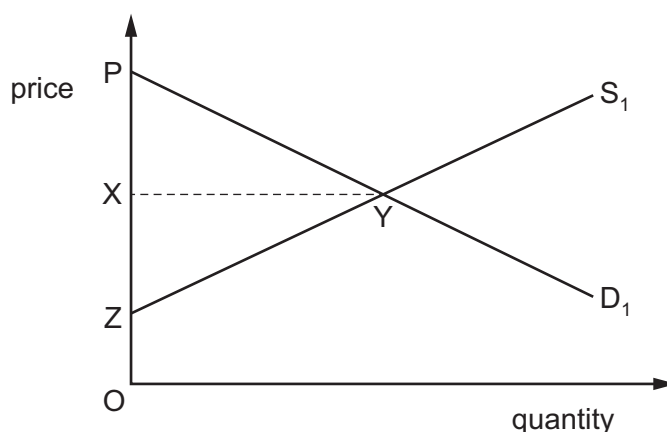


- 11** Shoe manufacturers often use leather to make their most expensive shoes. Due to a world shortage of leather, the price of leather has risen.

What will be the effect of this price change?

- A** The demand curve for leather shoes will shift to the left.
- B** The demand curve for a substitute for leather shoes will shift to the right.
- C** The supply curve for leather shoes will shift to the right.
- D** The supply curve for a substitute for leather to make expensive shoes will shift to the right.

- 12** The diagram represents the market for a good.



Which statement is correct?

- A** OX represents the price above which no producer wishes to stay in the market.
  - B** OZ represents the minimum price consumers are prepared to pay.
  - C** PYZ represents the total consumer surplus.
  - D** XYZ represents the total producer surplus.
- 13** The economics department of a university calculates that the price elasticity of demand for the products of a local firm is between  $-1.1$  and  $-1.3$ .

Which decision could be justified by the research?

- A** Increase prices to increase profit.
- B** Invest in more capital to increase output.
- C** Reduce advertising to reduce costs.
- D** Reduce prices to increase revenue.