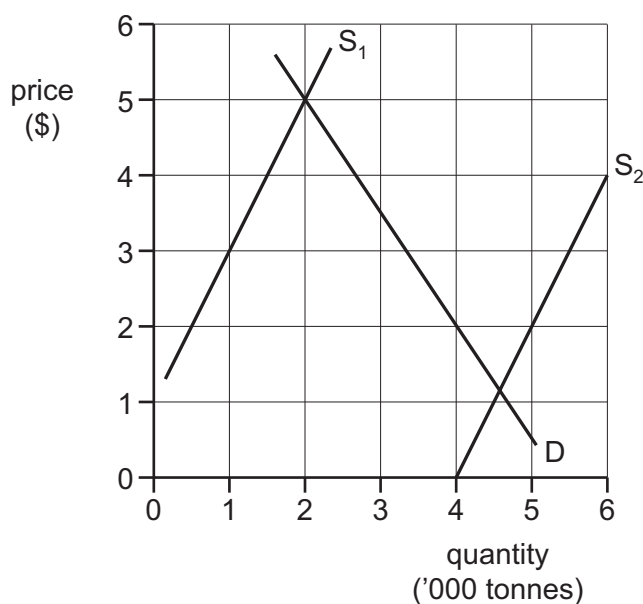


- 5 In the diagram, D is the demand curve for an agricultural commodity and  $S_1$  is the initial supply curve. A good harvest causes the supply curve to shift to  $S_2$ .



By how much will the demand curve have to shift to leave farm incomes unchanged?

- A 500 tonnes at all prices
  - B 1000 tonnes at all prices
  - C 2000 tonnes at all prices
  - D 4000 tonnes at all prices
- 6 A manufacturer progressively reduces the price of his product.

The table shows the outcome of this policy.

price (\$)	total revenue 000s (\$)
10	750
9	750
8	750

What is the price elasticity of demand for the product?

- A perfectly inelastic
- B relatively inelastic
- C perfectly elastic
- D unitary