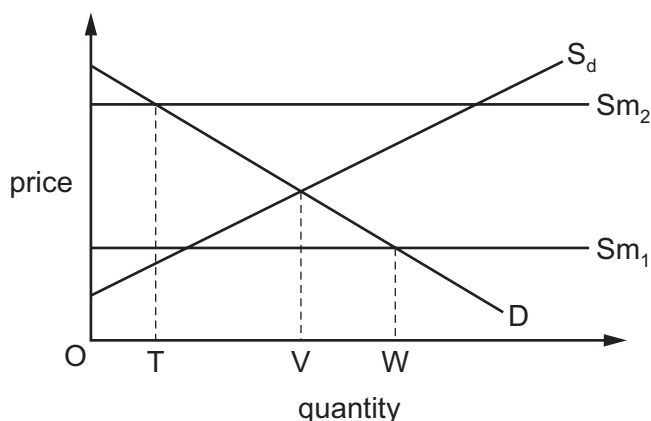


- 11 The diagram shows the market for coffee in a small coffee-producing country. The domestic supply of coffee is represented by  $S_d$ . The supply curve of imports was initially  $Sm_1$ . A bad harvest that affects only other coffee-producing countries shifts the supply curve of imports to  $Sm_2$ .



How will consumption and imports be affected by the supply change?

- A Consumption falls by  $VW$  and imports fall to  $OT$ .
  - B Consumption falls by  $VW$  and imports fall to zero.
  - C Consumption is unchanged and imports fall to  $OT$ .
  - D Consumption is unchanged and imports fall to zero.
- 12 When demand for a good falls, its price falls.

What is the function of the price fall?

- A to eliminate shortages
- B to reduce consumer surplus
- C to send a signal to producers
- D to stimulate a further fall in demand