

- 13 The table shows the quantity of a product supplied at two different prices by four firms, A, B, C and D.

Which firm has a price elasticity of supply equal to 1 when the price falls from \$10 to \$8?

	price of product (\$)	
	10	8
A	500	300
B	500	350
C	500	400
D	500	450

- 14 To improve its financial position a government decided to reduce expenditure on investment in the public sector. Despite this, there was **not** a fall in economic growth.

What was the **most** likely effect of the government's action?

- A** An original budget deficit was reduced.
 - B** An original budget surplus was reduced.
 - C** Consumer expenditure decreased.
 - D** Public sector productivity decreased.
- 15 An economy has a 20% housing shortage. The government builds 10% more houses for poorer families and fixes the rent below the equilibrium for the market.
- Which effect will this direct provision have on the market?
- A** A greater imbalance in the market in private housing will develop.
 - B** Housing waiting lists for poorer families will be cleared.
 - C** The supply of government housing will fall short of demand.
 - D** The supply of private housing for rent will fall by 10%.
- 16 Which statement about nationalised and privatised industries is correct?
- A** A privatised industry is usually less competitive than a nationalised industry.
 - B** A profitable private company cannot be nationalised.
 - C** Privatisation is a form of monetary policy.
 - D** Privatisation is a way of raising money for the government.