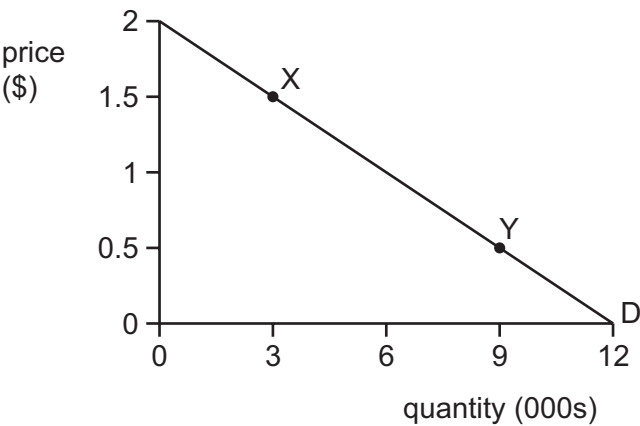


12 The diagram shows a demand curve for pineapples.



What happens to the value of price elasticity of demand (PED) when there is a movement from point X to point Y and what describes the value at point Y?

	effect on value of PED	value of PED at Y
A	fall	elastic
B	fall	inelastic
C	rise	elastic
D	unchanged	unitary

13 Four firms produce furniture. The table shows the price elasticity of supply (PES) for each firm.

If the price of furniture rises by 5% which firm would experience an increase in quantity supplied of 2.5%?

firm	PES for furniture
A	2.5
B	2.0
C	0.6
D	0.5

14 Which argument has often been used to justify the privatisation of state enterprises?

- A Private firms can produce the same outputs using fewer inputs.
- B Private firms try to earn large profits.
- C State enterprises are always monopolies which exploit consumers.
- D State enterprises cannot operate without government subsidies.