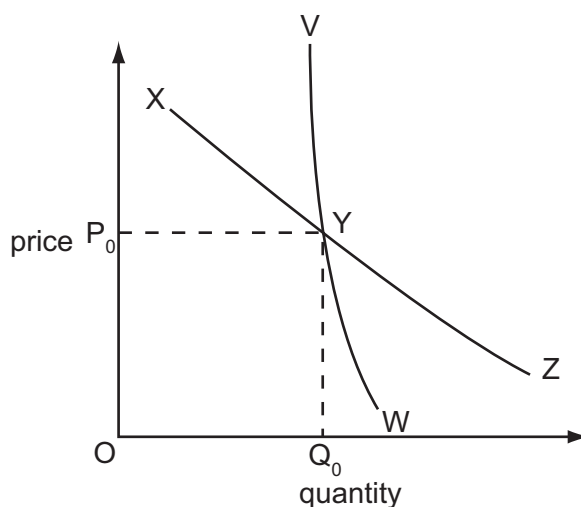


- 5 The diagram shows a consumer's short-run and long-run demand curves for coconuts. Initially, the consumer purchases quantity Q_0 at price P_0 .



If the price of coconuts increases from P_0 , the consumer's short-run response is greater than his long-run response. If the price decreases from P_0 his short-run response is smaller than his long-run response.

What is the consumer's short-run demand curve?

- A** VYW **B** VYZ **C** XYZ **D** XYW
- 6 How would an economist establish the market demand curve for a private good?
- A** by adding consumer surplus to total expenditure
- B** by combining the price elasticity of individual demands
- C** by horizontally combining individual demand curves
- D** by multiplying price by quantity demanded
- 7 Other things being equal, which of the following would result in an increased demand by private motorists for petrol (gasoline)?
- A** an increase in the price of second-hand cars
- B** an increase in road toll charges
- C** a reduction in the price of steel
- D** a reduction in bus fares