

- 4** Many governments are concerned that the high sugar content in fizzy drinks might lead to health problems such as obesity. These governments are also concerned about the lack of public awareness of the dangers.

What can be concluded from this?

- A** Consumers of fizzy drinks have information failures.
- B** Consumers under-consume fizzy drinks.
- C** Fizzy drinks are merit goods.
- D** Fizzy drinks are non-excludable.

- 5** There is a fall in the world price of tea traded on wholesale international markets.

How will this most likely affect the supply curve of a major tea retailer?

- A** It will cause a contraction along the supply curve.
- B** It will cause an extension along the supply curve.
- C** It will cause the supply curve to shift to the left.
- D** It will cause the supply curve to shift to the right.

- 6** It was estimated in 2015 that milk had an income elasticity of demand of -0.6 .

What can be concluded about milk from this information?

- A** It accounts for only a small proportion of household expenditure.
- B** It has very few substitutes.
- C** Household expenditure on milk will decrease if the price of milk increases.
- D** It is an inferior good.