

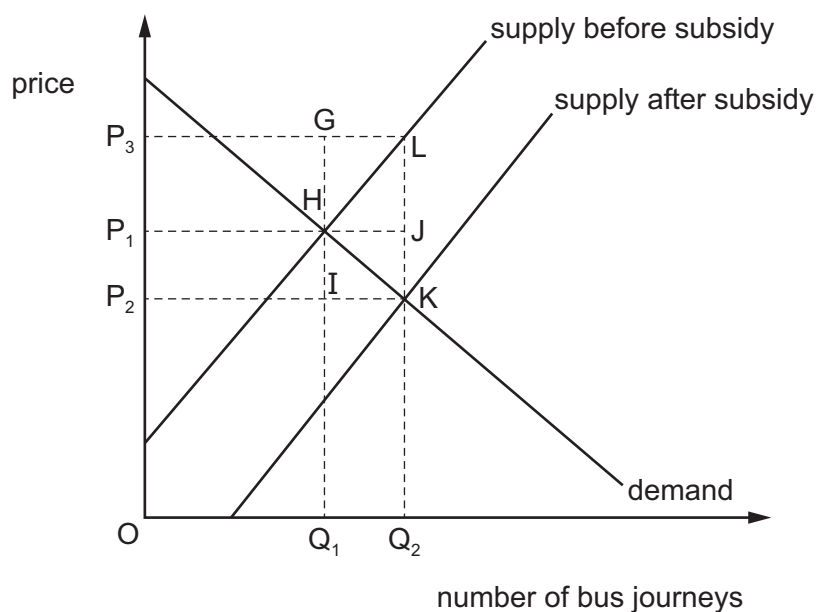
13 Which combination is most likely to result in the demand for a product being highly price-elastic?

	number of close substitutes	% of income spent on product
A	large	large
B	large	small
C	small	large
D	small	small

14 What is **most** likely to occur when the government privatises public sector organisations?

- A** Consumer choice will increase.
- B** Employment will increase in the short run.
- C** Innovation will be discouraged.
- D** The production of public goods will increase.

15 The diagram shows the market for bus services before and after a government subsidy.



Which area on the diagram shows the incidence of the subsidy for the consumer?

- A** P_1HIP_2
- B** P_1JKP_2
- C** P_2IGP_3
- D** P_2KLP_3