

4 Which economic conditions are likely to encourage an increase in enterprise?

	interest rates	profit tax	consumer confidence	unemployment
<b>A</b>	high	high	high	high
<b>B</b>	high	low	low	high
<b>C</b>	low	low	high	low
<b>D</b>	low	low	low	low

5 When is the price elasticity of demand for a product most likely to be price elastic?

- A** A large percentage of income is spent on the product.
- B** It is measured in the short run.
- C** It is a necessity product.
- D** There are few substitutes available.

6 What is most likely to cause a shift in the supply curve for rice?

- A** a change in the price of the rice
- B** a change in the price of meat
- C** a change in the size of the rice industry
- D** a change in tastes and preferences for rice

7 A free market is in disequilibrium with a shortage of a product.

As the market moves towards equilibrium, what will happen to the price, the quantity demanded and the quantity supplied?

	price	quantity demanded	quantity supplied
<b>A</b>	decrease	decrease	increase
<b>B</b>	decrease	increase	decrease
<b>C</b>	increase	decrease	increase
<b>D</b>	increase	increase	decrease