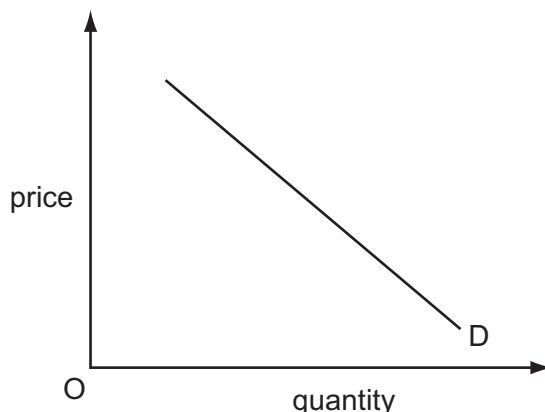


- 5 The diagram shows a demand curve for a good.



Which statement describes the nature of this demand curve?

- A** A fall in price is the result of a fall in demand.
  - B** A greater or smaller quantity is demanded as price changes.
  - C** As demand increases so does price.
  - D** Quantity changes in proportion to the change in price.
- 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 individual demand curves horizontally
  - C** by combining the price elasticity of individual demands
  - D** by multiplying price by quantity demanded
- 7 What could cause a shift in the supply curve of good X and a movement along its supply curve?

	shift in the curve	movement along the curve
<b>A</b>	a change in consumer preferences	an increase in the price of a substitute good
<b>B</b>	a decrease in factor productivity	the imposition of a tax on good X
<b>C</b>	an increase in the price of a complementary good	an increase in factor productivity
<b>D</b>	an increase in the wage rates in the industry	a change in consumer preferences

- 8 The price of good X rises by 10%. As a result, the demand for a complementary good Y changes by 20%.

What is the cross elasticity of demand for good Y with respect to good X?

- A** +2
- B** +0.5
- C** -0.5
- D** -2