

- 15** A product with infinite elasticity of supply has sales of 1000 units a week at a price of \$1 per unit. Price elasticity of demand is 1.5 over the relevant range.

The government imposes a tax of 10%.

What will be the government's weekly tax revenue?

- A** \$15 **B** \$85 **C** \$100 **D** \$150

- 16** A government pays a subsidy to a country's onion producers.

With which price elasticity of demand (PED) will this action be most effective in reducing the price of onions?

- A** PED equals 0.
B PED is greater than 0 but less than 1.
C PED equals 1.
D PED is greater than 1 but less than infinity.

- 17** Which statement best describes a transfer payment?

- A** It is a loan from the government to help firms.
B It is a payment to individuals not linked to economic activity.
C It is the redistribution of income from government to individuals for work done.
D It is the redistribution of income from households to firms for goods purchased.

- 18** On 1 May 2012 President Morales of Bolivia announced the nationalisation of Transportadora de Electricidad (TDE), a subsidiary of a Spanish company that owned and ran approximately three-quarters of Bolivia's power grid.

What can be concluded from this?

- A** Bolivian employees of TDE will own 100% of its shares.
B Only Bolivian nationals will be allowed to work at TDE.
C TDE company shares will be sold to a Bolivian company.
D The Bolivian government will take over ownership of TDE.