

- 15** The table shows changes in a consumer's expenditure on various goods when her income increases from \$20 000 to \$24 000.

good	income \$20 000: amount spent on good (\$)	income \$24 000: amount spent on good (\$)
W	100	96
X	100	100
Y	200	224
Z	200	248

Assuming all else remains unchanged, for which goods is the consumer's income elasticity of demand greater than 1.0?

- A** W, Y and Z
 - B** W and Z only
 - C** W only
 - D** Z only
- 16** Which combination of government measures is most likely to increase the consumption of a merit good?
- A** setting an effective maximum price on the product and paying producers a subsidy
 - B** setting an effective maximum price on the product and imposing an indirect tax on producers
 - C** setting an effective minimum price on the product and paying producers a subsidy
 - D** setting an effective minimum price on the product and imposing an indirect tax on producers