

- 7 Over the last ten years the price elasticity of demand for tea in many countries has risen.

What is the most likely cause of this change in price elasticity?

- A a decrease in the incomes of consumers
- B a decrease in the number of complements to tea
- C an increase in the number of substitutes for tea
- D an increase in the supply of tea

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

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

- 9 Which of the following will **not** cause a shift in the market supply curve of a commodity?

- A a rise in the price of the commodity
- B a rise in the price of a factor input
- C a change in technology
- D the introduction of a specific tax on the commodity

- 10 In 2003 the outbreak in Asia of the SARS virus had a significant effect on the demand for travel to holiday destinations in the region. The response of airlines was to reduce the number of flights to Asian destinations.

The original market equilibrium was at point X.

Which point represents the new equilibrium in the market for travel to Asia?

