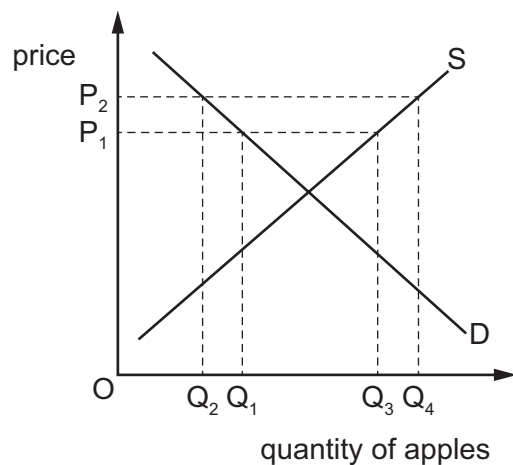


17 The diagram shows a firm’s supply of and demand for apples.



If a minimum price is increased from P_1 to P_2 what will happen to the amount of apples sold?

- A It will decrease from Q_1 to Q_2 .
 - B It will decrease from Q_4Q_1 to Q_2Q_3 .
 - C It will increase from Q_3 to Q_4 .
 - D It will increase from Q_3Q_2 to Q_4Q_1 .
- 18 In an attempt to reduce crime, a government introduces a subsidy on the production of burglar alarms, but sales rise very little.

Which possible characteristics of the good would lead to this outcome?

	price elasticity of demand	price elasticity of supply
A	high	high
B	high	low
C	low	high
D	low	low

- 19 Compared with Pakistan, Germany has a higher output of pharmaceuticals per unit of resources used.

What could explain this?

- A the existence of floating exchange rates
- B the law of absolute advantage
- C the Marshall–Lerner condition
- D the terms of trade