

6 What is the definition of effective demand?

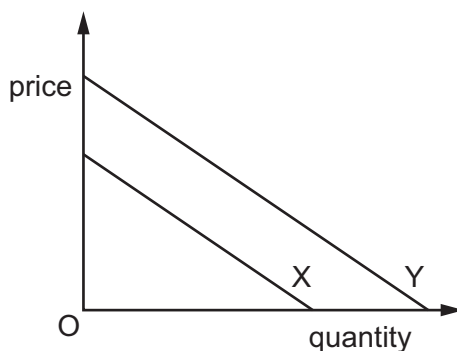
- A demand that is speculative
- B demand that is supported by the ability to pay
- C the relationship between price and quantity demanded
- D the total amount demanded by consumers

7 The price elasticity of demand for good X is -2.4 , its income elasticity of demand is -0.4 and the cross elasticity of demand for good X with respect to good Y is $+0.8$.

What is the correct description of good X?

- A inferior good, price-elastic demand and substitute for good Y
- B inferior good, price-inelastic demand and complement to good Y
- C normal good, price-elastic demand and complement to good Y
- D normal good, price-inelastic demand and substitute for good Y

8 The diagram shows two straight line demand curves, X and Y.



What is correct about curves X and Y?

- A Both X and Y are unit price elastic over their whole length.
- B Both X and Y have the same elasticity at every price.
- C X has a higher price elasticity than Y at every price.
- D Y is more likely to have substitutes than X.

9 The price elasticity of the supply of yoghurt is estimated to be $+1.5$.

If the demand for yoghurt rises and price rises by 20%, how much more will be supplied to the market?

- A 0.3%
- B 3.0%
- C 13.3%
- D 30%