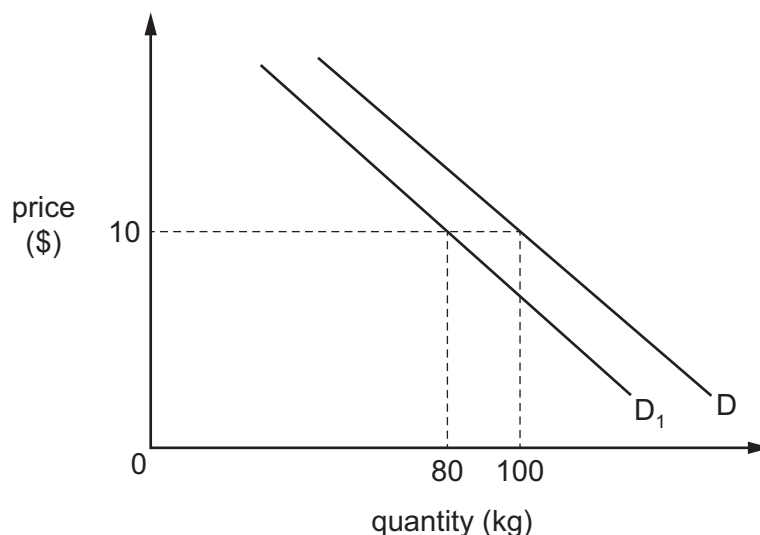


- 4 What would encourage the growth of the international division of labour?
- A an improvement in transport systems
 - B instability in international exchange rates
 - C restrictions on the movement of resources
 - D the widespread introduction of tariffs
- 5 What would **not** cause the demand curve for foreign holidays to shift to the left?
- A a fall in consumers' disposable income
 - B a fall in the price of domestic holidays
 - C a rise in advertising of domestic holidays
 - D a rise in the price of foreign holidays
- 6 A good has unitary price elasticity of demand and at a price of \$25 it sells 100 000 units.
Which price must the firm charge if it wants to sell 125 000 units of the good?
- A \$24 B \$20 C \$16 D \$12
- 7 The diagram shows how a 10% increase in consumer incomes shifts the demand for good X from D to D₁.



Which statement about good X is correct?

- A It is a normal good with income elastic demand.
- B It is a normal good with income inelastic demand.
- C It is an inferior good with income elastic demand.
- D It is an inferior good with income inelastic demand.