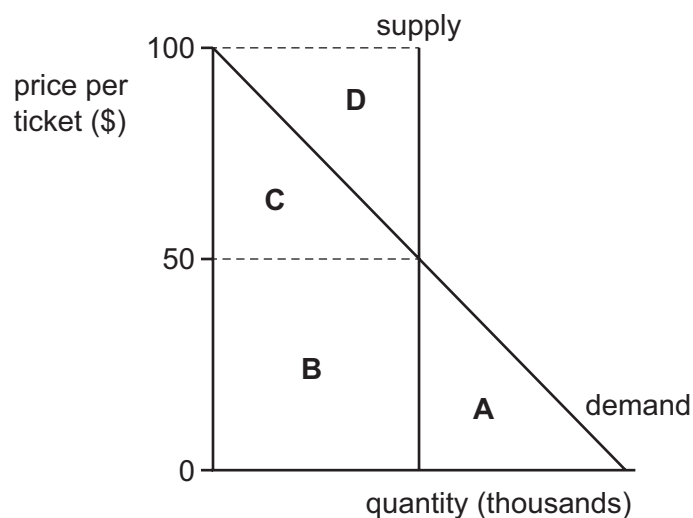
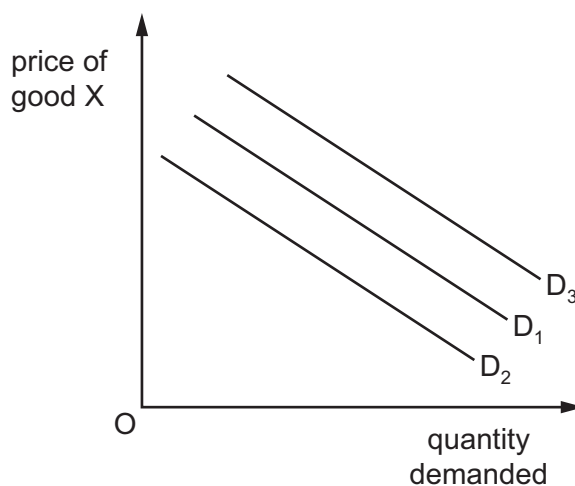


- 5 The price of a ticket for an international athletics tournament was \$50. All tickets were sold.

Which area on the diagram represents consumer surplus?



- 6 Market demand curves normally slope downwards. They may also shift from D_1 to either D_2 or D_3 .



What would cause a movement along D_1 for good X and **not** a shift to either D_2 or D_3 ?

- A advertising of good X increases sales
 - B consumer incomes rise
 - C price of good X falls
 - D price of other goods falls
- 7 What is **not** a function of the price mechanism?
- A to act as a signal to firms when allocating resources
 - B to maximise consumer surplus
 - C to provide an incentive to firms to produce goods
 - D to ration scarce resources