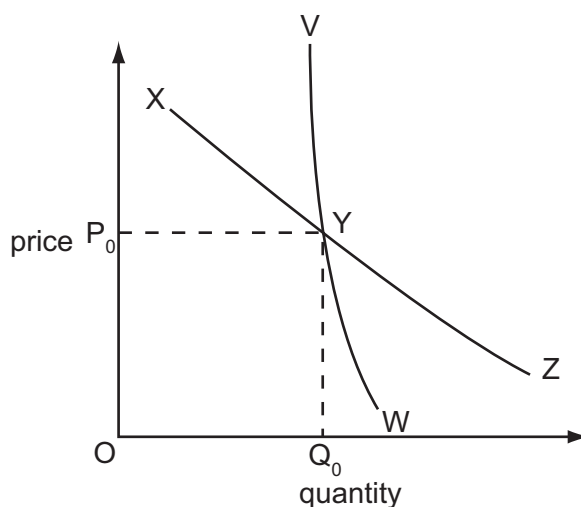


- 5 The diagram shows a consumer's short-run and long-run demand curves for coconuts. Initially, the consumer purchases quantity  $Q_0$  at price  $P_0$ .



If the price of coconuts increases from  $P_0$ , the consumer's short-run response is greater than his long-run response. If the price decreases from  $P_0$  his short-run response is smaller than his long-run response.

What is the consumer's short-run demand curve?

- A** VYW                      **B** VYZ                      **C** XYZ                      **D** XYW

- 6 How would an economist establish the market demand curve for a private good?

- A** by adding consumer surplus to total expenditure  
**B** by combining the price elasticity of individual demands  
**C** by horizontally combining individual demand curves  
**D** by multiplying price by quantity demanded

- 7 Other things being equal, which of the following would result in an increased demand by private motorists for petrol (gasoline)?

- A** an increase in the price of second-hand cars  
**B** an increase in road toll charges  
**C** a reduction in the price of steel  
**D** a reduction in bus fares