

- 5 When stating the law of demand for a good, economists use the phrase 'all other things being equal'.

What is **not** one of these 'all other things'?

- A the income of the consumer
- B the price of other goods
- C the price of the good
- D the tastes of the consumer

- 6 What will **not** cause a shift in the market supply curve of a commodity?

- A a change in technology
- B a rise in the price of a factor input
- C a rise in the price of the commodity
- D the introduction of a specific tax on the commodity

- 7 A product has a low price elasticity of supply.

What might explain this?

- A The product has a low opportunity cost.
- B The product is highly perishable.
- C The product is classed as an inferior good.
- D The product is considered to be a necessity.

- 8 A car manufacturer estimates that the price elasticity of supply of its cars is +2.5.

What will be the impact of a 10% increase in price?

- A a 2.5% fall in total revenue
- B a 25% rise in total revenue
- C a 2.5% fall in quantity supplied
- D a 25% rise in quantity supplied