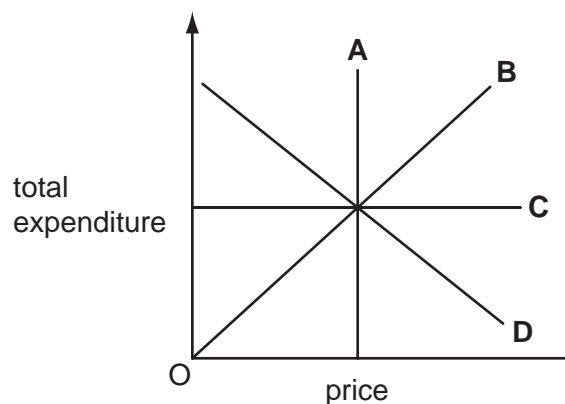


- 7 The table shows the demand and supply schedules for a good before and after the imposition of a tax.

price (\$)	quantity demanded	quantity supplied before tax	quantity supplied after tax
20	340	440	380
19	340	430	340
18	340	410	290
17	340	380	230
16	340	340	160
15	340	290	80
14	340	230	0

What was the amount of the tax?

- A** \$1 **B** \$2 **C** \$3 **D** \$4
- 8 The price elasticity of demand for a product is constant and equal to unity.
- Which curve in the diagram shows the relationship between total expenditure on the product and its price?



- 9 In the UK, attempts to encourage people to change from road to rail travel by the introduction of a system of road pricing were forecast to fail because 'people like using their cars too much'.

How would this forecast be explained?

- A** The price elasticity of demand for cars is high.
B The price elasticity of demand for petrol is high.
C The price elasticity of demand for rail travel is low.
D The price elasticity of demand for car travel is low.