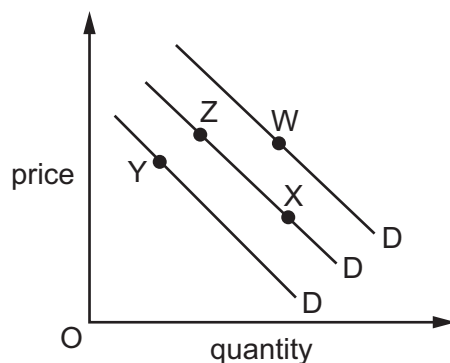


- 6 The diagram shows the market for milk. Two conditions change. The cost of cattle feed rises sharply and this is followed by the government raising the tax on cheese which uses milk in its production.



Which changes in position on the diagram of demand curves for milk are consistent with these events?

- A** from W to X, followed by X to Z
- B** from W to Z, followed by Z to X
- C** from X to Z, followed by Z to Y
- D** from Z to X, followed by X to Y
- 7 If the elasticity of demand for a commodity is unity, an increase in its price will
- A** decrease the quantity purchased.
- B** have no effect on consumer surplus.
- C** increase total expenditure on the commodity.
- D** leave the quantity purchased unchanged.
- 8 The table shows a consumer's expenditure on a range of goods at different levels of income.

For which good does the consumer have an income elasticity of demand greater than zero, but less than one?

good	consumer's income (\$)		
	40	50	100
	consumer's expenditure (\$)		
A	10	18	40
B	10	11	20
C	10	10	10
D	10	8	6