

- 12 What does the assumption 'ceteris paribus' mean when economists analyse the way in which the quantity demanded of a good changes?
- A Changes in quantity demanded can cause changes in any of the other variables.
  - B Consumer preferences are always assumed to remain unchanged.
  - C Only one variable is assumed to change while the others remain the same.
  - D Several variables change simultaneously.
- 13 In which situation is the demand for a product said to be price elastic?
- A A fall in price increases expenditure on the product.
  - B A fall in price increases quantity demanded.
  - C A rise in price increases expenditure on the product.
  - D A rise in price reduces quantity demanded.
- 14 Which product is **most** likely to be provided only by the government?
- A national defence
  - B national health
  - C national museums
  - D national theatres
- 15 Which term is given to an income received by an individual for which there is no corresponding contribution to output?
- A profit
  - B revenue
  - C salary
  - D transfer payment
- 16 A government policy favours older people at the expense of younger people.
- Which would be **most** likely to correct such an imbalance?
- A an increase in expenditure on government-provided pensions
  - B an increase in government-subsidised training schemes for school-leavers
  - C an increase in the rate of income tax on earned incomes
  - D an increase in the rate of interest on savings