13 The table shows the quantity of a product supplied at two different prices by four firms, A, B, C and D.

Which firm has a price elasticity of supply equal to 1 when the price falls from $10 to $8?

	price of product ($)	
	10	8
A	500	300
B	500	350
C	500	400
D	500	450

14 To improve its financial position a government decided to reduce expenditure on investment in the public sector. Despite this, there was **not** a fall in economic growth.

What was the **most** likely effect of the government's action?

A An original budget deficit was reduced.

B An original budget surplus was reduced.

C Consumer expenditure decreased.

D Public sector productivity decreased.

15 An economy has a 20% housing shortage. The government builds 10% more houses for poorer families and fixes the rent below the equilibrium for the market.

Which effect will this direct provision have on the market?

A A greater imbalance in the market in private housing will develop.

B Housing waiting lists for poorer families will be cleared.

C The supply of government housing will fall short of demand.

D The supply of private housing for rent will fall by 10%.

16 Which statement about nationalised and privatised industries is correct?

A A privatised industry is usually less competitive than a nationalised industry.

B A profitable private company cannot be nationalised.

C Privatisation is a form of monetary policy.

D Privatisation is a way of raising money for the government.