

7 Which statement about price elasticity of supply is correct?

- A It cannot change in the short run.
- B It increases as the time period lengthens.
- C It is infinite in the momentary time period.
- D It is zero in the long run.

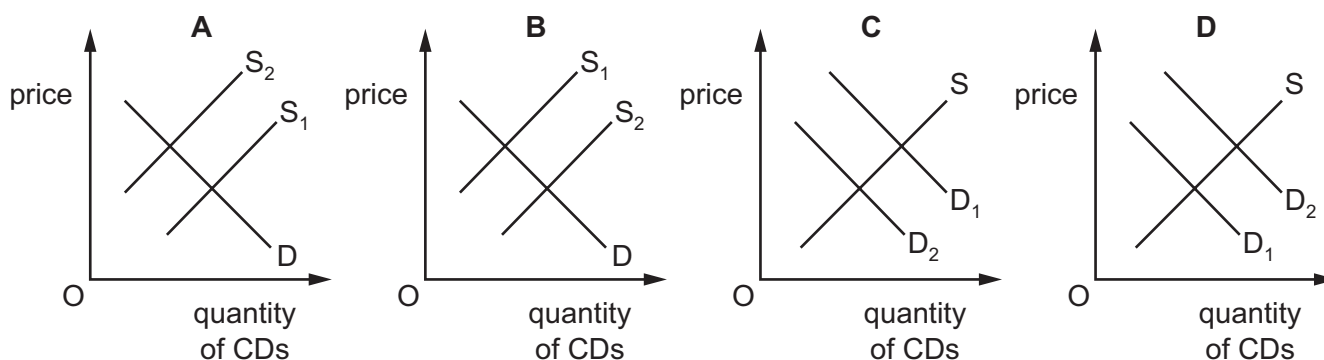
8 At a price of \$4 a manufacturer supplies 20 units of a good per week. The value of the price elasticity of supply is 2 over the range of price.

How many goods will be supplied at \$5?

- A 10                      B 25                      C 30                      D 40

9 Consumers wishing to listen to music at home can now access it online. This has resulted in the closure of shops selling music CDs.

How can this be represented on a demand and supply diagram for music CDs?



10 An international oil company announced that it would stop exploring for oil off the coast of Namibia. This was because there was only enough oil to support a local power station for Namibia and not enough to allow exports of oil.

What might be a possible advantage and disadvantage to Namibia of this decision?

	advantage	disadvantage
A	a cut in taxes paid by the oil company to the Namibian government	the conservation of a natural resource
B	a reduction in potential costs of pollution	the loss of cheaper oil
C	a saving in costly research paid for by the oil company	a loss of employment opportunities
D	the exhaustion of a natural resource	the loss of potential exports