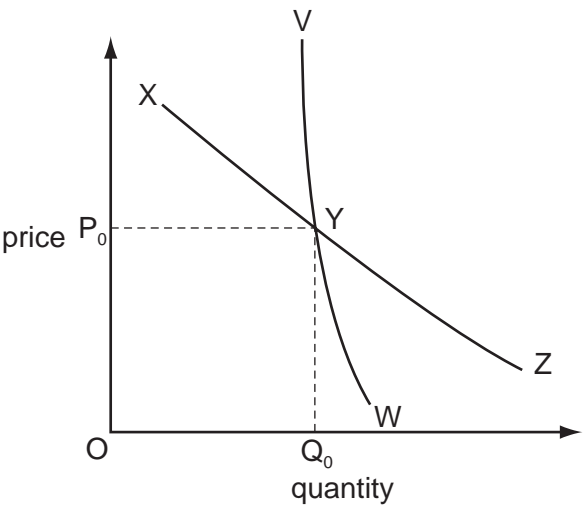


- 5 The diagram shows a consumer's short-run and long-run demand curves for coconuts. Initially, the consumer purchases quantity Q_0 at price P_0 .



If the price of coconuts increases from P_0 , the consumer's short-run response is greater than his long-run response. If the price decreases from P_0 his short-run response is smaller than his long-run response.

What is the consumer's short-run demand curve?

- A** VYW **B** VYZ **C** XYZ **D** XYW
- 6 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 |