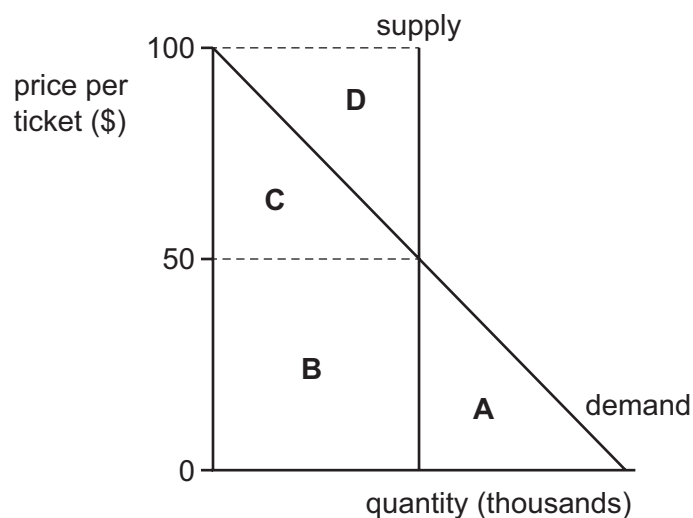
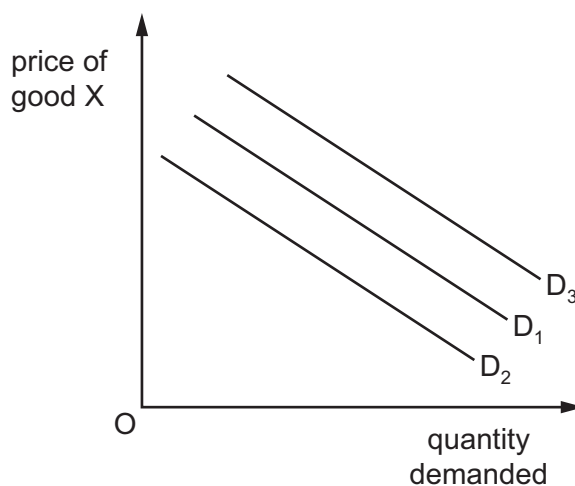


- 5 The price of a ticket for an international athletics tournament was \$50. All tickets were sold.

Which area on the diagram represents consumer surplus?



- 6 Market demand curves normally slope downwards. They may also shift from  $D_1$  to either  $D_2$  or  $D_3$ .



What would cause a movement along  $D_1$  for good X and **not** a shift to either  $D_2$  or  $D_3$ ?

- A advertising of good X increases sales
  - B consumer incomes rise
  - C price of good X falls
  - D price of other goods falls
- 7 What is **not** a function of the price mechanism?
- A to act as a signal to firms when allocating resources
  - B to maximise consumer surplus
  - C to provide an incentive to firms to produce goods
  - D to ration scarce resources