**6** What is correct about market supply?

**A** Market supply can increase only when all individual firms increase their output.

**B** Market supply is effective when consumers have sufficient income to buy the good.

**C** Market supply is the result of aggregating the supply of all individual firms.

**D** Market supply of an inferior good falls as price increases.

**7** In which circumstances must the total expenditure by consumers on a good increase when its price increases?

**A** if demand for the good is income-elastic

**B** if demand for the good is price-inelastic

**C** if the price of a complementary good also increases

**D** if the price of substitute goods also increases

**8** The price elasticity of demand for good X is 1. At a price of $12, quantity demanded is 4000 units.

What will be the price when the quantity demanded is 20 000 units?

**A** $2.00 **B** $2.40 **C** $12.00 **D** $20.00

**9** The cross-elasticity of demand of good S with respect to the price of good P is +1.5.

The cross-elasticity of demand of good S with respect to the price of good R is –1.5.

The cross-elasticity of demand of good P with respect to the price of good R is –1.5.

What can be concluded about goods P, R and S?

**A** S and P are complements; P and R are substitutes.

**B** S and P are complements; R is an inferior good.

**C** S and P are substitutes; P and R are complements.

**D** S and P are substitutes; R is an inferior good.

**10** A manufacturer's ability to increase supply in the short run will be greater

**A** if labour is immobile.

**B** if spare capacity exists.

**C** if the product is perishable.

**D** if unemployment is low.