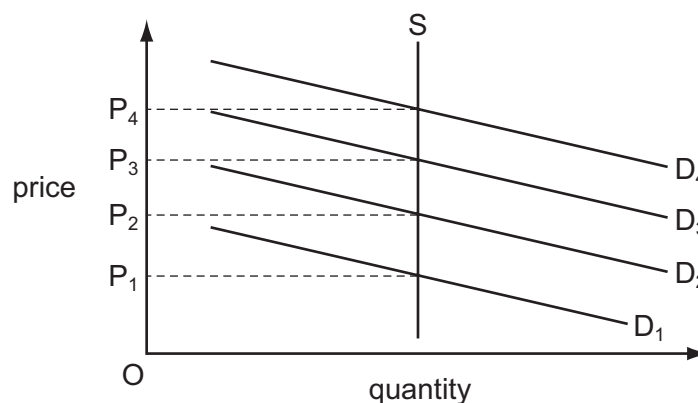


- 8 The table shows how an individual's consumption of cola and nuts varies with income.

income (\$)	cola (cans)	nuts (packets)
50	2	0
100	4	1

Which statement about income elasticity of demand over the range of income shown is true?

- A For cola it is less than 1.
 - B For cola it is greater than 1.
 - C For nuts it is greater than 1.
 - D For nuts it is zero.
- 9 What would increase the price elasticity of supply of a firm's products?
- A a decrease in the period of time that stocks can be kept
 - B a decrease in the time that it takes to produce the products
 - C an increase in the cost of capital goods employed by the firm
 - D an increase in the level of employment in the area
- 10 In the diagram, the supply curve shows the number of spaces in a car park and the demand curve shows the demand for spaces on four different days.



The owner wishes to charge a parking fee on each of these days to allocate the spaces according to the market mechanism.

Which pricing policy should the owner use?

- A set a fixed price at P_1
- B set a fixed price at P_4
- C vary prices between P_2 and P_3
- D vary prices between P_1 and P_4