- 4 What would encourage the growth of the international division of labour?
 - A an improvement in transport systems
 - **B** instability in international exchange rates
 - C restrictions on the movement of resources
 - D the widespread introduction of tariffs
- 5 What would **not** cause the demand curve for foreign holidays to shift to the left?
 - A a fall in consumers' disposable income
 - **B** a fall in the price of domestic holidays
 - **C** a rise in advertising of domestic holidays
 - **D** a rise in the price of foreign holidays
- **6** A good has unitary price elasticity of demand and at a price of \$25 it sells 100 000 units.

Which price must the firm charge if it wants to sell 125 000 units of the good?

- **A** \$24
- **B** \$20
- **C** \$16
- **D** \$12
- 7 The diagram shows how a 10% increase in consumer incomes shifts the demand for good X from D to D_1 .



Which statement about good X is correct?

- A It is a normal good with income elastic demand.
- **B** It is a normal good with income inelastic demand.
- **C** It is an inferior good with income elastic demand.
- **D** It is an inferior good with income inelastic demand.