

- 4 A factory manufactures chairs. The manufacturing process is divided into a number of tasks.

What is a likely **disadvantage** of this division of labour?

- A decrease in motivation
- B decrease in output
- C decrease in productivity
- D decrease in quality of the final product

- 5 Which row correctly describes the relationship between two goods implied by the value of the cross elasticity of demand?

	value of the cross elasticity of demand	description
A	-2.0	weak complements
B	-0.5	weak substitutes
C	+0.5	weak substitutes
D	+2.0	strong complements

- 6 What does consumer surplus measure?

- A the excess profit earned by the producer of a good
- B the opportunity cost to the consumer of not buying a good
- C the price the marginal consumer is willing to pay for a good
- D the consumer's gain from purchasing a good at a price below what they are willing to pay

- 7 When the price of good X is \$2.00, the quantity supplied is 100 000. The price elasticity of supply of good X is 0.8 in the short run and 1.4 in the long run. The price of good X increases to \$2.20.

What is the increase in the quantity supplied of good X between the short run and the long run?

- A 6000                      B 60 000                      C 114 000                      D 140 000