

13 A firm estimates that the price elasticity of supply of its product is 0.4.

Should the firm be concerned by this figure?

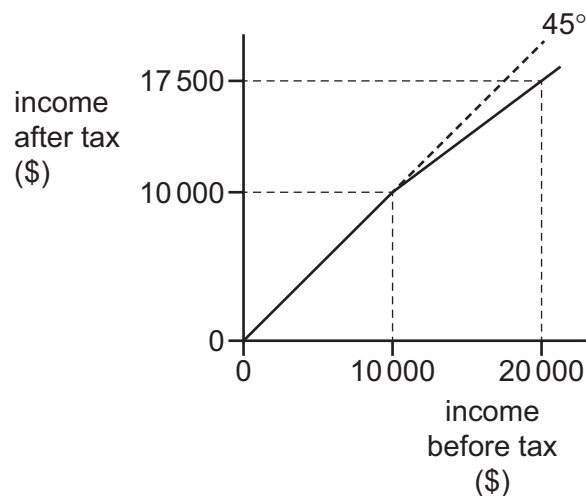
- A** No, as it implies that the firm will be able to raise revenue by raising price.
- B** No, as it suggests there are few substitutes for the product.
- C** Yes, as it means that demand for its product is increasing at a slow rate.
- D** Yes, as it shows that the firm is not able to adjust supply easily when demand changes.

14 A government decides to privatise a state-owned company.

What should the government do to try to ensure that this will result in an improvement in efficiency?

- A** allocate vouchers to all citizens entitling them to a share in the ownership of the company
- B** encourage competition
- C** impose a maximum profit margin
- D** increase business tax rates

15 The graph shows an individual's income before and after the deduction of income tax.



What is the marginal percentage rate of tax between \$0 and \$10 000, and between \$10 000 and \$20 000?

	\$0–\$10 000	\$10 000–\$20 000
A	0%	12.5%
B	0%	25.0%
C	1%	12.5%
D	1%	25.0%