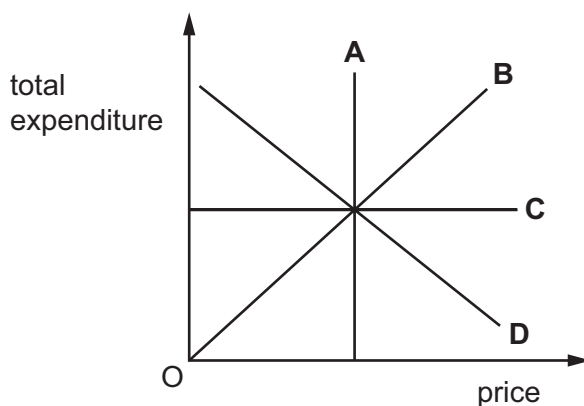


- 8 The price elasticity of demand for a product is constant and equal to unity.

Which curve in the diagram shows the relationship between total expenditure on the product and its price?



- 9 A bottle making business announced it had introduced a new production system. As a result the quantity produced per week could be increased or reduced much more easily when the price of bottles changed.

What term describes this change?

- A a less elastic demand
  - B a less elastic supply
  - C a more elastic demand
  - D a more elastic supply
- 10 The supply function for a good can be written as  $Q = 2P + 10$ , where  $Q$  is the quantity supplied in kilos and  $P$  is the price per kilo in dollars.

The price falls from \$15 to \$10 per kilo.

The value of price elasticity of supply for this price change lies in a range from

- A  $\frac{1}{6}$  to  $\frac{1}{4}$ .      B  $\frac{3}{8}$  to  $\frac{1}{2}$ .      C  $\frac{2}{3}$  to  $\frac{3}{4}$ .      D  $1\frac{1}{4}$  to  $1\frac{1}{2}$ .