

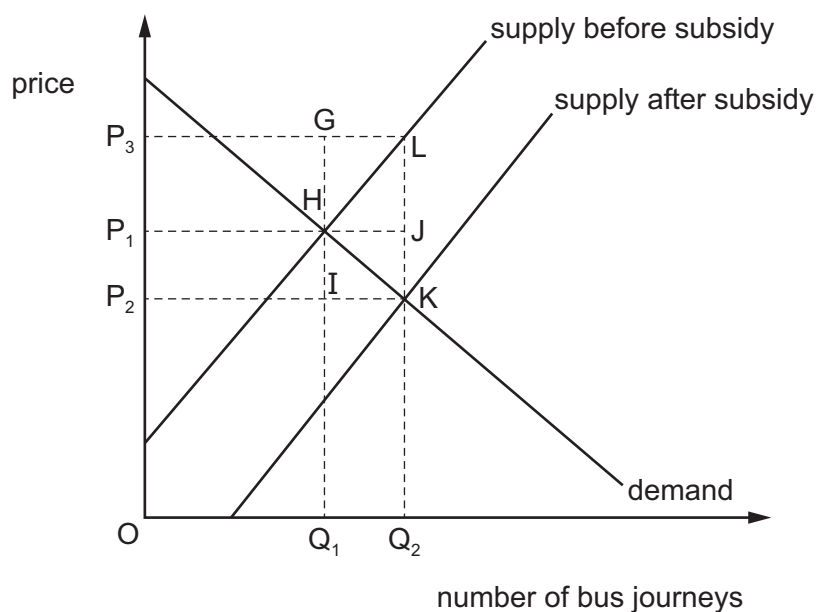
13 Which combination is most likely to result in the demand for a product being highly price-elastic?

	number of close substitutes	% of income spent on product
<b>A</b>	large	large
<b>B</b>	large	small
<b>C</b>	small	large
<b>D</b>	small	small

14 What is **most** likely to occur when the government privatises public sector organisations?

- A** Consumer choice will increase.
- B** Employment will increase in the short run.
- C** Innovation will be discouraged.
- D** The production of public goods will increase.

15 The diagram shows the market for bus services before and after a government subsidy.



Which area on the diagram shows the incidence of the subsidy for the consumer?

- A**  $P_1HIP_2$
- B**  $P_1JKP_2$
- C**  $P_2IGP_3$
- D**  $P_2KLP_3$