

- 11 In which case will a given increase in the supply of a good cause the greatest fall in the price of the good?
- A when the demand for the good is perfectly inelastic
  - B when the demand for the good is infinite
  - C when the good is an inferior good
  - D when the good's price elasticity of demand is positive

- 12 The table shows the maximum price a consumer would be willing to pay for successive cans of fruit juice.

cans	first	second	third	fourth	fifth
price (\$)	14	10	6	4	3

The price of a can of fruit juice is \$4 and, having bought three cans, the consumer decides to buy a fourth.

How does buying the fourth can affect his consumer surplus?

- A It leaves it unchanged.
  - B It lowers it by \$2.
  - C It raises it by \$4.
  - D It raises it by \$34.
- 13 Which combination of changes would enable the price mechanism to allocate resources more efficiently in a monopoly market?

	consumer sovereignty	producer sovereignty
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

- 14 A firm wishes to build a factory extension.

Permission is required from the government because the extension may increase

- A comparative costs.
- B external costs.
- C opportunity costs.
- D private costs.