

- 7 The table gives estimates of own-price and cross-price elasticities of demand for tea and instant coffee.

| | elasticity with respect to the price of | |
|----------------|---|----------------|
| commodity | tea | instant coffee |
| tea | −0.48 | +0.11 |
| instant coffee | +0.13 | −0.67 |

Other things being equal, what will be the change in the quantity of instant coffee demanded as a result of a 1 % increase in the price of tea?

- A** +0.11 % **B** +0.13 % **C** −0.11 % **D** −0.13 %
- 8 In calculating the short-run supply schedule for a firm, what is assumed to remain unchanged?
- A** the number of consumers
B the price of the good
C the quantities of all factors
D the state of technology
- 9 The table shows the demand and supply schedules for a good before and after the imposition of a tax.

| price (\$) | quantity demanded | quantity supplied before tax | quantity supplied after tax |
|------------|-------------------|------------------------------|-----------------------------|
| 20 | 340 | 440 | 380 |
| 19 | 340 | 430 | 340 |
| 18 | 340 | 410 | 290 |
| 17 | 340 | 380 | 230 |
| 16 | 340 | 340 | 160 |
| 15 | 340 | 290 | 80 |
| 14 | 340 | 230 | 0 |

What was the amount of the tax?

- A** \$1 **B** \$2 **C** \$3 **D** \$4