

- 9 The government imposes a sales tax to reduce consumption of good X.

With which combination of price elasticity of demand and price elasticity of supply will this have the greatest effect?

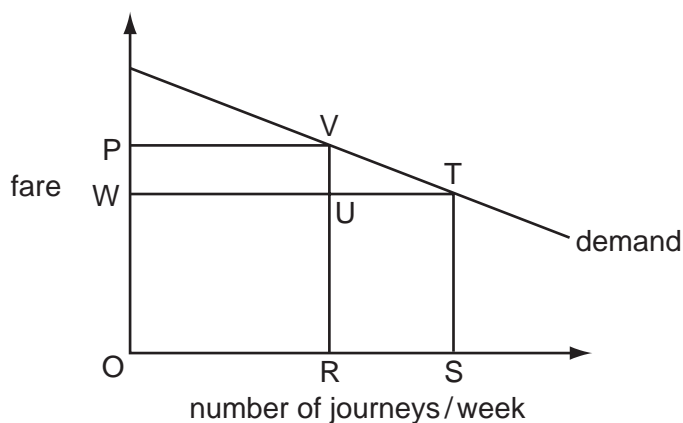
- A elastic demand and elastic supply
- B elastic demand and inelastic supply
- C inelastic demand and elastic supply
- D inelastic demand and inelastic supply

- 10 Jam and honey are substitutes and honey and beeswax are in joint supply.

Other things being equal, what will be the result of an increase in the price of jam?

|          | price of honey | price of beeswax |
|----------|----------------|------------------|
| <b>A</b> | fall           | fall             |
| <b>B</b> | fall           | rise             |
| <b>C</b> | rise           | fall             |
| <b>D</b> | rise           | rise             |

- 11 The number of passenger journeys per week by train on a certain route is shown by the demand curve in the diagram.



Initially the fare is OP, but it is then reduced by PW.

Which area measures the amount spent on the extra journeys resulting from the lower fare?

- A VUT
- B PWTU
- C VRST
- D URST