

- 10 Palm oil and sunflower oil are substitutes.
Palm oil and palm kernel cake for animal feed are in joint supply.

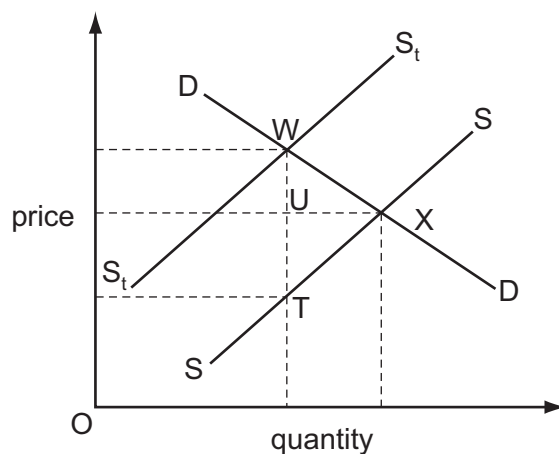
Other things being equal, what will be the effects of a fall in the price of sunflower oil?

	price of palm oil	price of palm kernel cake
A	fall	fall
B	fall	rise
C	rise	fall
D	rise	rise

- 11 A rise in the price of a good is accompanied by an increase in the quantity demanded.

What could explain this?

- A** Consumers spend a high proportion of disposable income on the good.
B The price of a complementary good has also increased.
C The substitute goods are all very much more expensive.
D The price of the good is taken to be an indication of the level of quality.
- 12 A specific tax is placed on the sale of bottles of lemonade. In the diagram, SS is the supply curve before imposition of the tax and $S_t S_t$ is the supply curve after tax.



Which distance represents the specific tax on each bottle?

- A** UT **B** WT **C** WU **D** WX