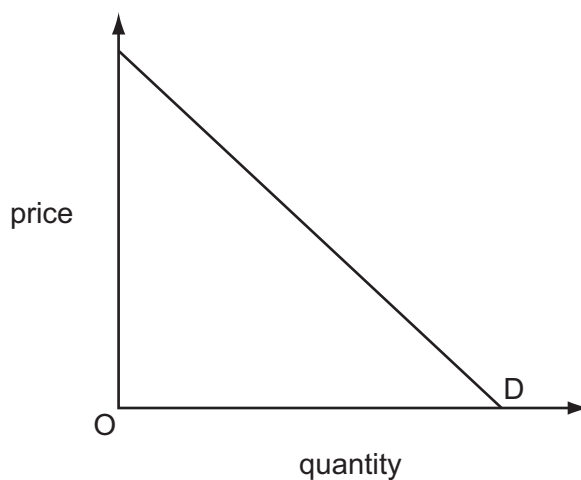


- 8 The table gives an individual's demand for four goods at two income levels.

Over this range of income, for which good does the individual have an income elasticity of demand = 1?

| income level | units of goods demanded |    |    |     |
|--------------|-------------------------|----|----|-----|
|              | A                       | B  | C  | D   |
| \$1000       | 50                      | 50 | 50 | 50  |
| \$1100       | 50                      | 55 | 60 | 100 |

- 9 The diagram shows the demand curve for commodity X.



Which of the following statements is correct?

- A Demand is less elastic at higher prices than at lower prices.
  - B Consumer expenditure on the commodity always rises whenever price falls.
  - C Price elasticity of demand is different at every price.
  - D Price elasticity of demand equals one at every price.
- 10 Product R is an inferior good with no close substitutes. It is also a complement to product S.

Which describes product R?

|   | income elasticity of demand | cross elasticity of demand with product S |
|---|-----------------------------|---|
| A | negative                    | positive                                  |
| B | positive                    | negative                                  |
| C | negative                    | negative                                  |
| D | positive                    | positive                                  |