

9 In which row are both statements correct?

	consumer surplus	producer surplus
<b>A</b>	the value that consumers gain from consuming a good over and above the value that would have been gained from consuming the next best alternative	the difference between the actual revenue received by firms for a good and the profit maximising revenue
<b>B</b>	the value that consumers gain from consuming a good over and above the price paid	the difference between the price received by firms for a good or service and the price at which they would have been prepared to supply that good
<b>C</b>	the value that consumers gain from consuming a good over and above the price paid	the difference between the actual revenue received by firms for a good and the profit maximising revenue
<b>D</b>	the value that consumers gain from consuming a good over and above the value that would have been gained from consuming the next best alternative	the difference between the price received by firms for a good and the price at which they would have been prepared to supply that good

10 A firm calculates that the income elasticity of demand for its product is  $-3.0$ .

What can be deduced from this information?

- A** In a period of economic growth, its total revenue should increase.
- B** In a period of economic recession, its total revenue should increase.
- C** It has few substitutes so it should increase its price to increase total revenue.
- D** It has many substitutes so it should decrease price to increase total revenue.