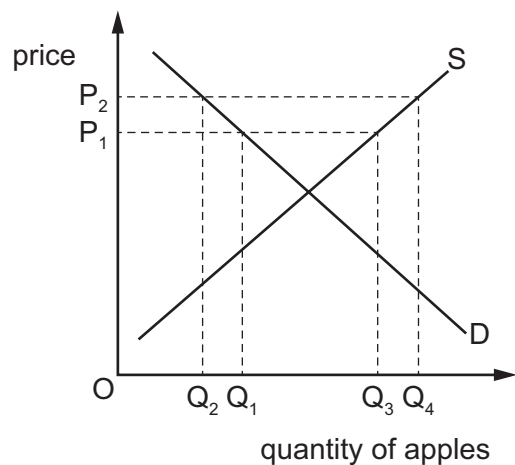


17 The diagram shows a firm’s supply of and demand for apples.



If a minimum price is increased from  $P_1$  to  $P_2$  what will happen to the amount of apples sold?

- A It will decrease from  $Q_1$  to  $Q_2$ .
- B It will decrease from  $Q_4Q_1$  to  $Q_2Q_3$ .
- C It will increase from  $Q_3$  to  $Q_4$ .
- D It will increase from  $Q_3Q_2$  to  $Q_4Q_1$ .

18 In an attempt to reduce crime, a government introduces a subsidy on the production of burglar alarms, but sales rise very little.

Which possible characteristics of the good would lead to this outcome?

	price elasticity of demand	price elasticity of supply
A	high	high
B	high	low
C	low	high
D	low	low

19 Compared with Pakistan, Germany has a higher output of pharmaceuticals per unit of resources used.

What could explain this?

- A the existence of floating exchange rates
- B the law of absolute advantage
- C the Marshall–Lerner condition
- D the terms of trade