6 The price elasticity of demand for a firm's product is equal to one for all price changes.

What would be the result of this?

- **A** A percentage increase in price will cause demand to fall by a larger percentage.
- **B** A percentage increase in price will cause demand to increase by the same percentage.
- **C** Quantity demanded will always be the same whatever the price.
- **D** The firm's revenue will always be the same whatever the price.
- 7 What leads to a downward shift of a normal supply curve?
 - **A** a rise in the cost of transporting goods
 - **B** a rise in the productivity of the labour force
 - **C** a rise in the rate of sales tax on the good
 - **D** a rise in the wage rate paid to workers
- **8** A market is in equilibrium with 100 units of the product sold at a price of US\$10 each. The price elasticity of supply for the product is +2.0 and the price elasticity of demand is -1.0.

What will be the state of the market if a minimum price of US\$11 is imposed?

- A an excess demand of 10 units
- **B** an excess demand of 30 units
- **C** an excess supply of 20 units
- **D** an excess supply of 30 units