

- 6 When the supply of a good decreases, equilibrium price stays the same.

What is the price elasticity of demand of the good?

- A -1
- B zero
- C +1
- D infinite

- 7 What can be measured by cross-elasticity of demand?

- A a change in real income as a result of a change in the price of consumer goods
- B a change in the demand for a good in response to a change in the price of a complement
- C a change in the price of a good in response to a change in the demand for a substitute
- D a change in the price of a good when the demand for it changes

- 8 The table shows the maximum price a consumer would be willing to pay for successive cans of fruit juice.

cans	first	second	third	fourth	fifth
price (\$)	14	10	6	4	3

The price of a can of fruit juice is \$4 and, having bought three cans, the consumer decides to buy a fourth.

How does buying the fourth can affect his consumer surplus?

- A It leaves it unchanged.
- B It lowers it by \$2.
- C It raises it by \$4.
- D It raises it by \$34.