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