

- 5 What will encourage a higher degree of division of labour?
 - A firms wishing for a greater level of self-sufficiency
 - B firms wishing to increase their flexibility in production
 - C firms wishing to raise their level of productivity
 - D firms wishing to reduce their level of risk
- 6 Which business is likely to be the slowest to alter its output in response to a sustained increase in demand for its product?
 - A a fast-food restaurant
 - B a household cleaning service
 - C a newspaper printer
 - D an oil exploration company
- 7 A company uses large amounts of gas to produce steel. Supplies of gas are reduced at the same time as the market for steel is hit by a recession.

What can be said about the likely changes in the market for steel?

	equilibrium price	equilibrium quantity
A	falls	uncertain
B	rises	uncertain
C	uncertain	falls
D	uncertain	rises

- 8** A firm is charging a price of \$12 for its product and using 80% of its production capacity of 10 000 units per month.

Assuming the product has unitary price elastic demand, which price should the firm charge to utilise its full capacity?

- A** \$9.00 **B** \$9.60 **C** \$10.00 **D** \$10.60