

Microeconomics

Supply/Demand Exercises 3

The market for hotel rooms

1. Are the price elasticities of demand and supply for hotel rooms likely to be elastic or inelastic?
2. What will be the effect on revenue of an increase in V.A.T.?
3. What will be the effect on revenue of a Tourism Ireland promotion?
4. What would be the effect of a petrol subsidy for foreign visitors?
5. What would be the effect of a reduction in P.R.S.I.?
6. What would be the effect of an increase in V.A.T. and a Tourism Ireland promotion?