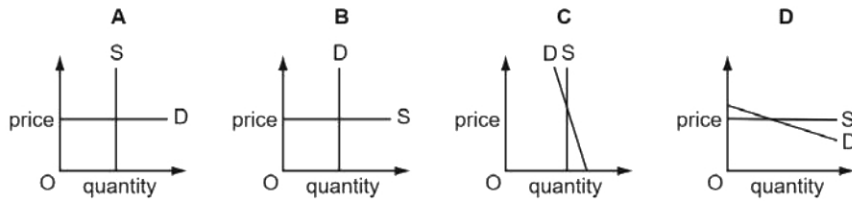


PRICE ELASTICITY OF DEMAND

<p>A bus company knows that demand for travel before 09 00 hours is inelastic and that after 09 00 hours it is elastic.</p> <p>How is the company certain to increase total revenue?</p> <p>A by increasing all fares</p> <p>B by increasing fares before 09 00 hours</p> <p>C by reducing all fares</p> <p>D by reducing fares before 09 00 hours</p>	B
<p>Which of the following is true for any inelastic demand curve?</p> <p>A A price cut causes a fall in expenditure.</p> <p>B A price rise has no effect on demand.</p> <p>C A price rise has no effect on total profit.</p> <p>D The percentage change in demand is greater than the percentage change in price.</p>	A
<p>The demand for a product is known to be price-elastic.</p> <p>Which fall in quantity demanded could follow a 10% price rise?</p> <p>A 0% B 5% C 10% D 15%</p>	D
<p>Demand for Japanese video-recorders on sale in Germany is price-elastic.</p> <p>Which statement will therefore be true?</p> <p>A A tariff will keep all the Japanese video-recorders out of Germany.</p> <p>B German manufacturers cannot compete in the video-recorder market.</p> <p>C Japanese manufacturers' profits will decrease if the price is reduced.</p> <p>D Japanese manufacturers' revenue from sales will increase if the price is reduced.</p>	D
<p>The demand for cocoa beans is price-inelastic.</p> <p>What is most likely to increase as a result of a decrease in demand for cocoa beans?</p> <p>A income of cocoa bean producers</p> <p>B price of cocoa bean products</p> <p>C production of cocoa beans</p> <p>D unemployment among cocoa bean farmers</p>	D

There are a fixed number of seats at a concert. Most of the audience would continue to attend even if the seat prices were increased.

Which diagram represents this situation?



C

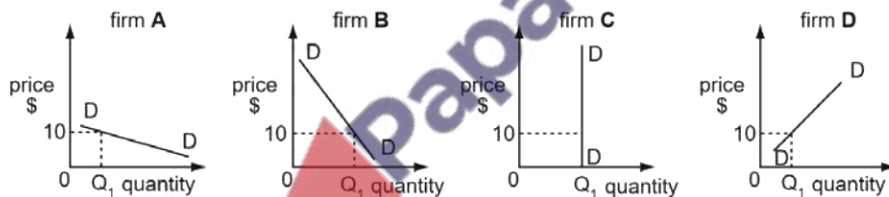
If 'Sunshine Oranges' were successfully advertised with the statement 'They help you live longer', which would be likely to occur?

	price elasticity of demand	total revenue
A	fall	fall
B	fall	rise
C	rise	fall
D	rise	rise

B

The graphs, drawn to the same scale, show the demand curves of four firms. The market price is \$10. The price then falls to \$8.

Which firm will have the largest increase in total revenue?



A