7 The price elasticity of demand (PED) of a good is –1.

What will happen to both demand and total revenue as price increases?

A demand will fall and total revenue will not change

B demand will fall and total revenue will rise

C demand will rise and total revenue will not change

D demand will rise and total revenue will rise

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7 The table shows the quantity demanded at different prices.

price $	quantity demanded
6	3
5	4
4	5
3	7
2	9

For which fall in price is the demand price-inelastic?

A from \$6 to \$5

B from \$5 to \$4

C from \$4 to \$3

D from \$3 to \$2

IGCSE Economics: **s25 13**

7 A German car producer estimates the price elasticity of demand (PED) for its cars is –2.0.

What can be concluded from this information?

A its cars are price elastic

B its cars are price inelastic

C its cars are unitary elastic

D its cars take time to produce

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7 The price elasticity of demand for smartphones is believed to be –2.0. A manufacturer decides to cut prices by 10%.

What will be the effect of this change in price?

A demand will fall by 20%

B demand will rise by 5%

C quantity supplied will remain unchanged

D revenue will increase

28 The US puts a 25% tariff on Chinese steel to protect jobs in the US steel industry.

Under which condition would this policy be most effective?

A The price elasticity of demand for Chinese steel is –2.5.

B The price elasticity of demand for Chinese steel is –0.5.

C The price elasticity of supply for Chinese steel is 2.5.

D The price elasticity of supply for Chinese steel is zero.

IGCSE Economics: **w24 12**

8 When the price of shirts rises from \$8 to \$10, the demand for shirts falls from 1000 to 500.

What is the value of the price elasticity of demand for shirts?

A greater than 1

B unitary

C less than 1

D zero

5 The table shows the amounts demanded and supplied of tomatoes at different prices. The initial equilibrium is at a price of $40.

price ($)	demand (kg)	supply (kg)
10	20	2
20	16	5
30	12	8
40	10	10
50	8	12

The following year, more efficient harvesting means that the supply increases by 50% at each price.

What will happen to the suppliers' total revenue?

A It will fall by $10.

B It will fall by $40.

C It will rise by $10.

D It will rise by $200.

7 A firm changes the price of its product and finds that its revenue increases.

Which combination of price change and price elasticity of demand would have caused this?

	price	price elasticity of demand
A	falls	between 0 and 1
B	falls	equal to 1
C	rises	between 0 and 1
D	rises	greater than 1