1. The law of demand says that, other things equal, as price rises quantity demanded:

   ☐ rises

   ☐ falls

   ☐ becomes zero

   ☐ stays the same

2. The supply curve slopes upward because, as price rises, firms:

   ☐ supply less

   ☐ leave the market

   ☐ lower their prices

   ☐ are willing to supply more

3. In the short run after 1973, petrol demand was price-inelastic.

   ☐ True ☐ False

4. What did Engel find about food spending?

   ☐ Everyone spends half on food

   ☐ Poorer families spend a larger share of income on food

   ☐ Richer families spend a larger share on food

   ☐ Food spending does not change with income

5. Mask supply became more elastic as firms converted production lines over several weeks.

   ☐ True ☐ False

6. Market equilibrium occurs where:

   ☐ price falls to zero

   ☐ quantity demanded is at its highest

   ☐ quantity demanded equals quantity supplied

   ☐ quantity supplied is at its highest

7. Consumer surplus is the difference between:

   ☐ what buyers are willing to pay and what they actually pay

   ☐ the price and the cost of production

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   ☐ a firm's revenue and its profit

8. A change in the good's own price shifts the whole demand curve.

   ☐ True ☐ False

9. A government subsidy shifts the supply curve to the right.

   ☐ True ☐ False

10. Price rises by 10% and quantity demanded falls by 25%. What is PED?

    _____

1. **falls**

   Higher price → lower quantity demanded; the demand curve slopes downward.

2. **are willing to supply more**

   Higher prices reward production, so quantity supplied rises – an upward curve.

3. **True**

   Drivers still needed fuel.

4. **Poorer families spend a larger share of income on food**

   Engel's law.

5. **True**

   Time increases PES.

6. **quantity demanded equals quantity supplied**

   At equilibrium the curves cross: Qd = Qs and the market clears.

7. **what buyers are willing to pay and what they actually pay**

   It is the value buyers get above the price – the area below demand and above price.

8. **False**

   False. A change in the good's own price causes a movement along the demand curve. The curve shifts only when another factor changes, such as income, tastes or the price of a related good.

9. **True**

   A subsidy lowers effective costs, so firms supply more at each price.

10. **-2.5**

    $-25 \div 10$.

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