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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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.

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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