

2.6 Price Changes

Question Paper

| | |
|------------|--------------------------------|
| Course | CIEIGCSE Economics |
| Section | 2. The Allocation of Resources |
| Topic | 2.6 Price Changes |
| Difficulty | Medium |

Time allowed: 10
Score: /6
Percentage: /100

Question 1

In 2018 the UK government introduced a tax on the production of sugary drinks.

How would this affect the market for sugary drinks as shown on a demand and supply diagram?

| | demand curve for sugary drinks | supply curve of sugary drinks |
|----------|-----------------------------------|----------------------------------|
| A | contraction in demand | shift to the left |
| B | extension in demand | shift to the right |
| C | shift to the left | contraction in supply |
| D | shift to the right | extension in supply |

[1 mark]

Question 2

The table shows the quantity demanded and supplied for a commodity at different prices.

| price (\$) | quantity demanded | quantity supplied |
|---------------|----------------------|----------------------|
| 10 | 100 | 800 |
| 9 | 210 | 700 |
| 8 | 400 | 600 |
| 7 | 500 | 500 |
| 6 | 600 | 400 |

What would happen to the equilibrium price if the quantity supplied increased by 200 units at each price?

- A. It would decrease by \$1.
- B. It would decrease by \$2.
- C. It would increase by \$1.
- D. It would increase by \$2.

[1 mark]

Question 3

A large amount of the agricultural products in a country were damaged by floods.

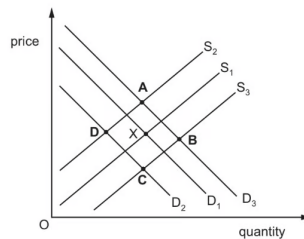
What is likely to have happened to the price of agricultural products and the volume of imports of agricultural products?

| | price of products | volume of imports |
|----------|-------------------|-------------------|
| A | fall | fall |
| B | fall | rise |
| C | rise | fall |
| D | rise | rise |

[1 mark]

Question 4

The diagram shows the global market for copper with an equilibrium point of X.

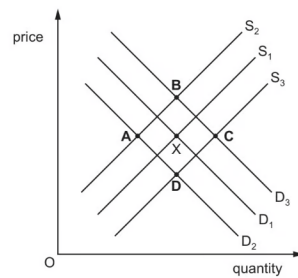


Which point represents the new equilibrium after the copper producers' costs increase and there is rapid global economic growth?

[1 mark]

Question 5

The diagram shows the market for a firm making clothing with an initial equilibrium of X.



What will be the new equilibrium if there is a successful advertising campaign by a rival firm and an increase in workers' wages?

[1 mark]

Question 6

In 2015, the world price of oil fell rapidly due to changes in the conditions of demand and supply. One change was the use of a new method of extraction called fracking.

Which event would **not** have contributed to the fall in prices?

- A. China's growth slowed leading to lower oil imports.
- B. Saudi Arabia increased the volume of its oil supplies.
- C. UK protest groups prevented the introduction of fracking projects.
- D. USA became more self-sufficient in oil due to fracking and reduced imports.

[1 mark]