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1. no close

2. control of

3. natural

4. The market

5. higher

6. restricting output below

7. can

8. is not

9. a large number of firms

10. are not

11. lack of concern

12. significant

13. may be higher

14. monopolistic competition

15. a few.

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1. (b) very inelastic

2. (c) inelastic

3. (b) increases the price elasticity of demand

4. (d) increase

Problem 1: Price elasticity of demand :-3
Effect of a 10% price cut

1. quantity change: quantity sold will increase by 30%

2. Revenue effect: with elastic demand (|E|>1), a price cut raises total revenue

'Revenue will increase'

Problem 2:

Price elasticity of demand = -0.5 Goal:
increase consumption by 15%

1. Required price change;

Price must fall by 30%.

2. Ependiture effect

With inelastic demand (|E| < 1), a price cut lowers
total expenditure

Expenditure on Brussels sprouts will decrease.