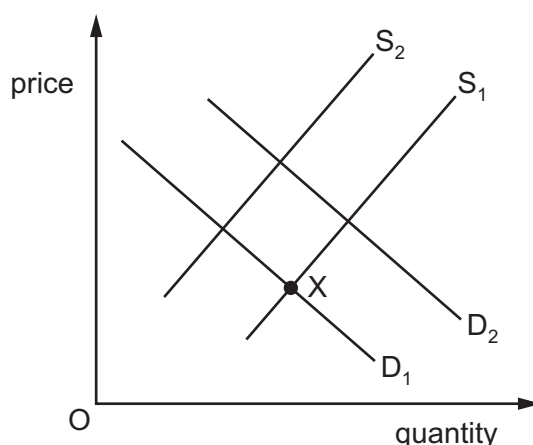


- 8  $D_1$  and  $S_1$  are the initial demand and supply curves in the market for new cars with an equilibrium at X.



What will cause the demand curve to shift to  $D_2$  and the supply curve to shift to  $S_2$ ?

- A** a decrease in real incomes and a rise in the costs of new car production  
**B** a decrease in the price of petrol and a subsidy on new car production  
**C** an increase in the availability of loans for new car purchases and a specific tax on new cars  
**D** an increase in the price of train travel and an increase in the number of car producers
- 9 A good has a unitary price elasticity of demand and at a price of \$20 a firm sells 40 000 units.

How many units will the firm sell if it charges a price of \$5?

- A** 10 000      **B** 100 000      **C** 160 000      **D** 200 000

- 10 A bus journey is considered an inferior good in a relatively rich country such as Singapore but a normal good in a relatively poor country such as Tanzania.

In which direction would an increase in incomes in both countries cause the demand curve for bus journeys in Singapore and Tanzania to shift?

	Singapore	Tanzania
<b>A</b>	left	left
<b>B</b>	left	right
<b>C</b>	right	left
<b>D</b>	right	right

- 11 The quantity of a good supplied by a firm is  $Q$ . Each of these goods sells for a price of  $P$ . The area under the supply curve for  $Q$  goods is equal to  $C$ .

What is the producer surplus of the firm?

- A**  $P - C$       **B**  $P \times Q$       **C**  $(P \times Q) - C$       **D**  $(P - C) \times Q$