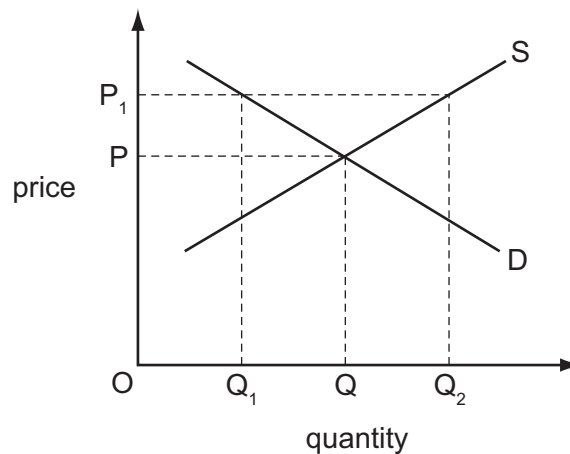


- 9 The table gives estimates of the price elasticities and cross elasticities of demand for bus and rail travel.

service	elasticity with respect to the price of:	
	bus travel	rail travel
bus travel	-0.37	+0.13
rail travel	+0.16	-0.43

What would be the change in the volume of rail travel resulting from a 1 % increase in bus fares?

- A an increase of 0.16 %
 - B an increase of 0.43 %
 - C a reduction of 0.13 %
 - D a reduction of 0.37 %
- 10 The diagram shows the demand and supply curves for a good.



The government fixed a maximum price of OP_1 .

What would this have achieved?

- A the guarantee of supplies of OQ_2
- B the market equilibrium of quantity OQ
- C the need for a government subsidy of PP_1
- D the rationing of the product for consumers to OQ_1