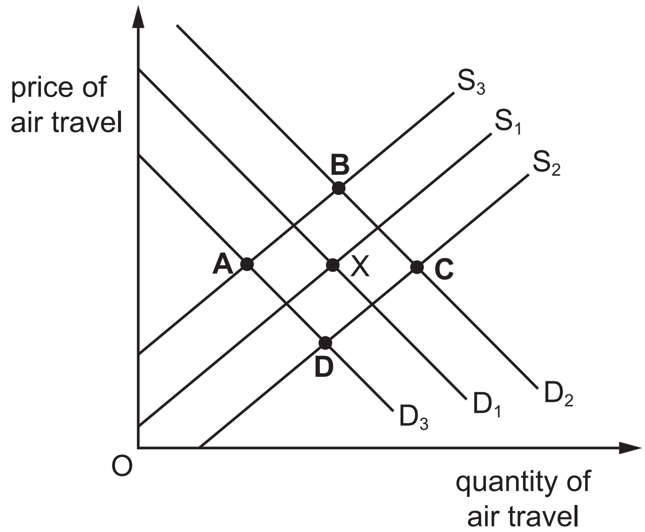
8 A government introduces a maximum price above the market price.

What will be the effect on consumer and producer surplus?

	consumer surplus	producer surplus
A	fall	rise
B	rise	fall
C	rise	unchanged
D	unchanged	unchanged

9 The diagram shows the market for air travel in Asia. The initial market equilibrium is at X.

What will be the new equilibrium if the price of aviation fuel rises and incomes are falling in Asia?



10 A government increased a specific tax on shoes. The resulting increase in the price of shoes was paid mainly by the consumer and not by the producer.

What must be true for this to happen?

A The price elasticity of demand was less than the price elasticity of supply.

B The price elasticity of demand was unitary.

C The price elasticity of supply was less than one.

D The price elasticity of supply was inelastic while the price elasticity of demand was elastic.