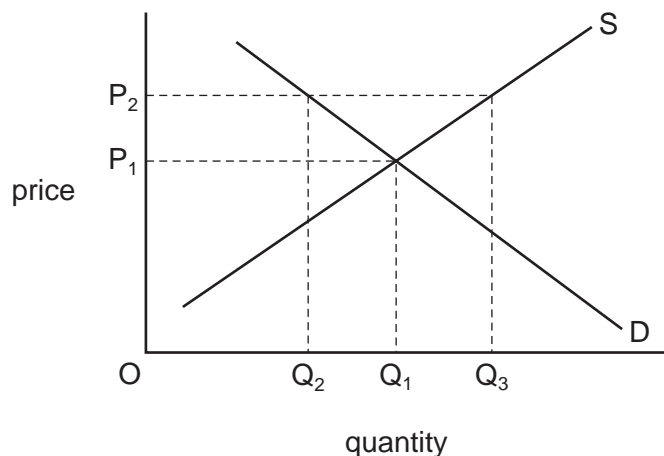


- 7 The table gives information about the market for two models of car.

model	number of cars sold per week	cross elasticity of demand with respect to the price of petrol
1200 cc	10 000	-0.25
2000 cc	5 000	-0.50

If the prices of the cars remain unchanged, but the price of petrol increases by 100 %, what will be the effect on the number of cars sold per week?

- A** increase by 5000
- B** no change
- C** decrease by 5000
- D** decrease by 15 000
- 8 In 2008 a disease killed a significant number of sheep used to produce wool.
- How would the short-run effect be shown on a demand and supply diagram for wool?
- A** a movement down the existing supply curve
- B** a movement up the existing supply curve
- C** a shift to the left of the supply curve
- D** a shift to the right of the supply curve
- 9 The government imposes a maximum price of  $P_2$  on a product.



What will be the position after this action?

- A** an equilibrium with price  $P_1$  and quantity  $Q_1$
- B** an equilibrium with price  $P_2$  and a quantity between  $Q_2$  and  $Q_3$
- C** an oversupply in the market by  $Q_2Q_3$
- D** a shortage in the market of  $Q_2Q_3$