

- 7 The table shows the price elasticity of demand for four goods and services.

	price elasticity
motor cycles	1.6
telephone calls	1.0
football tickets	0.3
light bulbs	0.0

If the price of each item increased by 1 %, for which items would the total expenditure increase?

- A** football tickets only
- B** football tickets and light bulbs
- C** motor cycles and telephone calls
- D** motor cycles only
- 8 Two goods, X and Y, are complementary goods. Column 1 of the table below shows the original market situation at time period 1 and column 2 shows the situation following an increase in the price of good Y.

	1	2
price of good X	10	10
quantity demanded	50	40
price of good Y	20	30
quantity demanded	80	60

The value of cross elasticity of demand for good X with respect to the price of good Y lies between

- A** -1.7 and -2.6.
- B** -0.8 and -1.3.
- C** -0.3 and -0.8.
- D** +0.3 and +0.6.