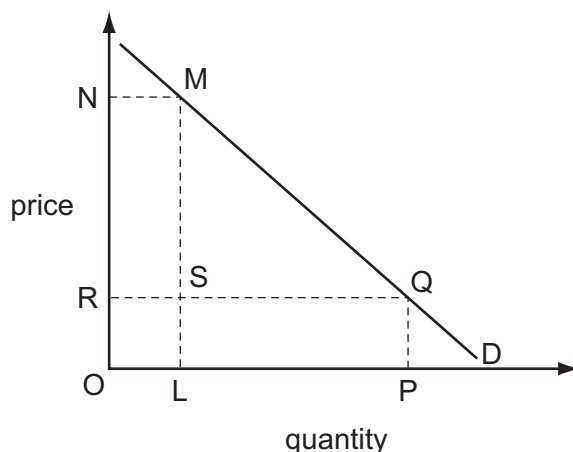


- 7 The diagram shows the demand curve for a product.



If the rectangle OLMN is equal in area to the rectangle OPQR, which statement is correct?

- A** A rise in price from OR to ON results in the same proportionate fall in quantity demanded.
  - B** Consumer surplus falls by RSMN if the price rises from OR to ON.
  - C** The price elasticity of demand is unitary for all changes in price.
  - D** Total revenue falls by MSQ if the price rises from OR to ON.
- 8 The price of good X rises by 10%. As a result, the demand for a substitute good Y rises by 20%.
- What is the cross-elasticity of demand for good Y with respect to good X?
- A** +2                      **B** +0.5                      **C** -0.5                      **D** -2
- 9 There are three firms (X, Y and Z) supplying a market. The table shows their supply at four different prices.

price (\$)	firm X's supply	firm Y's supply	firm Z's supply
10	50	40	10
20	60	60	20
30	85	80	35
40	120	100	55

Which price change is required for market supply to double?

- A** \$10 to \$20      **B** \$10 to \$30      **C** \$20 to \$30      **D** \$20 to \$40