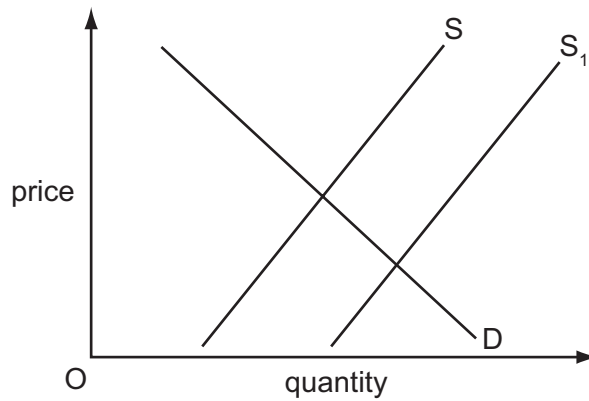


- 7 In the diagram D and S are the demand and supply curves of a good.



What could cause the supply curve to shift in the short run to S_1 ?

- A** a change in consumer preferences
 - B** a decrease in the price of a complementary good
 - C** a fall in the cost of raw materials
 - D** a government warning that consumption of the good can damage health
- 8 A refinery which processes oil into petrol (gas) is faced with the following conditions.
- 1 It is working at full capacity.
 - 2 Its petrol storage tanks are full.
 - 3 It has received delivery of a new fleet of petrol tankers to transport its petrol.
 - 4 It requires six months to train new workers to qualify in safety procedures.

Which of the conditions will tend to make the supply of petrol relatively price inelastic?

- A** 1 and 2 **B** 1 and 4 **C** 2 and 3 **D** 3 and 4