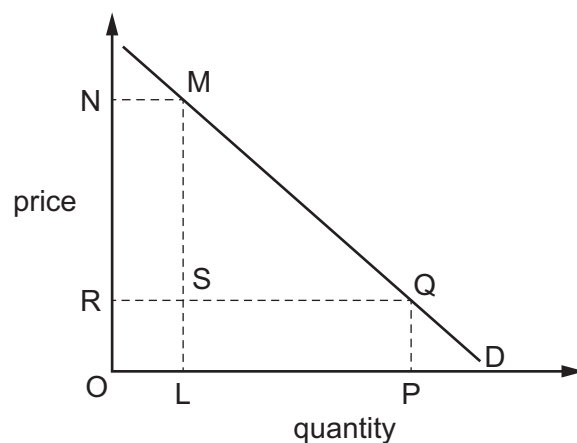


- 7 The diagram shows the demand curve for a product.



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 Which elasticity values indicate that cars are normal goods and that petrol is a complement to car use?

	income elasticity of demand (YED) for cars	cross elasticity demand of (XED) for petrol relative to changes in car prices
A	YED is negative	XED is negative
B	YED is negative	XED is positive
C	YED is positive	XED is negative
D	YED is positive	XED is positive