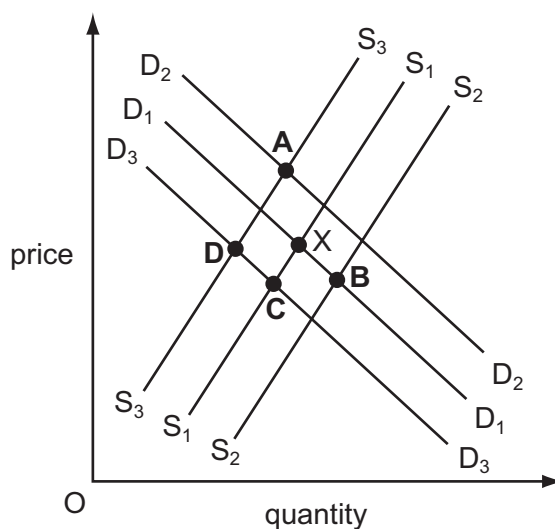


- 8 In the diagram below D_1 and S_1 represent the demand and supply curves of a Malaysian industry in its home market. Equilibrium is at X.

The industry has to pay a large wage increase and at the same time faces increased competition from imported substitutes.

Which point, **A**, **B**, **C**, or **D**, on the diagram could represent the new equilibrium?



- 9 In 2002 it was proposed that car owners should pay a charge to travel into the centre of London. Fares on public transport would also be reduced. It was hoped that more use would be made of public transport and that congestion would decrease.

What price elasticities of demand would be necessary for this policy to succeed?

	price elasticity of demand for travel by car	price elasticity of demand for travel by public transport
A	elastic	elastic
B	elastic	inelastic
C	inelastic	elastic
D	inelastic	inelastic