

- 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.