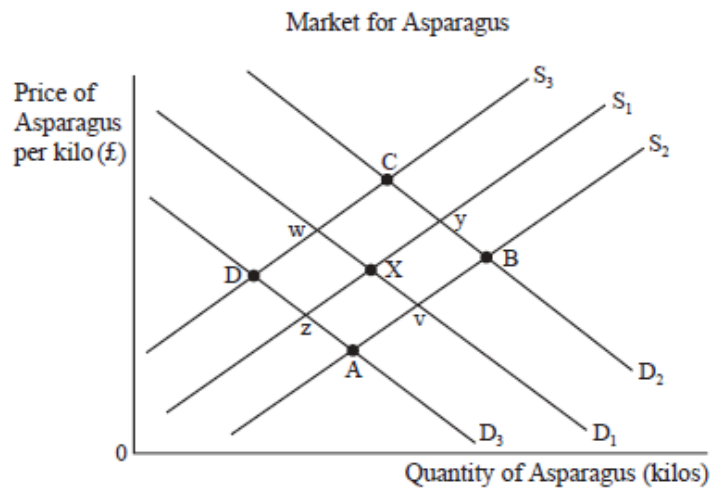


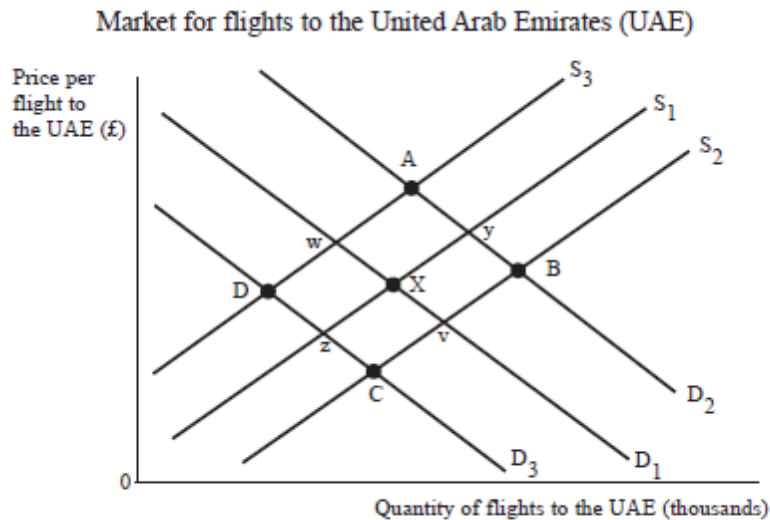
PROBLEM A



The diagram shows the market for asparagus. The initial equilibrium position is indicated by point X.

Following a successful advertising campaign for asparagus and a sustained period of rain which damaged the asparagus crop, what would be the new equilibrium point (A, B, C or D)? Explain your answer.

PROBLEM B



The diagram shows the demand for and supply of flights to the United Arab Emirates (UAE) from the UK.

The government raises taxes on flights out of the United Kingdom, whilst a recession affects the demand for business and tourist flights. (Both business and tourist travel are assumed to be normal goods)

If the initial equilibrium point is X, which of the following points, A, B, C, D shows the likely new equilibrium point for the flights? Explain your answer.