

Think about two products, “safe cars” (a heavy car such as a BMW 530xi with infrared night vision, four-wheel antilock brakes, and electronic stability control) and “dangerous cars” (a lightweight car).

- a. Are these two products substitutes or complements?
- b. If new research makes it easier to produce safe cars, what happens to the supply of safe cars? What will happen to the equilibrium price of safe cars?
- c. Now that the price of safe cars has changed, how does this impact the demand for dangerous cars?
- d. Now let’s tie all these links into one simple sentence:  
“In a free market, as engineers and scientists discover new ways to make cars safer, the number of dangerous cars sold will tend to \_\_\_\_\_.”