2 A country with a market economy changes to a mixed economy.

When is this change likely to achieve the largest improvement in resource allocation?

	number of demerit goods in the country	Gini coefficient value for the country
A	many	0.4
B	many	0.7
C	few	0.4
D	few	0.7

9 What is a major function of the price mechanism?

A providing incentives for government intervention to reduce income inequality

B removing shortages by creating incentives for market prices to fall

C removing surpluses by creating incentives for market prices to rise

D signalling changes in market conditions to producers and consumers