14 Why might a government introduce a minimum price for a product?

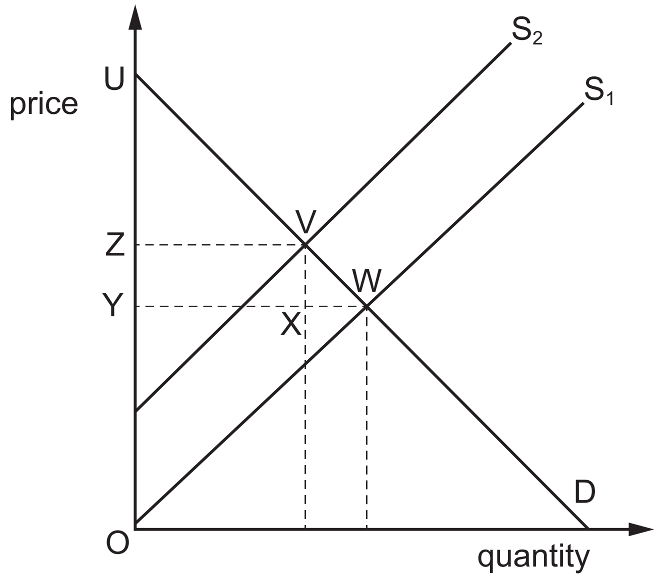
A to benefit poorer consumers

B to encourage consumption of a merit good

C to encourage production of a public good

D to support the incomes of producers

15 An indirect tax is imposed on a product.



What is the change in consumer surplus?

A UWY **B** UVZ **C** ZVWY **D** ZVXY

A-Level Economics: **w25 12**

14 The income Gini coefficient of a country changes from 0.29 to 0.33 over time.

What might explain this change?

A an increase in food and energy subsidies

B an increase in structural unemployment

C an increase in the national minimum wage

D an increase in the top rate of income tax

24 What is the most likely reason for a government to introduce a progressive tax?

A to discourage the consumption of a particular good

B to distribute disposable income more evenly

C to increase the disposable income of households

D to reduce demand for healthcare services

4 Which change in the way resources are allocated in an economy is consistent with moving from a planned economy to a market economy?

A A minimum price guarantee for apple producers is removed.

B A new government authority is established to monitor inefficiencies in apple production.

C The production of apples is subsidised to increase output.

D The sale of apples has a maximum price imposed.

12 The market for good X is in equilibrium when its price is $10. The government decides to set a maximum price for good X.

Which maximum price will cause the largest change in consumer surplus?

	maximum price for good X ($)
A	9
B	10
C	11
D	12

A-Level Economics: **w25 14**

12 A government imposes a specific indirect tax on a product that has an inelastic demand curve.

What is the incidence of tax in this case?

A The tax falls entirely on the consumer.

B The tax falls entirely on the producer.

C The tax falls to a greater extent on the consumer than on the producer.

D The tax falls to a smaller extent on the consumer than on the producer.

A-Level Economics: **w25 24**

2 **(a)** Explain what is meant by the incidence of an indirect tax **and** consider the extent to which it is possible for the incidence to pass from a producer of a good to a consumer of that good. [8]

(b) Assess the extent to which a government should subsidise the production of merit goods to increase the consumption of these goods. [12]

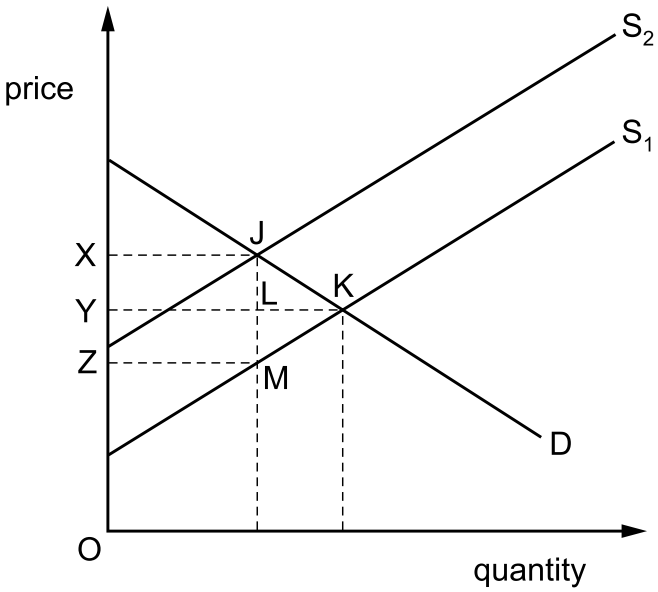
OR

13 A ……1…… price set below the market equilibrium will cause a ……2…… of the product, and a ……3…… price set above the market equilibrium will cause a ……4…… of the product.

Which words complete gaps 1, 2, 3 and 4?

	1	2	3	4
A	maximum	shortage	minimum	surplus
B	maximum	surplus	minimum	shortage
C	minimum	shortage	maximum	surplus
D	minimum	surplus	maximum	shortage

14 The diagram illustrates the effects of placing a specific indirect tax equal to JM on a good.



Which area represents total tax receipts?

A JKM **B** XJKY **C** XJLY **D** XJMZ