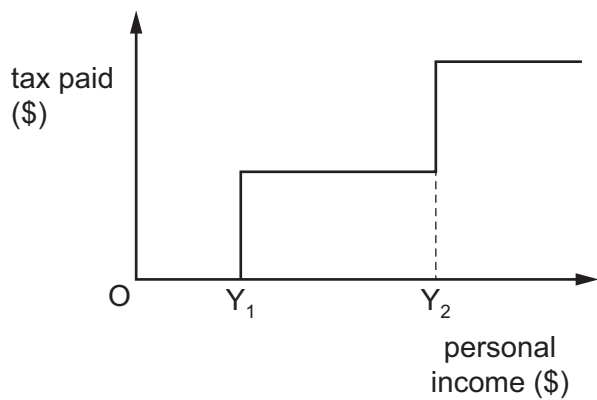


12 The diagram shows the income tax system adopted by a country.



What are the average and marginal rates of tax as incomes rise from Y_1 towards Y_2 ?

	average rate of tax	marginal rate of tax
A	constant	constant
B	constant	decreasing
C	decreasing	constant
D	decreasing	decreasing

13 What is **most** likely to decrease if the government pays a subsidy to the producers of a product?

- A government spending
- B output of the product
- C price of the product
- D rates of taxation

14 The government introduces a new transfer payment, to help people on low incomes afford housing.

What will be the effects of this in the housing market?

	effect on the demand curve	effect on the supply curve
A	a movement along demand	a movement along supply
B	a movement along demand	a shift in supply
C	a shift in demand	a shift in supply
D	a shift in demand	a movement along supply