

- 15 The table shows four categories of government expenditure over two time periods.

category	period 1 (\$000)	period 2 (\$000)
building of new roads	200	350
welfare benefits	600	450
pay of armed forces	500	550
state pensions	1100	1350

By how much had transfer payments changed between periods 1 and 2?

- A 0                      B +100                      C +150                      D +300
- 16 Which type of tax used in different countries is a direct tax?
- A corporation tax in India that is imposed on the profits of companies
- B import duties in Brazil that are imposed on imported goods
- C specific tax in South Africa imposed on the purchase of cigarettes
- D stamp duty in Malaysia that is the tax on the purchase of a residential property
- 17 A government imposes a maximum price on medical face masks, below the market equilibrium.
- What is the most likely effect of this?
- A Some consumers will be unable to buy face masks at the maximum price.
- B Firms will produce more masks to meet the excess demand at the maximum price.
- C Poorer consumers will be able to obtain all the masks they need at the maximum price.
- D The market will clear at the maximum price.
- 18 What is **not** a producer subsidy?
- A a grant given to cover losses in an essential industry, such as the rail industry
- B a guaranteed minimum price paid to farmers to ensure the long run supply of food
- C financial assistance given to a pharmaceutical company to develop a new vaccine
- D a payment made to the unemployed to allow them to buy essential goods and services