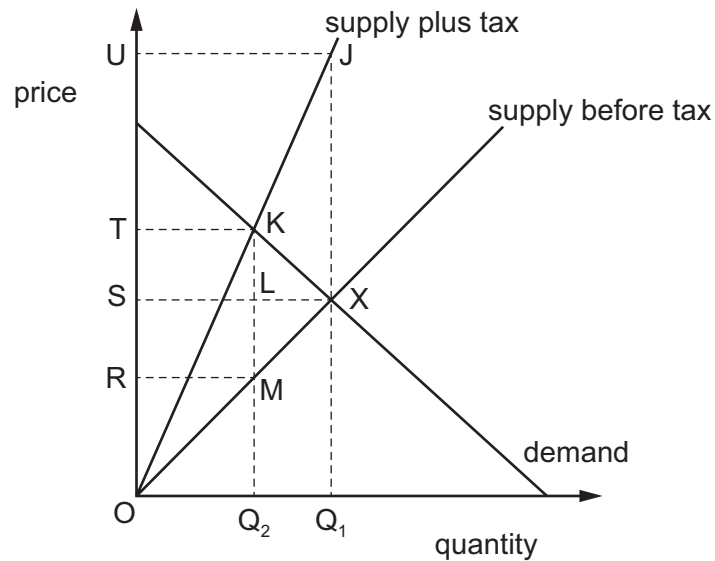


- 7 The market for mobile phones is initially in equilibrium at X. The government then imposes a sales tax.

What is the government's total tax revenue from this tax?



- A** JKX **B** TKLS **C** TKMR **D** UJXS
- 8 What is an example of the rationing function of the price mechanism?
- A** When the price of a product is falling, firms will allocate less resources to its production.
- B** When the price of a product is falling, the government can set an effective minimum price.
- C** When the price of a product is rising, firms will expand production of the product to make profits.
- D** When the price of a product is rising, some consumers will no longer be able to buy it.