

15 A government imposes a maximum rent in order to make rented housing more affordable.

What is likely to be a long-run consequence if the maximum is set below the current free market level?

- A** a shortage of applicants for rented housing
- B** a shortage of rented housing
- C** an increase in supply to satisfy the increased demand for rented housing
- D** an increase in the number of houses being rented

16 What would be categorised as direct government provision of goods and services?

- A** a government grant to a firm to provide healthcare services
- B** a government regulation on the amount of sugar in soft drinks
- C** a government subsidy to a firm that operates a regional train service
- D** a government takeover of a local bus service

17 Which type of tax is the 15% sales tax levied in South Africa?

- A** ad valorem direct
- B** ad valorem indirect
- C** specific direct
- D** specific indirect

18 What is an example of a transfer payment?

- A** a household moving savings from one bank account to another
- B** a monthly repayment on a loan used to buy a new cooker
- C** the amount paid to transport goods from one city to another
- D** the payment of student grants by the government

19 What will lead to an immediate improvement in the balance of payments deficit on current account?

- A** a fall in interest rates
- B** a reduction in dividend payments to foreign investors
- C** a reduction in the standard rate of income tax
- D** an increase in the level of government current expenditure