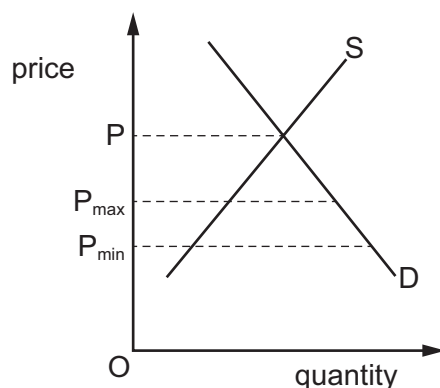


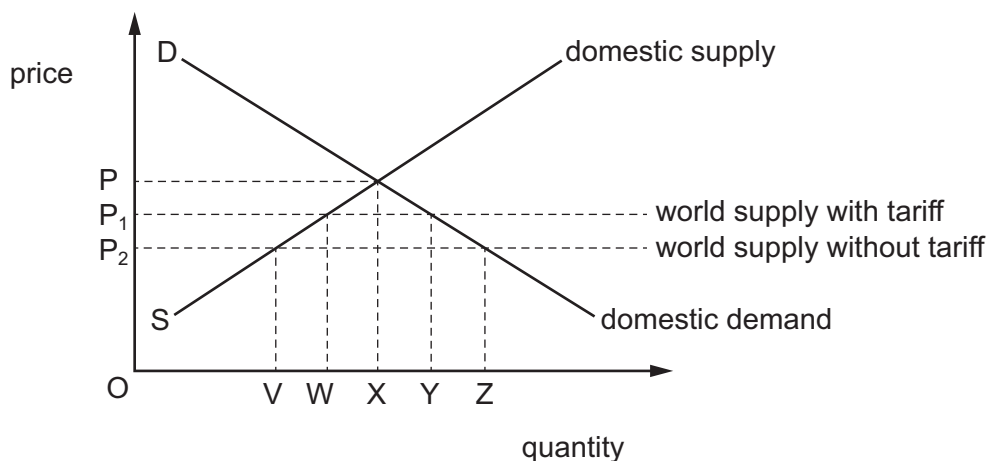
- 19 A government wishes to influence the price of a good. It introduces a maximum price, P_{\max} , and a minimum price, P_{\min} .

The diagram shows these prices relative to the current market price P .



What can be concluded from the diagram?

- A Both the maximum and the minimum price will be effective.
 - B Only the maximum price will be effective.
 - C Only the minimum price will be effective.
 - D The market price will continue to operate.
- 20 A government removes the tariff on a product, as shown.



What will be the change in domestic production?

- A a reduction of WV
- B a reduction of XV
- C a reduction of XW
- D a reduction of ZY