

14 A nationalised industry is privatised.

Assuming there is no change in the output of the industry in the short run, what are the direct effects of the change?

	size of public sector	proportion of industry output entering the market
A	decreases	increases
B	decreases	no change
C	no change	increases
D	no change	no change

15 What is a distinguishing feature of a progressive income tax?

- A** High earners pay a higher proportion of their income in tax than low earners.
- B** High earners pay a lower proportion of their income in tax than low earners.
- C** High earners pay the same proportion of their income in tax as low earners.
- D** Low earners pay more tax than high earners.

16 Why might a government nationalise a private firm?

- A** to gain greater efficiency due to more competition
- B** to increase merit good provision
- C** to increase choice for the consumer
- D** to raise more tax revenue