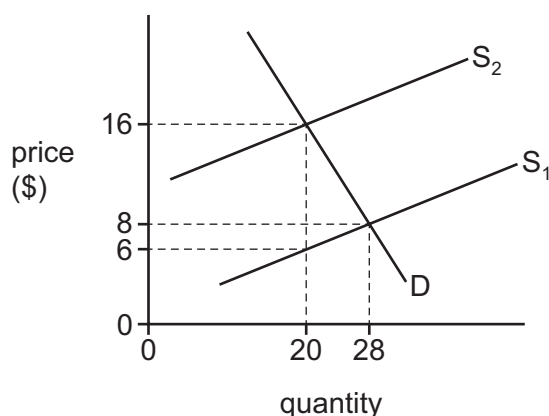


- 16 The diagram shows demand and supply curves for a good. S_1 is the original supply curve, S_2 is supply after a tax is added.



How much tax revenue is earned by the government?

- A** \$40 **B** \$160 **C** \$200 **D** \$320
- 17 What is a transfer payment?
- A** the advertising expenditure of a firm
 - B** the allowance given by a parent to their child while at school
 - C** the rent paid to a land owner by a tenant farmer
 - D** the wage paid to a worker in the government service
- 18 What best illustrates the process of privatisation?
- A** a single private shareholder acquires complete control of an organisation
 - B** the purchase of government bonds by private sector commercial organisations
 - C** the purchase of shares in a private company
 - D** the transfer of public sector assets to the private sector
- 19 What defines a progressive tax?
- A** Low-income earners pay the same proportion of income in taxes as high-income earners.
 - B** Low-income earners pay a lower proportion of income in taxes than high-income earners.
 - C** Low-income earners pay less in taxes than high-income earners.
 - D** Low-income earners pay more in taxes than high-income earners.