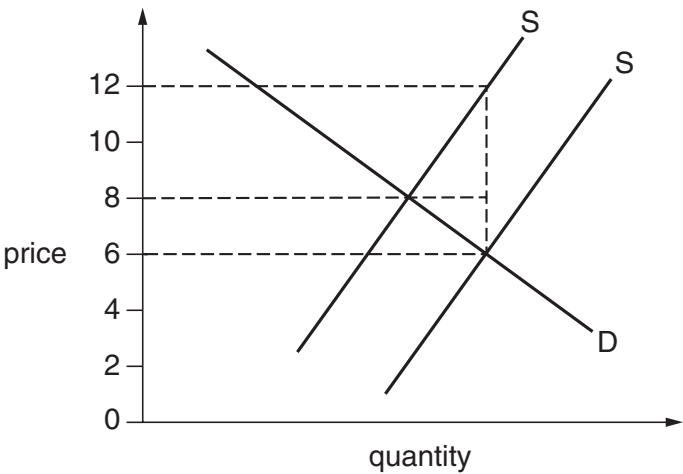


- 12 The diagram shows the demand and supply curves of a commodity before and after a specific tax is removed.



What was the tax per unit of output and what is the price after the removal of the tax?

	tax per unit (\$)	price after the removal of the tax (\$)
A	6	6
B	6	8
C	4	6
D	4	8

- 13 A manufacturer’s ability to increase his output in the short run will be greater
- A if labour is immobile.
  - B if the product is perishable.
  - C if there is spare capacity.
  - D if unemployment is low.
- 14 Jones’s well-being not only depends on the amounts of goods and services he himself consumes but is also directly affected by the amount of good X consumed by Smith. What does this illustrate?
- A an externality
  - B cross-elasticity of demand
  - C joint demand
  - D substitute goods