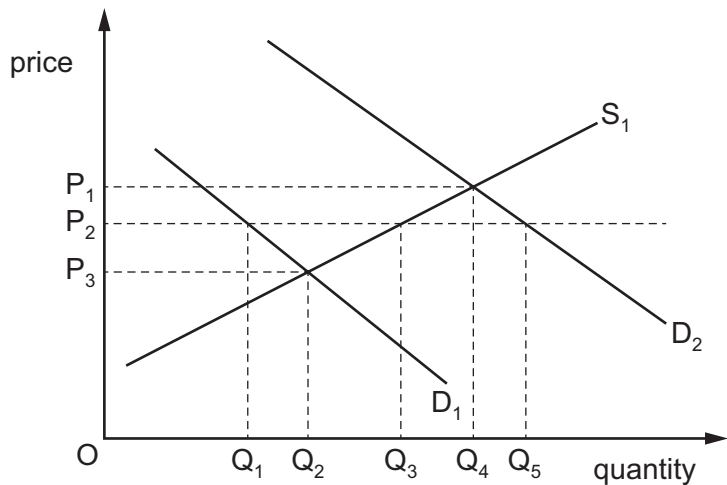


- 16 In year 1, in the market for a good represented in the diagram, the initial demand and supply conditions are shown by D_1 and S_1 , and the government has set a maximum price of OP_2 .



In year 2, demand increases to D_2 , but there are no other changes to the conditions of supply or to the maximum price.

Which row accurately shows the price and quantity in the market in each year?

	year 1		year 2	
	price	quantity	price	quantity
A	OP_2	OQ_1	OP_1	OQ_4
B	OP_2	OQ_3	OP_2	OQ_5
C	OP_3	OQ_2	OP_1	OQ_4
D	OP_3	OQ_2	OP_2	OQ_3

- 17 What is necessary for an action to be classed as a transfer payment?
- A** It must include a cash payment.
 - B** It must involve a banking transaction.
 - C** It must originate from government activity.
 - D** It must relate to a non-productive activity.