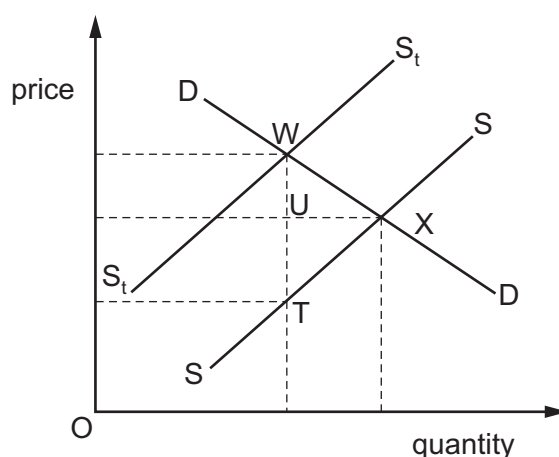


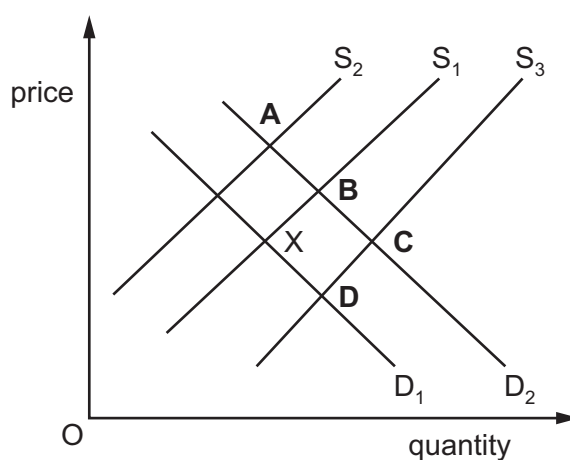
- 14 A specific tax is placed on the sale of bottles of lemonade. In the diagram, SS is the supply curve before imposition of the tax and  $S_t S_t$  is the supply curve after tax.



Which distance represents the specific tax on each bottle?

- A** UT                      **B** WT                      **C** WU                      **D** WX
- 15 A market is in equilibrium at point X. The government then subsidises both consumers and producers by direct payments.

What will be the new equilibrium position?



- 16 Which is a transfer payment?
- A** an annual allowance paid by an individual to a grandchild
- B** a one-off bonus paid to an employee for a special contribution to a firm's profits
- C** a payment made by a parent to a regular child-minder
- D** the monthly salary of an employee of a local authority