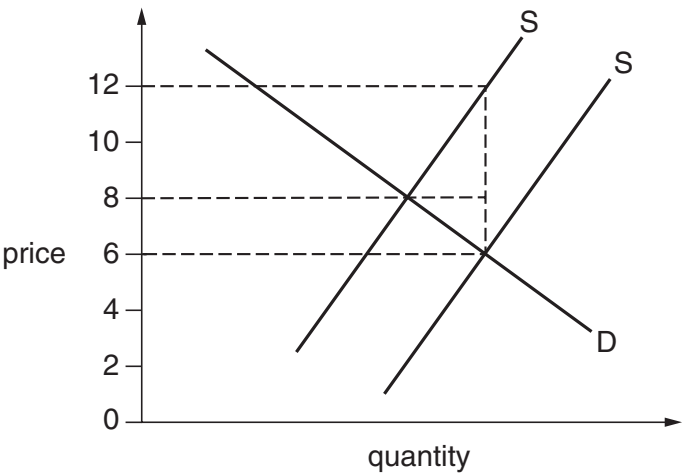


12 The diagram shows the demand and supply curves of a commodity before and after a specific tax is removed.



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