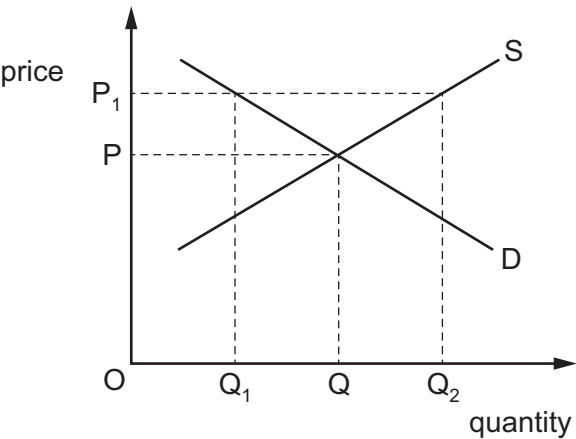


14 The diagram shows the demand and supply curves for a good.



The government fixes a maximum price of OP_1 .

What would happen?

- A Consumers would have to be rationed to quantity OQ_1 .
 - B The government would have to introduce a subsidy of PP_1 .
 - C The market equilibrium quantity OQ would be demanded and supplied.
 - D The supply of quantity OQ_2 would be guaranteed.
- 15 A government decreases the tax rate on goods and services and increases the tax rate on incomes.

What is the likely outcome on the distribution of income and the incentive to work?

	distribution of income	incentive to work
A	less equal	decreased
B	less equal	increased
C	more equal	decreased
D	more equal	increased