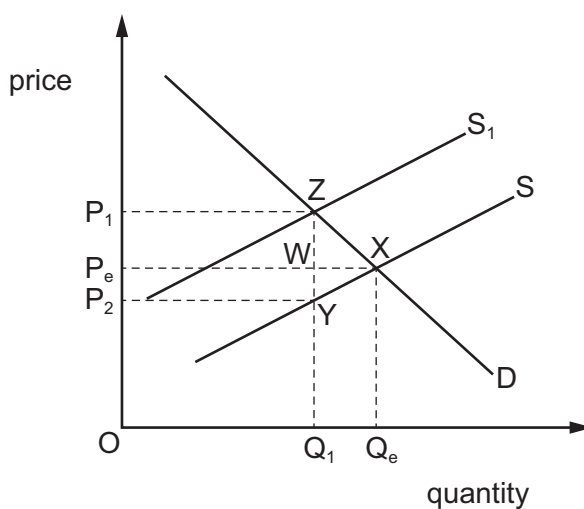


- 12 A government introduces an effective minimum price for a product but makes no other intervention in the market.

This policy suggests that the government's objective is

- A to discourage consumption of a demerit good.
- B to increase the consumption of a merit good.
- C to reduce the price of a private good.
- D to support the incomes of producers.

- 13 The diagram shows the effect of an indirect tax imposed on cigarettes. The market is initially in equilibrium at point X.



Which area represents the incidence of the tax on consumers?

- A  $P_1ZYP_2$
- B  $P_1ZWP_e$
- C  $P_eWYP_2$
- D  $P_eXZP_1$