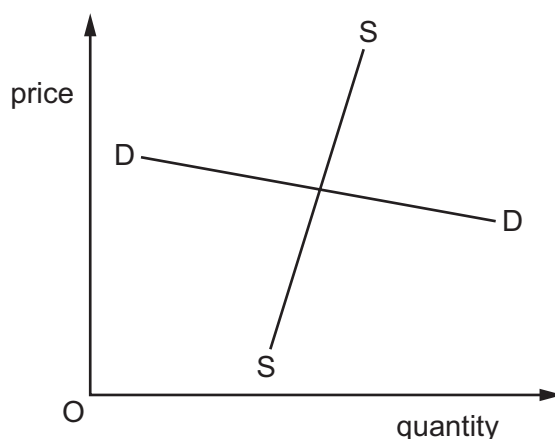


11 The demand for a good increases.

Under which circumstances will the quantity supplied of the good rise the most?

- A** It is an agricultural good that has an annual growing cycle and requires a cool climate.
- B** It is an agricultural good that is perishable and very expensive to store.
- C** It is a manufactured good that uses unskilled labour and there is unemployment in the economy.
- D** It is a manufactured good that uses capital-intensive production and it is currently at full capacity.

12 The diagram shows the demand curve and supply curve for a good on which the government imposes a specific tax.



What will be the result of this tax?

- A** Most of the incidence of the tax will fall on the producer.
- B** There will be a new demand curve parallel to DD.
- C** The price will rise by the full amount of the tax.
- D** The quantity bought will fall proportionately to the tax rate.