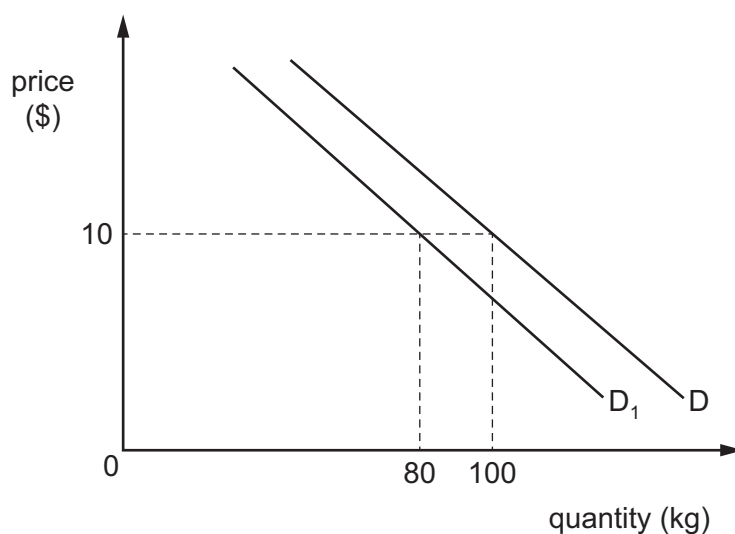


- 13 The diagram shows how a 10% increase in consumer incomes shifts the demand for good X from D to D_1 .



Which statement about good X is correct?

- A It is a normal good with income elastic demand.
 - B It is a normal good with income inelastic demand.
 - C It is an inferior good with income elastic demand.
 - D It is an inferior good with income inelastic demand.
- 14 What is an example of privatisation?
- A the sale on the market of a French state-owned power-generation company
 - B the sale of a privately-owned water company to a German firm
 - C the takeover of a French car manufacturer by the French government
 - D the purchase of a Swedish pharmaceutical producer by a larger American pharmaceutical producer
- 15 What did Adam Smith mean by 'economy' when describing his canons of taxation?
- A The cost of collecting the tax should be low.
 - B The tax should be easy to pay.
 - C The tax should have a neutral effect on the use of resources.
 - D The tax should have a positive effect on aggregate supply.