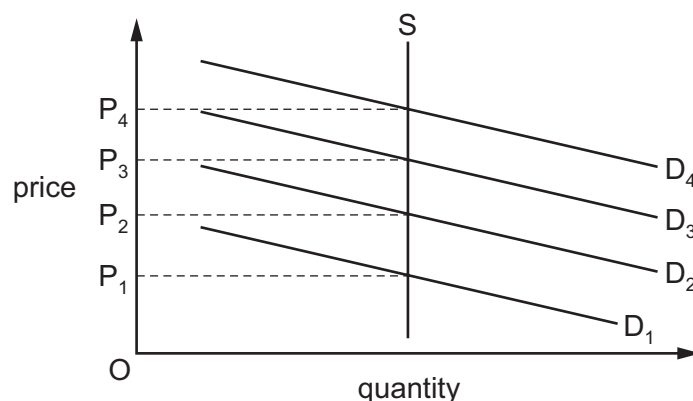


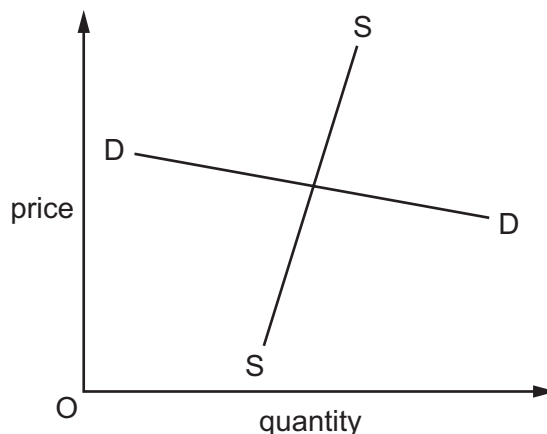
- 11 In the diagram, the supply curve shows the number of spaces in a car park and the demand curves show the demand for spaces on four different days ( $D_1$ ,  $D_2$ ,  $D_3$  and  $D_4$ ).



The owner wishes to charge a parking fee on each of these days to allocate the spaces according to the market mechanism.

Which pricing policy should the owner use?

- A set a fixed price at  $P_1$
  - B set a fixed price at  $P_4$
  - C vary prices between  $P_2$  and  $P_3$
  - D vary prices between  $P_1$  and  $P_4$
- 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.