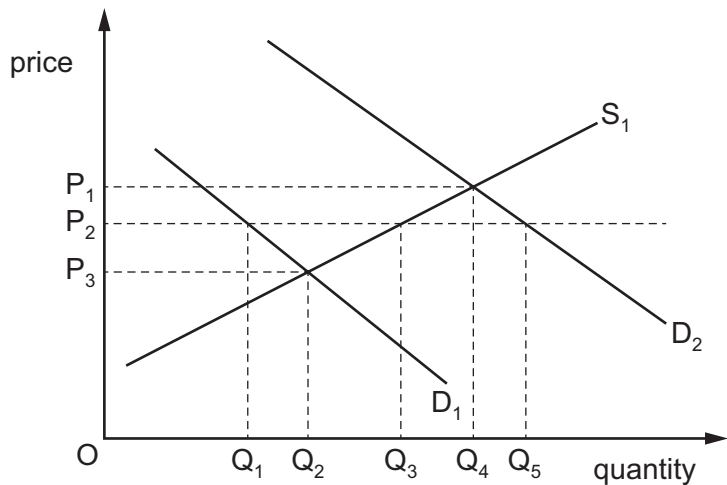


- 16 In year 1, in the market for a good represented in the diagram, the initial demand and supply conditions are shown by  $D_1$  and  $S_1$ , and the government has set a maximum price of  $OP_2$ .



In year 2, demand increases to  $D_2$ , but there are no other changes to the conditions of supply or to the maximum price.

Which row accurately shows the price and quantity in the market in each year?

	year 1		year 2	
	price	quantity	price	quantity
A	$OP_2$	$OQ_1$	$OP_1$	$OQ_4$
B	$OP_2$	$OQ_3$	$OP_2$	$OQ_5$
C	$OP_3$	$OQ_2$	$OP_1$	$OQ_4$
D	$OP_3$	$OQ_2$	$OP_2$	$OQ_3$

- 17 What is necessary for an action to be classed as a transfer payment?
- A It must include a cash payment.
  - B It must involve a banking transaction.
  - C It must originate from government activity.
  - D It must relate to a non-productive activity.