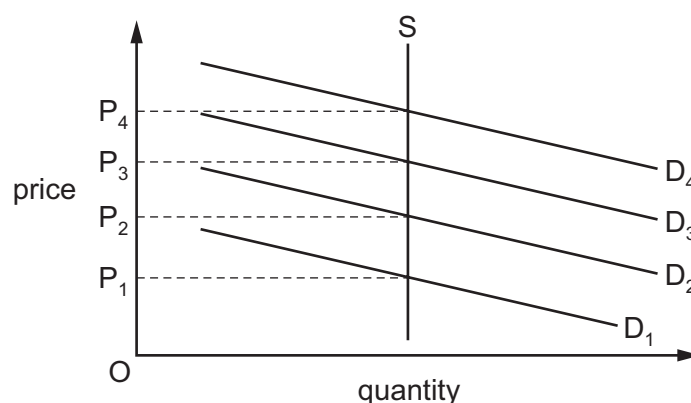


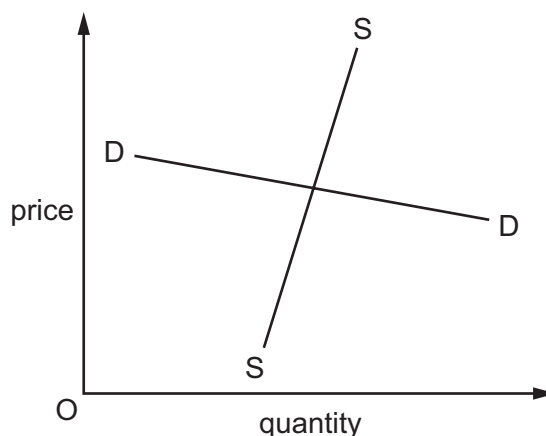
- 11 In the diagram, the supply curve shows the number of spaces in a car park and the demand curves show the demand for spaces on four different days (D_1 , D_2 , D_3 and D_4).



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.