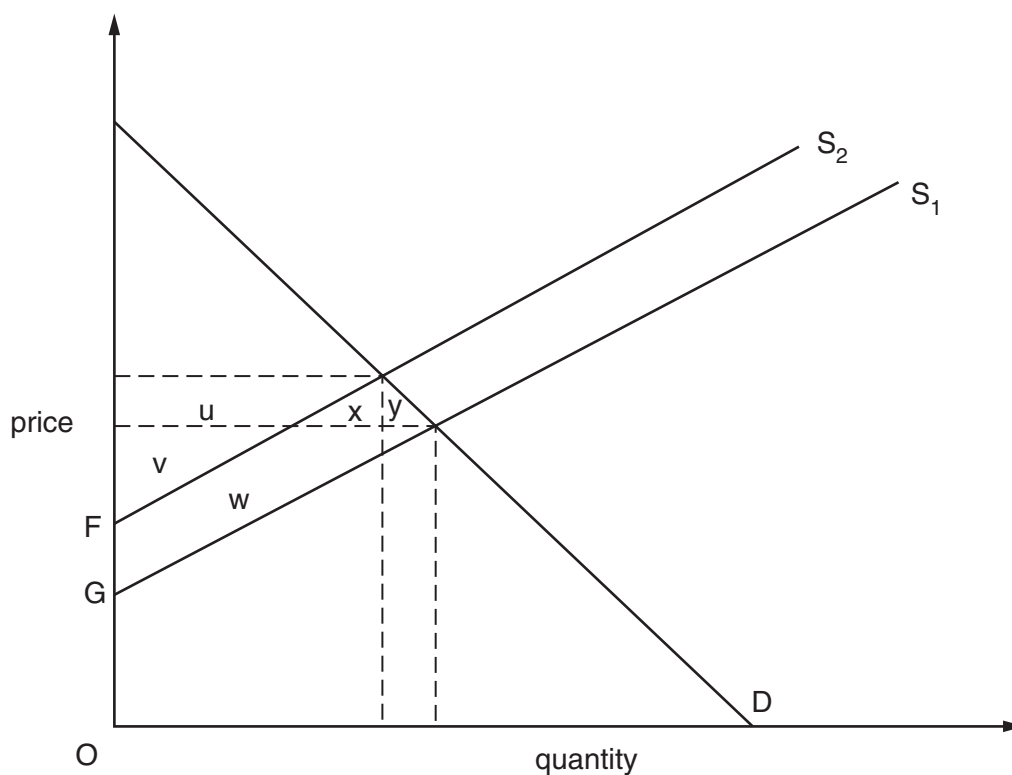


14 The diagram shows the effect of the imposition of a tax equal to FG on a commodity.



Which area represents the reduction in consumer surplus?

- A $u + v$
- B $u + x$
- C $u + x + y$
- D $x + w$

15 In which circumstance will the incidence of an indirect tax fall entirely upon the producers of a commodity?

- A when the demand curve is perfectly inelastic
- B when the elasticity of demand is unity at all points on the demand curve
- C when the elasticity of supply is unity at all points on the supply curve
- D when the supply curve is perfectly inelastic