

14 A free market is currently experiencing excess supply at a price of P_1 .

What will be the effect on the current market situation if a maximum price is set above P_1 ?

- A The excess supply will increase.
- B The market will move into an equilibrium position.
- C There will be no effect.
- D There will be excess demand.

15 What is a likely **disadvantage** of a government's provision of transfer payments to the unemployed?

- A decrease in the standard of living
- B disincentive to accept paid work
- C increase in inequality
- D increase in poverty

16 Which combination of policies would increase the inequality of the distribution of income and wealth?

	progressive taxes	minimum wage	transfer payments
A	decrease	increase	reduce
B	decrease	reduce	reduce
C	increase	increase	increase
D	increase	reduce	increase

17 Which changes will increase the circular flow of income?

	higher imports	higher investment	higher taxation
A	yes	no	no
B	yes	yes	no
C	no	yes	yes
D	no	yes	no