12 A government gives a subsidy to a producer of a product.

What will be the likely effect of this?

A a shift to the left in the demand curve and a rise in equilibrium quantity

B a shift to the left in the supply curve and a rise in equilibrium quantity

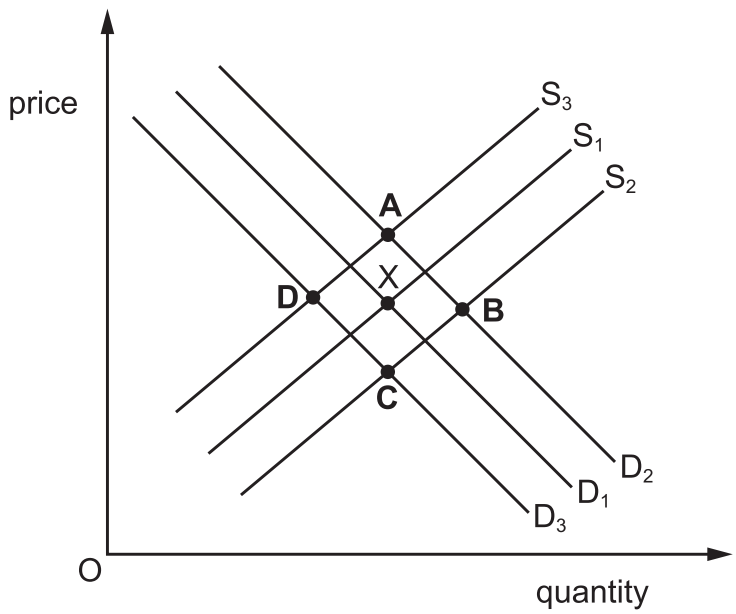
C a shift to the right in the demand curve and a fall in equilibrium price

D a shift to the right in the supply curve and a fall in equilibrium price

A-Level Economics: **w25 12**

12 The diagram shows the market for a demerit good. The initial equilibrium is at point X.

What will be the new equilibrium if the government imposes a unit tax on this demerit good and successfully informs consumers of its harmful effects?



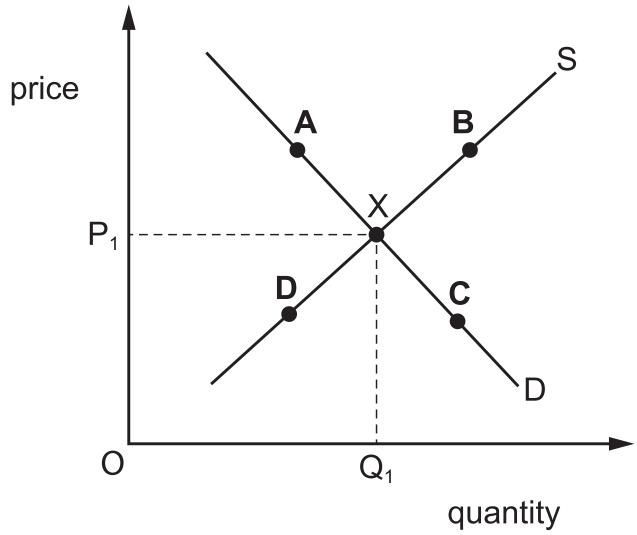
13 To improve the health of people, a government puts a tax on the sale of drinks that contain sugar.

What are the likely effects of this tax on **both** the prices of the drinks that contain sugar and the price of sugar?

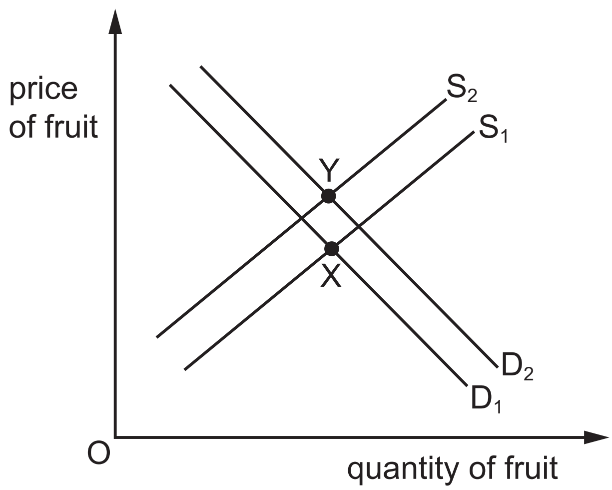
	prices of drinks	price of sugar
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

8 The diagram shows the demand curve and supply curve for broken rice that is considered to be an inferior good. The market is in equilibrium at point X with a price of P_1 and quantity of Q_1.

Which point is the new equilibrium if household incomes rise?



8 The diagram shows the market for fresh fruit in an economy. Fruit has a positive income elasticity of demand and is mainly imported. The original equilibrium is at X.



What is the most likely cause of the equilibrium point moving from X to Y?

A a fall in real income and a depreciation of the exchange rate

B a fall in real income and an appreciation of the exchange rate

C a rise in real income and a depreciation of the exchange rate

D a rise in real income and an appreciation of the exchange rate

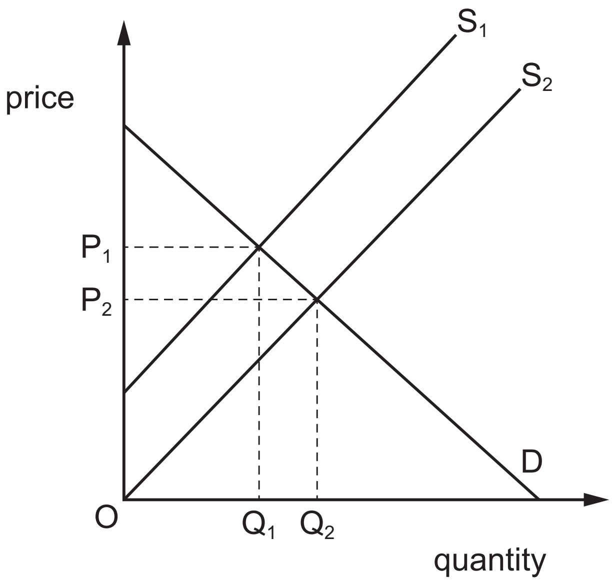
2 **(a)** In 2022 the supply of root ginger from Nigeria, Africa's biggest producer, fell by 20%. Market demand was expected to grow by more than 5%.

With the help of a demand and supply diagram, explain how the market equilibrium for root ginger in Nigeria is likely to change **and** consider how certain you are of the new market price. [8]

(b) Assess the ways in which producers of root ginger might be able to stabilise their incomes. [12]

OR

9 The diagram shows the demand for and supply of a product.



What could cause supply to shift from S_1 to S_2?

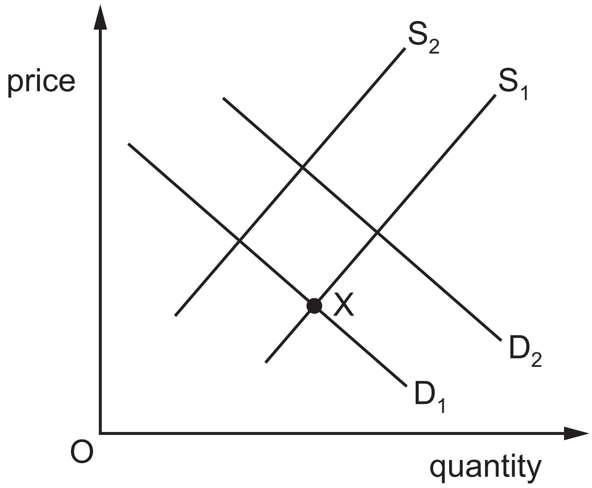
A a fall in the price of the product

B a fall in labour costs

C a rise in the price of the product

D a rise in labour costs

6 D_1 and S_1 are the initial demand and supply curves in the market for new cars with an equilibrium at X.



What will cause the demand curve to shift to D_2 and the supply curve to shift to S_2?

A a decrease in real incomes and a rise in the costs of new car production

B a decrease in the price of petrol and a subsidy on new car production

C an increase in the availability of loans for new car purchases and a specific tax on new cars

D an increase in the price of train travel and an increase in the number of car producers

10 The demand for a good falls at the same time as its costs of production decrease.

What will be the combined effect of these changes on the price and on the quantity supplied of the good?

	price	quantity supplied
A	decrease	decrease
B	decrease	uncertain
C	uncertain	decrease
D	uncertain	uncertain