

15 A government decides to reform the tax system with a view to achieving greater equity.

Which change will it make?

- A** a reduction in direct taxes
- B** a reduction in indirect taxes
- C** a reduction in profit taxes
- D** a reduction in property taxes

16 What will cause the payment of a subsidy to firms to result in the greatest increase in sales?

- A** a shift in the demand curve to the right
- B** a shift in the supply curve to the left
- C** an elastic price elasticity of demand for the product
- D** an inelastic price elasticity of supply for the product

17 Which goods will be provided only by the government?

- A** capital goods
- B** inferior goods
- C** merit goods
- D** public goods