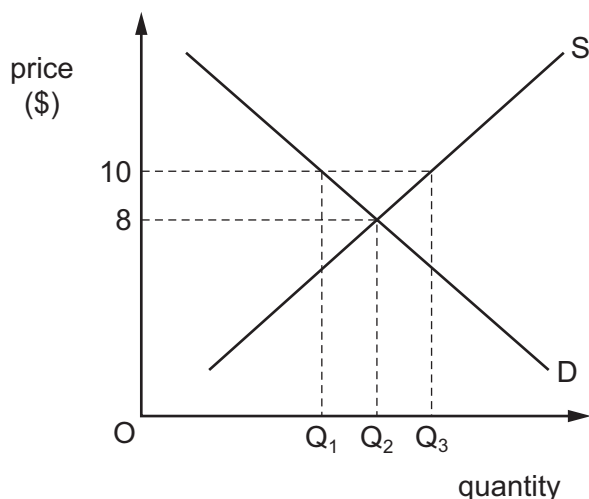


- 15 The diagram shows the market demand and supply curves for rice.



What would happen if a government imposed a maximum price of \$10?

- A The government would need to supply Q_1 to Q_3 .
 - B The quantity sold would be Q_1 .
 - C The quantity sold would be Q_2 .
 - D The quantity sold would increase from Q_2 to Q_3 .
- 16 A government decides to replace a private company with its own company to collect household waste.
- Why could such action be justified?
- A Because waste collection is a public good.
 - B Costs of waste collection are bound to be lower if paid out of local taxes.
 - C Private companies are always less efficient than government companies.
 - D Private companies might put profits before customer needs.
- 17 Which measure would **not** be part of a government subsidy to protect domestic producers from competition?
- A import quotas
 - B interest-free loans provided by the government
 - C reductions in profits (business) taxes
 - D transfer payments