16 A country exports olives. The government is involved in their production because it wishes to ensure that private producers of olives have the confidence to plan investment despite changes in the harvest of olives.

Which economic term would describe this situation?

A a command economy

B a constant income elasticity

C an export quota

D a price stabilisation policy

17 The table shows demand and supply schedules for a product. The government then subsidises the product because it provides external benefits.

price ($)	quantity demanded (units)	quantity supplied before subsidy (units)	quantity supplied after subsidy (units)
10	160	80	120
11	140	100	140
12	120	120	160
13	100	140	180
14	80	160	200

By how much does the subsidy increase consumption of the product?

A 20 units **B** 40 units **C** 120 units **D** 140 units