

- 16 To improve the air quality for its citizens, a government introduces a subsidy for the producers of cars powered by batteries charged from the electricity supply.

What are the likely effects of this subsidy on the price and sales of electricity?

	price of electricity	sales of electricity
A	falls	falls
B	falls	rises
C	rises	falls
D	rises	rises

- 17 What is definitely **not** involved when a transfer payment is made?

- A** bank deposits
- B** cash
- C** government
- D** production

- 18 What is **unlikely** to occur with an increase in the provision of public goods?

- A** consumer non-excludability
- B** improved use of resources
- C** opportunity cost
- D** reduction in tax

- 19 In 2020, shops reported a fall in sales as domestic demand in an economy fell. However, the impact on the overall economy was not as unfavourable as was first feared.

What might have lessened the impact on the economy?

- A** Exports increased.
- B** Imports increased.
- C** Savings increased.
- D** Taxes increased.