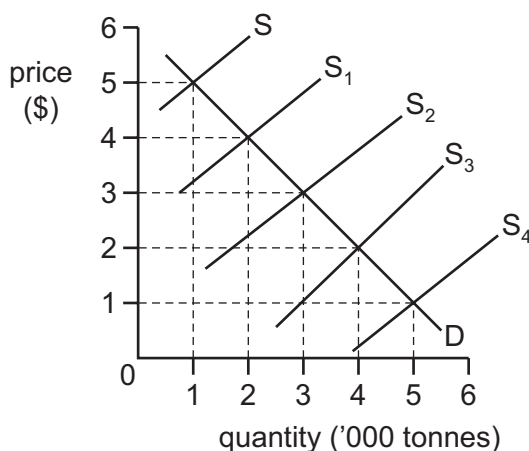


- 17 In the diagram, D is the demand curve of an agricultural commodity and S is the initial supply curve.

The government promises to maintain farmers' incomes at least at this initial level. The harvests in four subsequent years are shown by supply curves  $S_1$ – $S_4$ .



How much in total will the government need to pay to support farmers over the four subsequent years?

- A \$0                      B \$3000                      C \$6000                      D \$10 000

- 18 Which circumstance is **not** likely to represent a strong case for an industry to be nationalised?

- A In the private sector, the industry would cause significant inequalities of supply between different areas of the country.
- B The industry would allow firms outside of the industry to enter easily.
- C The industry would be unprofitable as a private enterprise but generates large benefits for the rest of society.
- D The industry would experience such economies of scale that it can support only one firm.

- 19 How does a rise in the price of factors of production affect the aggregate supply (AS) curve?

- A a move left along the AS curve
- B a move right along the AS curve
- C a shift to the left of the AS curve
- D a shift to the right of the AS curve