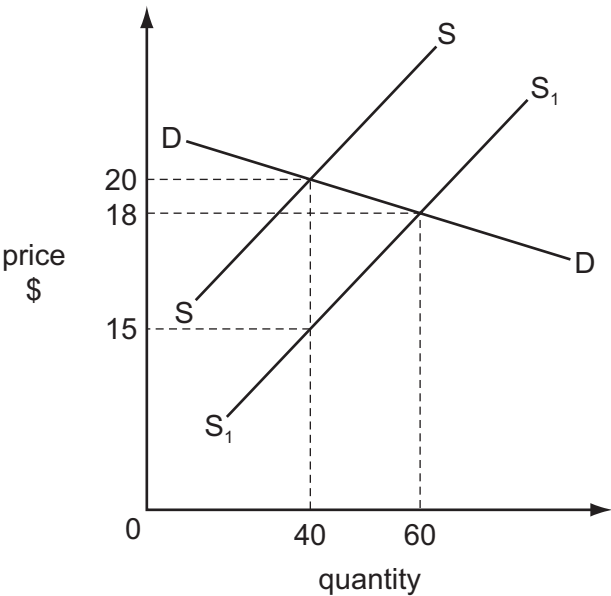


16 A tax on a product is removed causing supply to increase from SS to S₁S₁ as shown in the diagram.



What effect does the move have on government tax revenue and consumer expenditure?

	tax revenue	consumer expenditure
A	reduce by \$80	increase by \$280
B	reduce by \$80	increase by \$480
C	reduce by \$200	increase by \$280
D	reduce by \$200	increase by \$480

17 Which type of government intervention runs the risk of causing shortages?

- A** maximum price controls
- B** specific indirect taxes
- C** subsidies paid to some producers
- D** taxes on company profits