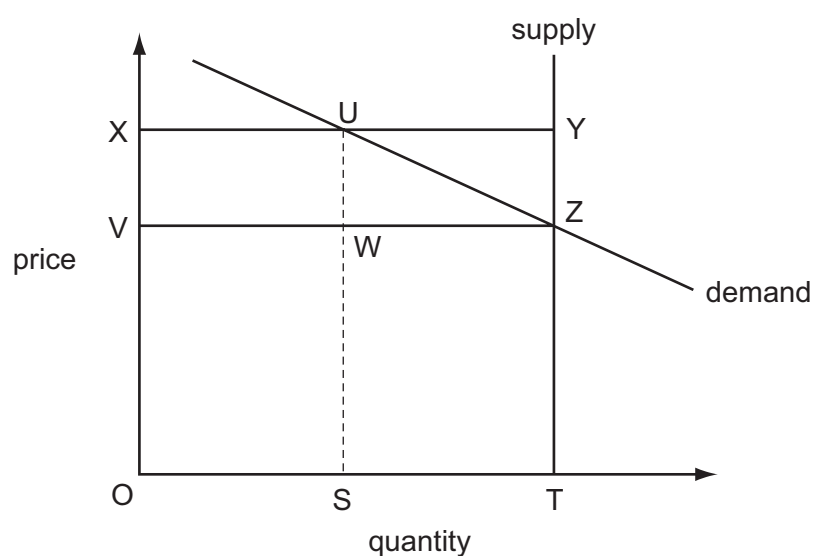


- 17 A government wishes to raise the incomes of farmers without raising the price of food to consumers.

Which policy should it use?

- A a maximum price below the market price for food
  - B a minimum price below the market price for food
  - C a payment of a subsidy to farmers to produce food
  - D a release of government food stocks onto the market
- 18 The diagram shows the market supply and demand curves for an agricultural product. The government guarantees producers a minimum price of OX for their output, but allows the market price to be freely determined by demand and supply.



Which area in the diagram represents the total subsidy payments made by the government to producers?

- A UYTS
  - B UYZW
  - C XUWV
  - D XYZV
- 19 Why might a government decide to reduce tariffs on agricultural imports?
- A to develop greater specialisation
  - B to increase government revenue
  - C to promote job creation in rural areas
  - D to protect small businesses