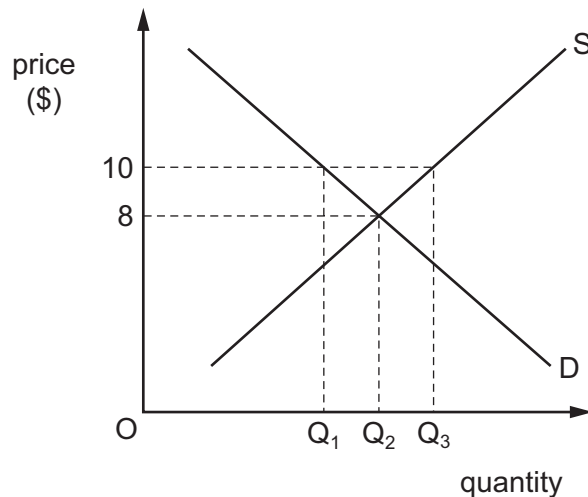


15 The diagram shows the market demand and supply curves for rice.



What would happen if a government imposed a maximum price of \$10?

- A The government would need to supply Q_1 to Q_3 .
- B The quantity sold would be Q_1 .
- C The quantity sold would be Q_2 .
- D The quantity sold would increase from Q_2 to Q_3 .

16 A government decides to replace a private company with its own company to collect household waste.

Why could such action be justified?

- A Because waste collection is a public good.
- B Costs of waste collection are bound to be lower if paid out of local taxes.
- C Private companies are always less efficient than government companies.
- D Private companies might put profits before customer needs.

17 Which measure would **not** be part of a government subsidy to protect domestic producers from competition?

- A import quotas
- B interest-free loans provided by the government
- C reductions in profits (business) taxes
- D transfer payments