

- 16** A government decides to remove fees for higher education provided by the public sector and the private sector.

What is the consequence of this policy?

- A** Higher education is less likely to be provided by the private sector.
 - B** Resources in higher education will be allocated through the price mechanism.
 - C** The demand for higher education will be perfectly elastic when the price is zero.
 - D** The opportunity cost of higher education to students will be zero.
- 17** What would be the main effect of imposing an effective maximum price on foodstuffs?
- A** Inflation would rise.
 - B** The price of foodstuffs would rise.
 - C** There would be a decrease in the import of foodstuffs.
 - D** There would be a shortage of foodstuffs.
- 18** An effective minimum price is applied to alcohol in an attempt to reduce consumption.

Why would a government **not** buy up any surplus created?

- A** Buying the surplus would be costly to the government.
- B** Buying the surplus would decrease the incomes of producers.
- C** Buying the surplus would lead to a shortage.
- D** Buying the surplus would lead to unemployment.