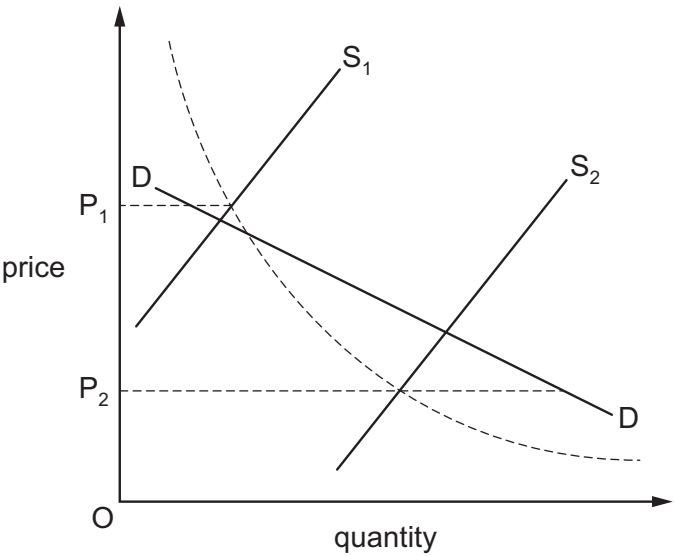


- 17 In the diagram, DD is the demand curve for an agricultural commodity, S_1 is the supply curve in period 1 and S_2 is the supply curve in period 2. The broken curve is a rectangular hyperbola.



The government operates a buffer stock scheme fixing the price at OP_1 in period 1 and OP_2 in period 2.

How do output and farm revenue in period 2 compare with period 1?

	output	farm revenue
A	higher	same
B	higher	higher
C	lower	higher
D	lower	same

- 18 A government decides to privatise a nationalised company by transferring ownership directly to its managers and workers.

What is its most likely motive for this decision?

- A** to increase the amount of innovation
- B** to increase the level of competition
- C** to increase the level of incentive
- D** to increase the scale of production