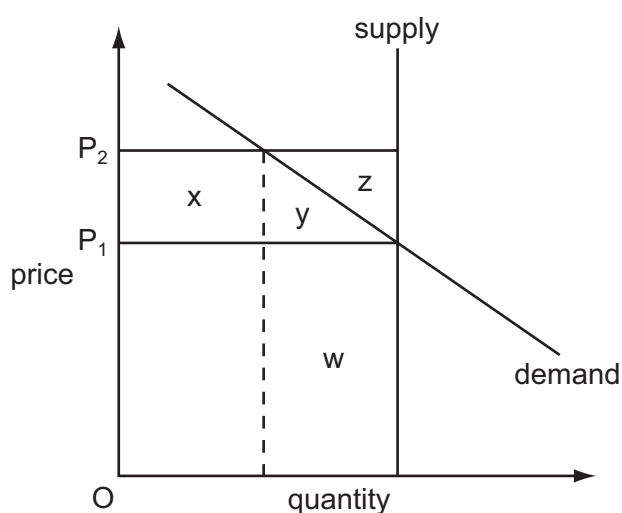


16 What is an essential characteristic of a private good?

- A Consumption of the good by one user diminishes the quantity available to others.
- B Consumption of the good by the user has no external effects on the consumption of others.
- C It is produced by the private sector.
- D The user has to pay for it.

17 The diagram shows the market demand and supply curves for an agricultural product. The government allows the price paid by consumers to be determined by the market, but guarantees producers a price of  $OP_2$ .



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

- A  $w + y + z$
- B  $y + z$
- C  $x$
- D  $x + y + z$

18 A government intends to introduce a minimum price for rice, a maximum price for heating oil and a tax on chewing gum.

Who, in each market, is meant to benefit from these policies?

	market for rice	market for heating oil	market for chewing gum
A	consumers	government	producers
B	government	producers	government
C	producers	producers	consumers
D	producers	consumers	government