

- 16** A government intervenes in the market for good X. It fixes a minimum price above the market equilibrium.

Which situation explains why the government would do this?

|          | good X       | reason for intervention |
|----------|--------------|-------------------------|
| <b>A</b> | demerit good | to decrease consumption |
| <b>B</b> | demerit good | to increase consumption |
| <b>C</b> | merit good   | to decrease consumption |
| <b>D</b> | merit good   | to increase consumption |