

14 Why might a government introduce a minimum price for a product?

- A** to benefit poorer consumers
- B** to encourage consumption of a merit good
- C** to encourage production of a public good
- D** to support the incomes of producers

24 What is the most likely reason for a government to introduce a progressive tax?

- A** to discourage the consumption of a particular good
- B** to distribute disposable income more evenly
- C** to increase the disposable income of households
- D** to reduce demand for healthcare services

4 Which change in the way resources are allocated in an economy is consistent with moving from a planned economy to a market economy?

- A** A minimum price guarantee for apple producers is removed.
- B** A new government authority is established to monitor inefficiencies in apple production.
- C** The production of apples is subsidised to increase output.
- D** The sale of apples has a maximum price imposed.

15 What is **not** true about subsidies?

- A** They are paid to firms.
- B** They have to be paid back.
- C** They reduce the cost of production.
- D** They shift the supply curve to the right.