

18. Correct. The answer is true. At price of \$30, suppliers would bring $Q_s = -14.6 + 2 \cdot 30 = 45.4$ units to market. The inverse demand equation $P_o = 43.75 - 0.5Q$ tell us what price would be required to make consumers willing to buy this amount of oil. $P_o = 43.75 - 0.5 \cdot 45.4 = 21.05$. If suppliers are receiving \$30 and consumers are paying \$21.05, the required subsidy would be \$8.95. The total amount of the subsidy would be $8.95 \cdot 45.4 = \$406.33$.