19. Correct.The answer is true. Economists believe that taxes and subsidies often distort markets and create inefficiency.The $85 in the above market is what the government pays, but some of this payment improves welfare to consumers and to producers, so that social welfare loss is less than the cost of the subsidy.In the above example, the equilibrium quantity before the subsidy was $Q = 16$.Notice that if the demand and supply equations represent true costs and benefits in the market, $Q = 16$ is the quantity that maximizes social welfare (consumer plus producer surplus).Notice that as output is increased to $Qsb = 17$, the cost of the extra unit represented by Ps is greater than the benefit represented by Pd.The social loss in this case is the triangle abc $= 0.5*(17-16)(71-66) = 0.5*1*5 = \$2.5$.