

15 A government provides a subsidy for a product with a perfectly price inelastic demand.

What prevents producers from benefiting from this subsidy?

- A** The subsidy causes a large reduction in the price of the product, as its price elasticity of demand is infinite.
- B** The subsidy causes a large reduction in the price of the product, as its price elasticity of demand is zero.
- C** The subsidy causes a small reduction in the price of the product, as its price elasticity of demand is relatively elastic.
- D** The subsidy causes a small reduction in the price of the product, as its price elasticity of demand is relatively inelastic.