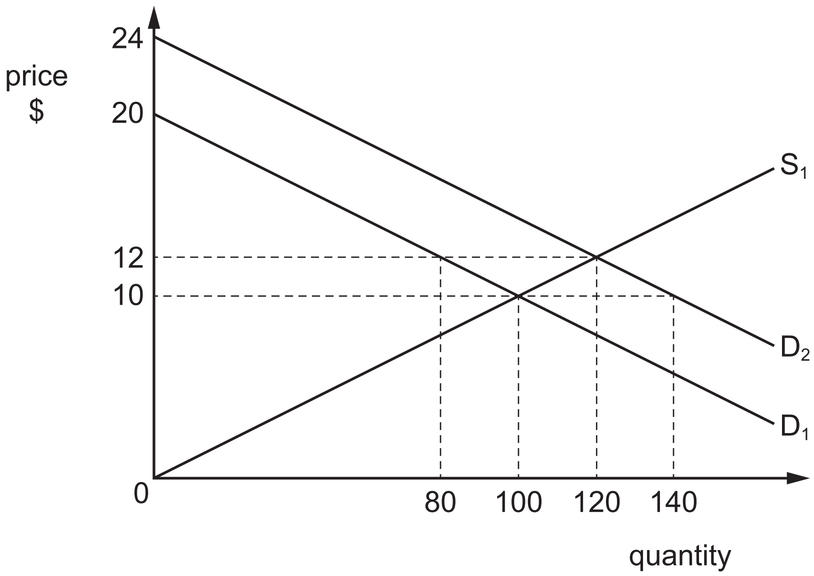
8 The diagram shows the market for a good with an initial equilibrium price of \$10. The demand for the good increases by 40 units at every price causing the equilibrium price to rise to \$12.



What is the value of the producer surplus after the price increase?

A \$500 **B** \$720 **C** \$1000 **D** \$1440

9 The equation for the quantity demanded (Q_D) for a product is $Q_D = 400 – 20P$ where P = price in dollars. The quantity supplied (Q_S) is given by $Q_S = 100 + 40P$.

What change will occur if the price rises from \$5 to \$6?

A the market will move from equilibrium to shortage

B the market will move from equilibrium to surplus

C the market will move from shortage to surplus

D the market will move from surplus to shortage

10 A farmer divides his land between growing two crops – wheat and oats. To increase production of one he must reduce production of the other.

What would cause the farmer to increase his supply of wheat?

A A subsidy is given for the production of oats.

B A unit tax is imposed on the production of wheat.

C There is an increase in wages for all farm workers.

D There is improved efficiency in the harvesting of wheat.