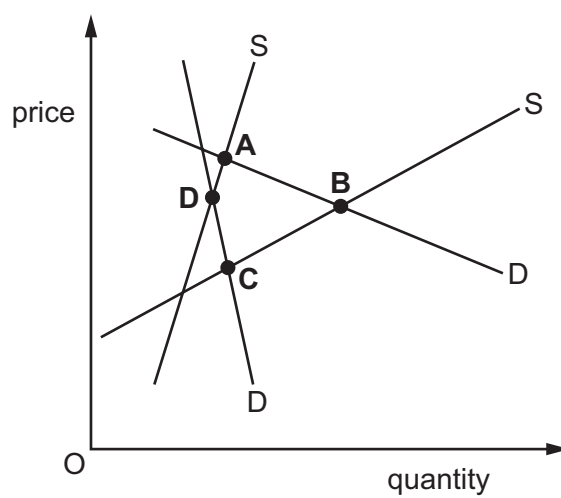


6 What is **most** likely to increase the quantity of houses supplied?

- A a policy to help house buyers on modest incomes
- B a restriction on the level of rent that can be charged
- C a rise in the tax on materials used for building houses
- D the removal of a subsidy to house builders

7 The diagram shows two demand curves and two supply curves for a product.

Which equilibrium point is most likely to represent the long-run equilibrium in the market?



8 The equilibrium price of a product is \$10. The government introduces an effective minimum price of \$12 for the product.

Under which condition will the value of the producer surplus increase the most?

|   | price elasticity of demand |
|---|----------------------------|
| A | 0                          |
| B | between 0 and 1            |
| C | 1                          |
| D | greater than 1             |