

- 14** In the diagram, D is the demand curve of an agricultural commodity and S is the initial supply curve.

The government promises to maintain farmers' incomes at least at this initial level. The harvests in four subsequent years are shown by supply curves S_1 – S_4 .



How much in total will the government pay to support farmers over the four subsequent years?

- A** \$0 **B** \$3000 **C** \$6000 **D** \$10 000
- 15** The diagram shows the supply and demand curves of a commodity.

A government subsidy causes the supply curve to shift from S_1 to S_2 .

Which area measures the difference between the cost to the economy of producing the resulting increase in output (Q_1 – Q_2) and the value consumers place on this increase in output?

