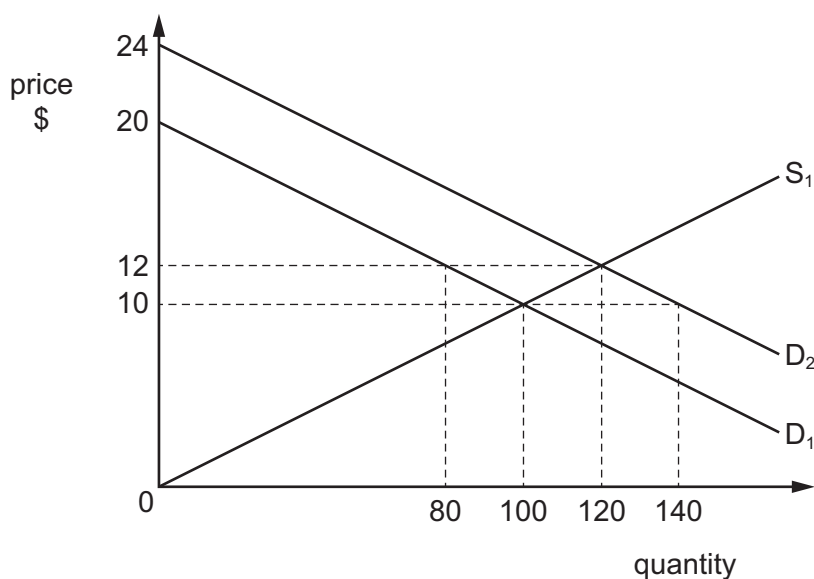


- 8 The diagram shows the market for a good with an initial equilibrium price of \$10. The demand for the good increases by 40 units at every price causing the equilibrium price to rise to \$12.



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.