Suppose the government distributes 500 ration coupons, which can be freely bought and sold. To buy a foreign-made widget, you must present a ration coupon. (An American widget requires no coupon.) What is the price of a ration coupon? (Your answer should be a number.)

27. Suppose that the government successfully maintains a price $P_0$ for wheat that is above the equilibrium price. At this price, consumers want to purchase $Q_d$ bushels of wheat and farmers want to produce $Q_x$. The way that the government maintains the price $P_0$ is by offering farmers a cash reward for limiting their production.
   a. By how much must farmers agree to cut back production in order for the program to be successful?
   b. Show on a graph the minimum payment that the government must make to farmers in order for them to agree to the deal.
   c. Assuming that the government makes this minimum payment, use your graph to show the gains and losses to consumers, producers, and taxpayers from this arrangement. Calculate the deadweight loss.

28. The American demand and supply curves for labor cross at a wage rate of $25 per hour. However, American firms can hire as many foreign workers as they want to at a wage of $15 per hour. (Assume that foreign workers are exactly as productive as American workers.) A new law requires American firms to pay $25 an hour to Americans and to hire every American who wants to work at that wage. Firms may still hire any number of foreigners at $15 per hour.
   a. Before the law is enacted, what wage do American workers earn? Illustrate the consumers’ and producers’ surpluses earned by American workers and American firms.
   b. After the law is enacted, illustrate the number of Americans hired and the number of foreigners hired, the consumers’ and producers’ surpluses earned by American workers and American firms, and the deadweight loss.

29. Widgets are produced by a constant-cost industry. Suppose the government decides to institute an annual subsidy of $8,000 per year to every firm that produces widgets.