## Test Review

Unit 3, Chapters 4, 5, 6
This COMPLETED study guide is worth up to 10 points on your test, ON THE TEST DATE ONLY. This study guide will not be accepted late for any reason.

## Chapter 4

1. What is the definition of demand?
2. What is the law of demand?
3. What is the law of diminishing marginal utility?
4. What is the difference between change in demand and change in quantity demanded?
5. What six factors shift demand?
6. Draw a graph that shows an increase and a decrease in demand. Label clearly.
7. What is elasticity of demand?
8. Name 2 goods that have inelastic demand.
9. Name 2 goods that have elastic demand.
10. What 3 factors determine elasticity?
11. Draw and label an elastic and inelastic demand curve.
12. What is the total revenue equation?
13. How does the total revenue test determine elasticity of demand?

## Chapter 5

14. What is the definition of supply?
15. What is the law of supply?
16. What is the difference between a change in supply and change in quantity supplied?
17. What 6 factors can cause a shift in supply?
18. Draw a graph showing an increase and a decrease in supply. Label clearly.
19. What is elasticity of supply?
20. What factors affect elasticity of supply?
21. Draw and label a graph that shows an elastic and inelastic supply curve.

## Chapter 6

22. What is equilibrium?
23. What is the difference between a surplus and a shortage?
24. Draw and label a graph that shows a supply curve, a demand curve, equilibrium.
25. What happens to equilibrium price and quantity after an increase in demand?
26. What happens to equilibrium price and quantity after a decrease in demand?
27. What happens to equilibrium price and quantity after a decrease in supply?
28. What happens to equilibrium price and quantity after an increase in supply?
29. What is a price ceiling and what situation does it cause? Give an example of a price ceiling.
30. What is a price floor and what situation does it cause? Give an example of a price floor.
31. What is rationing and how has it been used in the past?
32. Graph the following information. Label the graph correctly.

| Price | Quantity supplied | Quantity Demanded |
| :--- | :--- | :--- |
| $\$ 100$ | 100 | 20 |
| $\$ 80$ | 80 | 40 |
| $\$ 60$ | 60 | 60 |
| $\$ 40$ | 40 | 80 |
| $\$ 20$ | 20 | 100 |



What is the equilibrium price and quantity?
What is the situation at a price of $\$ 40$ and by how much?
What is the situation at a price of $\$ 100$ and by how much?
What is the quantity supplied at a price of $\$ 20$ ?
What is the quantity demanded at a price of $\$ 80$ ?
What is total revenue at equilibrium?

