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.

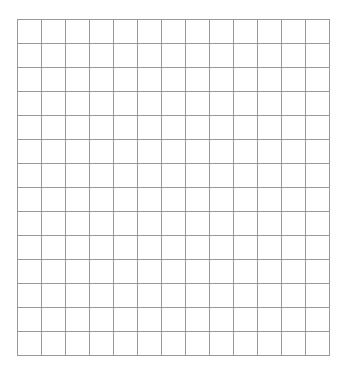
25. What happens to equilibrium price and quantity after an increase in demand?

- 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?