

## Supply and Demand Review Questions

1. What are the determinants of demand?
2. How does a price change affect demand vs. quantity demanded?
3. What are the determinants of supply?
4. How does a price change affect supply vs. quantity supplied?
5. How does a change in one of the determinants of demand affect demand?
6. How does a change in one of the determinants of supply affect supply?
7. What are the assumptions of a competitive market?
8. Explain why many buyers and many sellers is crucial to a competitive market using the concept of market power.
9. Explain why free entry and free exit is necessary to maintain a competitive market and how it facilitates the optimal allocation of resources.
10. What is economic efficiency and why is it important?
11. Given an equation, find the slope of a line and what does it represent?
12. Given equations, calculate the equilibrium.
13. Given an equation, find the intercept of a line and what does it represent?
14. Given equations, when price is set that varies from market equilibrium, what are the consequences, particularly in regard to quantity demanded and supplied?
15. Given an equation, for a change in price, calculate the changes in quantity demanded and quantity supplied.
16. From a graph, determine the slope of a demand line from a graph.
17. From a graph, determine the slope of a supply line from a graph.
18. From a graph, determine the quantity demanded at a given price.
19. From a graph, determine the equilibrium price and quantity.
20. From a graph, determine the quantity supplied at a given price.
21. From a graph, determine how much of shortage may exist at a given price.
22. From a graph, determine how much of surplus may exist at a given price.
23. From a graph, determine the total revenue at the equilibrium price and quantity.
24. Given a slope, determine quantity changed from a price change or vice versa.
25. How does a shifting line affect slope, price, and quantity?
26. Given the production possibilities curve, determine the marginal rate of substitution.
27. Given the production possibilities curve, determine the opportunity cost of a change.
28. Given the Marginal Rate of Substitution, determine the change necessary in producing one good when the production of another good changes.
29. What are the assumptions of the production possibilities curve?
30. How is the production possibilities curve affected by a change in one of the assumptions?