Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Mr. Wyka’s Amazing 9 week Exam Review – Part 1 of 12,353.**

**Almost Every Graph We’ve Gone Over Thus Far…**



**1. Point U represents unemployed resources and is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.** (Don’t worry, the questions get tricksier.)



**2.** **In the present, point X is**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**

**3. A rightward shift of the Production Possibilities Curves indicates** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

4. **What might cause an outward shift of the PPC?**  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**5.** **The point where Supply intersects Demand indicates a market in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**

**6. What is the Law of Demand? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**7. What is the Law of Supply? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**8. The shaded region indicates \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**

**9. In your own words, define Consumer Surplus (remember the Pearl Exchange): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**

**10. In your own words, define Producer Surplus:**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

 **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**

**11. Equilibrium in any market exists where the demand curve intersects supply. The shaded region on the graph to the right indicates: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**



**12. When Demand shifts right:**

 **Market price \_\_\_\_\_\_\_**

 **Quantity \_\_\_\_\_\_\_**



**13. When Demand shifts left:**

 **Market price \_\_\_\_\_\_\_**

 **Quantity \_\_\_\_\_\_\_**



**14. When Supply shifts right:**

 **Market price \_\_\_\_\_\_\_**

 **Quantity \_\_\_\_\_\_\_**



**15. When Supply shifts left:**

 **Market price \_\_\_\_\_\_\_**

 **Quantity \_\_\_\_\_\_\_**



**16. An effective price floor causes a \_\_\_\_\_\_\_\_\_\_\_\_\_\_ of the good.**

****

**17. An effective price ceiling causes a \_\_\_\_\_\_\_\_\_\_\_\_\_\_ of the good.**



**18. Is this PC Firm in Long Run or Short Run?**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**19. Is it breaking even, earning a profit, or taking a loss? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**



**20. Is this PC Firm in Long Run or Short Run?**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Is it breaking even, earning a profit, or taking a loss? \_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**



**21. Should this Short Run firm (right) shut down production or continue producing?**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**



**22. Is this PC Firm (left) in Long Run or Short Run?**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Is it breaking even, earning a profit, or taking a loss? \_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**



**23. Is this Monopoly making a loss, a profit, or breaking even? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**What does the shaded region indicate? \_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**24. Is this Monopoly making a loss, a profit, or breaking even? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**If a loss or a profit, shade in the region indicating the loss or profit.**



**25. Is this Monopolistic Competitor in Long Run Equilibrium, Short Run Profit, or Short Run Loss? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**



**26. The graph to the left indicates the housing market at equilibrium. What would happen to the graph (the market) if the interest rate banks charged homebuyers for home mortgages increased dramatically? You can either explain your answer fully, or draw one or more graphs below indicating what would happen to this market. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Answer key:

1. inefficient

2. unattainable

3. economic growth

4. **3 Shifters of the PPC - 1. Change in resource quantity or quality 2. Change in Technology 3. Change in Trade**

**5. equilibrium**

**6. There is an INVERSE relationship between price and quantity demanded.**

 **As Price Falls… Quantity Demanded Rises As Price Rises…Quantity Demanded Falls**

**7. There is a DIRECT (or positive) relationship between price and quantity supplied.**

* + **As price increases, the quantity producers make increases**
	+ **As price falls, the quantity producers make falls.**

**8. consumer’s surplus**

**9. Something to the effect that it is the differences between what a consumer is willing to pay and what he has to pay to get the product**

**10. Something to the effect that it is the difference between what a producer is willing to sell the product for and what the producer actually sells the product for.**

**11. producer’s surplus**

**12. rises, rises (both increase) 13. Both decrease**

**14. price decreases, quantity increases 15. P Increases, Q decreases**

**16. surplus 17. Shortage**

**18. Long Run 19. breaking even or earning normal profits only**

**20. short run, profit 21. Shut down. Price is less than ATC and minimum AVC at MR=MC.**

**22. short run, loss 23. Profit as Price exceeds ATC when MR=MC, dead weight loss**

**24. loss 25. Long run equilibrium**

**26. The Demand Curve would shift left, indicating a drop in Demand for homes. Price would adjust downward until the new P / Q intersection is found.**