

Econ Ch 6 study guide

1. What do economists use to help analyze behavior and predict outcomes?
2. What occurs at market equilibrium?
3. Is the amount of a price change affected by the elasticity of just the supply curve, only the demand curve, or the elasticity of both curves? (p. 147)
4. If the price of an item is too high in a market, what occurs, a surplus or a shortage?
5. Do you need perfect competition for the theory of competitive pricing to be practical? (p. 148)
6. What are the reasons why prices effectively perform the allocation function?
7. What is a high price a signal for?
8. When does a surplus occur at a given price?
9. The federal minimum wage is an example of ...
10. What happens to gold (price/supply/demand) when economic or political conditions are unstable? (p. 147)
11. Prices enable a market economy to adjust to unexpected events by adjusting c _____ and p _____.
12. What are the characteristics of allocation by rationing?
13. Your competitive market is at equilibrium (remember what that means). If there is a sudden increase in demand, a temporary _____ will occur and the price will _____.
14. The theory of competitive pricing is a set of _____ and _____.
15. Deficiency payments by the government help _____.
16. Know the definition of price.
17. Know the definition of price ceiling.
18. Know the definition of ration coupon.
19. Know the definition of target price.
20. Know the definition of economic model.
21. Know the definition of deficiency payment.
22. Know the definition of market equilibrium.
23. Know the definition of shortage.
24. Know the definition of surplus.
25. Know the definition of equilibrium price.

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