

**Directions: Complete each part on a separate sheet of paper. You MUST choose 3 worksheets out of the 5 units to complete (test grade). Completing all 5 will earn you the test grade plus some extra credit (+5 on a test of your choosing). Completing this will also allow you to retake the Microeconomics test, if needed.**

**Section 1: Fill in the Blank**

1. \_\_\_\_\_ = arrangements through which buyers and sellers carry out exchange at mutually agreeable terms.
2. \_\_\_\_\_ = are where households supply labor and are paid wages and salaries
3. \_\_\_\_\_ = sell resources or buy resources for their homes, families, etc.
4. \_\_\_\_\_ = purchase resources or sell goods and resources for production purposes
5. \_\_\_\_\_ = are where households purchase the productive output of businesses
6. \_\_\_\_\_ = reliance on one another to provide the goods and services that people consume.
7. \_\_\_\_\_ = the graphic representation of the free-enterprise economy
8. \_\_\_\_\_ = the quantity demanded varies inversely with price. (if price increases, quantity decreases) or (if price decreases, quantity increases)
9. \_\_\_\_\_ = the quantity supplied varies proportionately with price. (if price increases, quantity increase) or (if price decreases, quantity decreases)
10. \_\_\_\_\_ = the market clearing price; when quantity demanded equals quantity supplies, prices have no tendency to change.

**Section 2: Graphs**

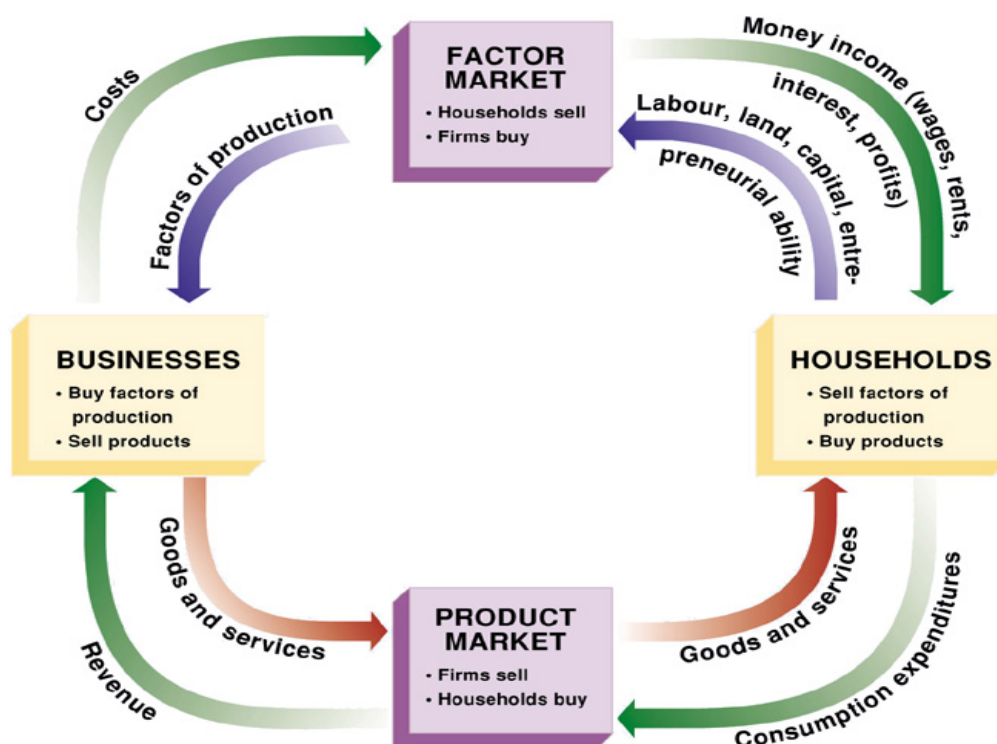
11. In economics, what does the Y (vertical axis) represent with regards to supply and demand?
12. What does the X (horizontal axis) represent with regards to supply and demand?
13. What is the numerical value of where the X and Y axis meet?
14. If you move closer to the Y axis, the quantity is \_\_\_\_\_. (increasing or decreasing)
15. If you move further away from the X axis, the price is \_\_\_\_\_. (increasing or decreasing)
16. How is a price change of a product demonstrated on a supply or demand graph?
17. If price is NOT a determining factor (non-price determinant) in the change of supply or demand, how is this demonstrated on a supply or demand graph?
18. Draw the following DEMAND graph: price of cars goes up; demand for cars goes \_\_\_\_\_.
19. Draw the following DEMAND graph: price of gas goes down; demand for public transportation goes \_\_\_\_\_.
20. Draw the following DEMAND graph: price of Crest tooth paste goes up; demand for Sensodyne goes \_\_\_\_\_.
21. Draw the following DEMAND graph: hurricane warnings increase; demand for duct tape goes \_\_\_\_\_.
22. Draw the following DEMAND graph: people move out of city; demand for restaurants goes \_\_\_\_\_.
23. Draw the following SUPPLY graph: price of steel goes up; supply of cars would probably \_\_\_\_\_.
24. Draw the following SUPPLY graph: government tax on corn; supply of corn goes \_\_\_\_\_.
25. Draw the following SUPPLY graph: government subsidy for wheat; supply of what goes \_\_\_\_\_.
26. Draw the following SUPPLY graph: price of cars decreases; supply of cars \_\_\_\_\_.
27. Draw the following DEMAND graph: price of Coca Cola increases 500%; demand is \_\_\_\_\_.
28. Draw the following DEMAND graph: price of cancer drug increases 200%; demand is \_\_\_\_\_.
29. What happens to the market clearing price if demand increases? Draw a graph to help solve.
30. What happens to the market clearing price if supply decreases? Draw a graph to help solve.
31. What usually happens when the government implements a price floor?
32. What usually happens when the government implements a price ceiling?

### Section 3: Market Structures Chart

Type	Barriers	Number of Firms	Products	Price Controls	Examples
<b>Perfect Competition</b>	No barriers to enter the market	Many	Similar, sometimes identical	No control over price	Agricultural products, shares of stock in a company
<b>Monopolistic Competition</b>	Fairly easy to enter the market	Many	Similar products but different	Little control over market price	Airlines, brand of jeans, books
<b>Oligopoly</b>	Many barriers to entering the market	Few	Some differences in product	Some control over market prices	Cereal, Soda
<b>Monopoly</b>	Nearly impossible due to government regulation	One	Unique- no substitute available to help lower the price with more competition	Complete control over price	Public utilities

33. In a society where a perfect competition exists, do the firms have any control over prices?
34. Why is advertising VERY important in a society where there is a great deal of monopolistic competition?
35. Why did the U.S. government want to ban monopolies at the turn of the 20<sup>th</sup> century? Who were they trying to help?
36. Do monopolies still exist in the U.S.? What would be an example and why?

### Section 4: Circular Flow Diagram



37. What do households provide (sell) in the factor market so businesses can produce goods and services?
38. What do businesses generate in the product market when households buy their goods and services?
39. Where would does the government play a role in this diagram?
40. Why does the circular flow continue on and keep society moving?
- HINT: \_\_\_\_\_ incentives