

Microeconomics Guided Reading Questions, SSEMI1-3

****Class Copy**

- 1) What are the two main sectors of the economy?
- 2) What do households need businesses for?
- 3) What do businesses need households for?
- 4) What does household income go toward?
- 5) What does business revenue go toward?
- 6) What does the Circular Flow Model (CFM) demonstrate?
- 7) What is the resource, or factor, market?
- 8) What is the product market?
- 9) Draw and label the CFM.
- 10) After looking at the CFM, why does each sector depend on one another?
- 11) Who decides on the questions of production in a market economy?
- 12) Define demand.
- 13) Define supply.
- 14) What does the law of demand state?
- 15) What does the law of supply state?
- 16) What is the market equilibrium?
- 17) What is the difference between a change in demand versus a change in quantity demanded?
- 18) What is the difference between a change in supply versus a change in quantity supplied?
- 19) Where do you find the market clearing price?
- 20) How do buyers impact prices?
- 21) List the non-price determinants (shifters) of supply and define each one.
- 22) What impact does input costs have on supply of a good/service?
- 23) What impact does government regulation and taxes have on supply of a good/service?
- 24) How do technology investments increase supply?
- 25) List the non-price determinants (shifters) of demand and define each one.
- 26) Provide an example of a complementary good.
- 27) How does the substitution effect impact demand?
- 28) What impact do changes in consumer income have on demand?
- 29) What is a government price floor?
- 30) What is a government price ceiling?
- 31) What is the result of a price floor?
- 32) What is the result of a price ceiling?
- 33) What are the four market structures in a mixed-market economy?
- 34) Recreate the market structures chart and include information on number of sellers, barriers to entry, price control, and product differentiation.
- 35) Who has the most control over the price of their product, and why?
- 36) Which market is most difficult to enter?

- 37) What is an example of a modern-day monopoly?
- 38) What is an example of an oligopoly?
- 39) What is an example of monopolistic competition?
- 40) What are the three types of business?
- 41) Recreate the business types chart.
- 42) Why do corporations typically last longer than sole proprietorships?
- 43) Which type of business has more liability, and why?
- 44) Draw a graph for an increase in quantity demanded.
- 45) Draw a graph for a decrease in quantity demanded.
- 46) Draw a graph for an increase in demand.
- 47) Draw a graph for a decrease in demand.
- 48) Draw a graph for an increase in supply.
- 49) Draw a graph for a decrease in supply.
- 50) Draw a price ceiling graph.
- 51) Draw a price floor graph.
- 52) Label a graph with the equilibrium, or market clearing price.
- 53) Draw a graph that shows an increase in demand with supply staying the same. What happened to the equilibrium price?
- 54) Draw a graph that shows an increase in supply with demand staying the same. What happened to the equilibrium price?
- 55) Draw a graph that represents an oil shortage.
- 56) Draw a demand graph for movie popcorn if the price of movie tickets goes down.
- 57) Draw a demand graph for peanut butter if the price of jelly goes up.
- 58) Draw a supply graph for cars if the price of steel goes down.
- 59) Draw a demand graph for restaurants if people move out of Atlanta.
- 60) Draw a supply graph for corn farmers if the government raises taxes on the farmers.