STUDY FOR WEEKS 5 AND 6 REFFONOMICS.COM QUIZ

Here are some topics which will show up on your exam:

- Slope of elastic and inelastic demand curves.
- Reasons a good or product is elastic and a product is INelastic. (Hint: substitutability.)
- How small and large price changes affect the elasticity of quantity demanded.
- The three elasticity sections of the linear demand and where they are located on the curve. (Hint: "Old McDonald had a farm...E - I, E - I ..... O.")
- Remember, when the % of change in quantity divided by the % of change in price is greater than > 1, the good is elastic; less than < 1, inelastic: equal to = 1, unit elastic.
- Relationship of linear Demand curve to elasticity and the Total Revenue curve.
- When price rises or falls in the elastic or inelastic region of the demand curve, what happens to Total Revenue?
- If price increases and total revenue decreases is this an elastic or inelastic situation? Consider a few of these types of scenarios.
- Taxing an inelastic good can actually cost the government by generating less tax dollars than when the tax was lower. Consider the opposite also.
- Observe where total revenue is maximized at it relates to a specific section of the demand curve.
- Where floors and ceilings exist on the the demand and supply graph and how these of these price regulations affect quantity demanded and quantity supplied.
- How price floors or ceilings generate surpluses or shortages.
- The role of black markets regarding price floors.
- Total utility, marginal utility considering utility is synonymous with "satisfaction."
- Consumer surplus, producer surplus and deadweight loss.
- How a per-unit tax impacts consumer surplus, producer surplus and deadweight loss on a graph.