**Economics**

**Unit 2 Test Review**

1. What is a Technical Monopoly?
2. What is collusion?
3. What is a price ceiling and what do they normally cause? (surplus/shortage)
4. What is a price floor and what do they normally cause? (surplus/shortage)
5. What is market equilibrium?
6. What is elastic demand and elastic supply?
7. What is inelastic demand and inelastic supply?
8. What is unit elastic demand and supply?
9. What are the reasons that demand can change? (6 choices from worksheet)
10. What are the functions that money serves?
11. What is monopolistic competition?
12. What are the characteristics of money?
13. What causes the demand curve to shift?
14. What are the different incentives?
15. What type of business is the most common in the U.S.?
16. What is the law of Demand?
17. What is the law of Supply?
18. What market structure has interdependence and price leadership as characteristics?
19. What is unlimited liability?
20. What causes a supply curve to shift?
21. How are public goods paid for and who supplies them?
22. What is a natural monopoly and a good example of one?
23. What is the circular flow model? (be able to read it)
24. What is microeconomics?
25. What is product differentiation and what market is it found in?
26. What are product markets and a factor markets?
27. What is rationing and why is it good or bad?
28. What is the difference between a general partnership and a limited partnership?
29. How do prices act as signals?
30. What is the difference between surplus and shortage?
31. What are the characteristics of perfect competition?
32. Define externality.
33. What direction does a supply curve travel? Demand Curve?
34. What is the difference between public goods and private goods?

**# of Questions for each concept on test**

Microeconomic decisions-1

Circular Flow Model—3

Functions of Money- 1

Characteristics of Money- 1

Law of Demand- 1

Change in Demand- 3

Demand elasticity/ranges- 2

Determinants of demand elasticity- 2

Supply curve- 1

Changes in supply- 3

Prices as signals- 1

Rationing problems- 1

Rebate- 1

Market equilibrium- 2

Surplus- 1

Price ceiling- 1

Price floor- 2

Legal forms of business/pie charts- 1

Limited partnership- 1

Unlimited liability- 1

Market structures- 5

Types of monopoly- 2

Externalities- 1

Public goods- 2