

Demand and Supply

1. What is utility?
2. What do consumers seek to maximise?
3. What do firms seek to maximise?
4. What is irrational behaviour?
5. Explain 3 reasons why agents may behave irrationally
6. What is bounded rationality?
7. What is demand?
8. Why are demand curves downward sloping?
9. Illustrate an extension in demand
10. What could cause an extension in demand?
11. Illustrate a contraction in demand
12. What could cause a contraction in demand?
13. Give 3 conditions (shifters) of demand
14. What is the law of diminishing marginal utility?
15. What is supply?
16. Why are supply curves upward sloping?
17. Illustrate an extension in supply
18. What could cause an extension in supply?
19. Illustrate a contraction in supply
20. What could cause a contraction in supply?
21. Give 3 conditions (shifters) of supply?
22. What is equilibrium price?
23. What is equilibrium quantity?
24. What is a shortage?
25. Referring to extension and contraction, explain how shortages are resolved.
26. What is a surplus?
27. Referring to extension and contraction, explain how surpluses are resolved.
28. Explain 3 functions of the price mechanism
29. What is consumer surplus?
30. How do we illustrate consumer surplus on a diagram?
31. What is producer surplus?
32. How do we illustrate producer surplus on a diagram?
33. What is total economic welfare?

