1. Introduce production possibilities frontier model and explain its aspects briefly.
2. Indicate graphically how the market equilibrium for a good will change if the supply of this good increases because of the technological improvement.
3. Assume black chocolate and white chocolate are substitutes. Indicate graphically how the market equilibrium for black chocolate will change if the price of white chocolate increases.
4. Indicate graphically how the market equilibrium for black chocolate will change if cunsumers’ income decreases.
5. Printers and ink cartridges are complementary goods. Indicate graphically how the market equilibrium for ink cartridges will change if the price of printers decreases.
6. Company ABC publishes and sells historical novels by using paper produced by the company UPS. Explain graphically how the market equilibrium for historical novels will change if the UPS decides to decrease the price of paper.
7. Illustrate graphically and explain briefly what will happen if the price for any good is below the market equilibrium price.
8. Illustrate graphically and explain briefly what will happen if the price for any good is more than the market equilibrium price.
9. State the factors that shift demand and supply curves. Illustrate answers with graphs.
10. Define the concept of price elasticity of demand and state the factors that affect the price elasticity of demand.
11. Define the concept of price elasticity of supply and indicate the factors that affect the price elasticity of supply.
12. Ali’s demand schedule for t-shirts is shown below. Use midpoint method to calculate Ali’s price elasticity of demand as the price of t-shirts increases from 8$ to 10$. And make a comment on the elasticity measure.

|  |  |
| --- | --- |
| Price | Quantity demanded |
|  |  |
|  |  |
|  |  |

1. Ali’s demand schedule for t-shirts is shown below. Calculate Ali’s income elasticity of demand as income rises from 10000$ to 12000 if price is 12$.

|  |  |  |
| --- | --- | --- |
| Price | Quantity demanded  (Income=$) | Quantity demanded  (Income=$) |
|  |  |  |
|  |  |  |
|  |  |  |

1. Draw typical demand curves for perfectly elastic and perfectly inelastic demands and comment on their characteristics.
2. Briefly discuss the concept of cross price elasticity of demand.
3. Distinguish normal and inferior goods. And explain how to determine them by using income elasticity of demand.
4. Distinguish inelastic demand and elastic demand. Indicate them graphically either.
5. Distinguish elastic supply and inelastic supply. Indicate them graphically either.
6. Assume the company named ABS sells a good that has an elastic demand. Company ABC decides to increase the price of the good. How will the total revenue of the company change. Explain.
7. Assume the company named ABS sells a good that has an inelastic demand. Company ABC decides to increase the price of the good. How will the total revenue of the company change. Explain.
8. Define the concept of price ceiling and graphically illustrate a case that the government imposes a price ceiling. Distinguish binding price ceiling and non-binding price ceiling and comment on the market outcome in both cases.
9. Define the concept of price floor and graphically illustrate a case that the government imposes a price floor. Distinguish binding price floor and non-binding price floor and comment on the market outcome in both cases.
10. Graphically illustrate how market equilibrium will change if the government imposes a tax for buyers of a good.
11. If the government levies a $ tax on luxury cars, will the price paid by consumers rise by more than $ less than $ or exactly $ . Explain.
12. Graphically illustrate how the burden of a tax is divided between buyers and sellers and indicate the factor that determines it.
13. Discuss the concept of consumer surplus briefly.
14. Dicuss the concept of producer surplus briefly.
15. Define the concepts of opportunity cost and comparative advantage.
16. Assume that a country opens up to international trade. Explain when the country will become an exporter of a good.
17. Assume that a country opens up to international trade. Explain when the country will become an importer of a good.
18. Assume that a country has become an exporter of a good. Describe how this will change consumers’ surplus, producers’ surplus and total surplus of a country.
19. Assume that a country has become an importer of a good. Describe how this will change consumers’ surplus, producers’ surplus and total surplus of a country.
20. Define the concepts of tariffs and quotas. And state the arguments behind the implementation of these policies.
21. Indicate graphically how the implementation of a tariff changes consumers’ surplus, producers’ surplus and total surplus of a country.
22. Discuss deadweight loss of taxiation.
23. Define the concepts of positive and negative externalities. State an example for both cases.
24. Indicate graphically how socially desirable point differs from market equilibrium in the case of negative externality.
25. Indicate graphically how socially desirable point differs from market equilibrium in the case of positive externality.
26. Explain command-and-control and market based policies that governments may use to deal with externalities. Explain Pigovean taxes.
27. Indicate how governments can internalize positive externalities.
28. Discuss Laffer curve.
29. Define public and private goods. State an example for each of them. Comment on their excludability and rivalry properties.
30. Define common goods and natural monopolies. State an example for each of them. Comment on their excludability and rivalry properties.
31. Discuss how taxes affect welfare of market participants.
32. Define proportional, regressive and progressive taxation system.
33. Explain benefits principle and ability-to-pay principle of taxation.
34. Introduce welfare state and discuss its aspects.
35. Distinguish costs of taxation and make a comment on an efficient tax system.
36. What is cost-benefit analysis of public goods? Why is it important and why is it hard?
37. Comment on equity of tax system, introduce benefits principle and ability-to-pay principle of taxation.
38. Distinguish all aspects of economic profit from accounting profit.
39. Define the concepts of total costs, fixed costs, variable costs, average costs and marginal costs.
40. Discuss the characteristics of perfectly competitive markets.
41. Explain when the firm will decide to exit the market and when the firm will choose to shut down.
42. Indicate graphically a firm with profits and losses in the perfect competitive markets.
43. Discuss short-run and long run supply curve of a competitive firm.
44. State the characteristics of monopolistic market and indicate different sources of monopolistic power.
45. Explain how will the monopolistic firm decide on the profit maximizing production quantity?
46. Explain the welfare costs of monopolies to the society.
47. Explain economies of scale, diseconomies of scale and constant returns to scale.
48. Discuss characteristics of oligopolistic markets.
49. Explain why it is mostly impossible to co-operate for oligopolies.
50. State the characteristics of monopolistic competition markets.
51. Indicate graphically the firm in monopolistically competitive market earning economic profit in the short-run. And discuss what will happen to this short run economic profit opportunity in the long run.
52. Indicate graphically the firm in monopolistically competitive market facing loss in the short-run. And discuss what will happen to this short run economic loss in the long run.
53. Explain excess capacity and maruk-up pricing in monopolistic competition.
54. Discuss labor demand for profit maximizing firm and indicate factors that may alter labor demand
55. Discuss issues related to labor supply and state factors that may alter labor supply.
56. Explain how equilibrium wages arise in the labor market. And show how the equilibrium wages will change in case of increased labor supply and
57. Explain how equilibrium wages arise in the labor market and explain what happens in case of increased labor demand.
58. Explain indifference curves, comment on their properties and marginal rate of substitution.
59. Indicate graphically and discuss how consumer’s optimal choice may change by using budget constraint and indifference curves.
60. Indicate graphically how income change and price change alter optimal choice.
61. Explain income and substitution effects in case of price change.
62. Discuss production function and introduce the concept of marginal product of labor.