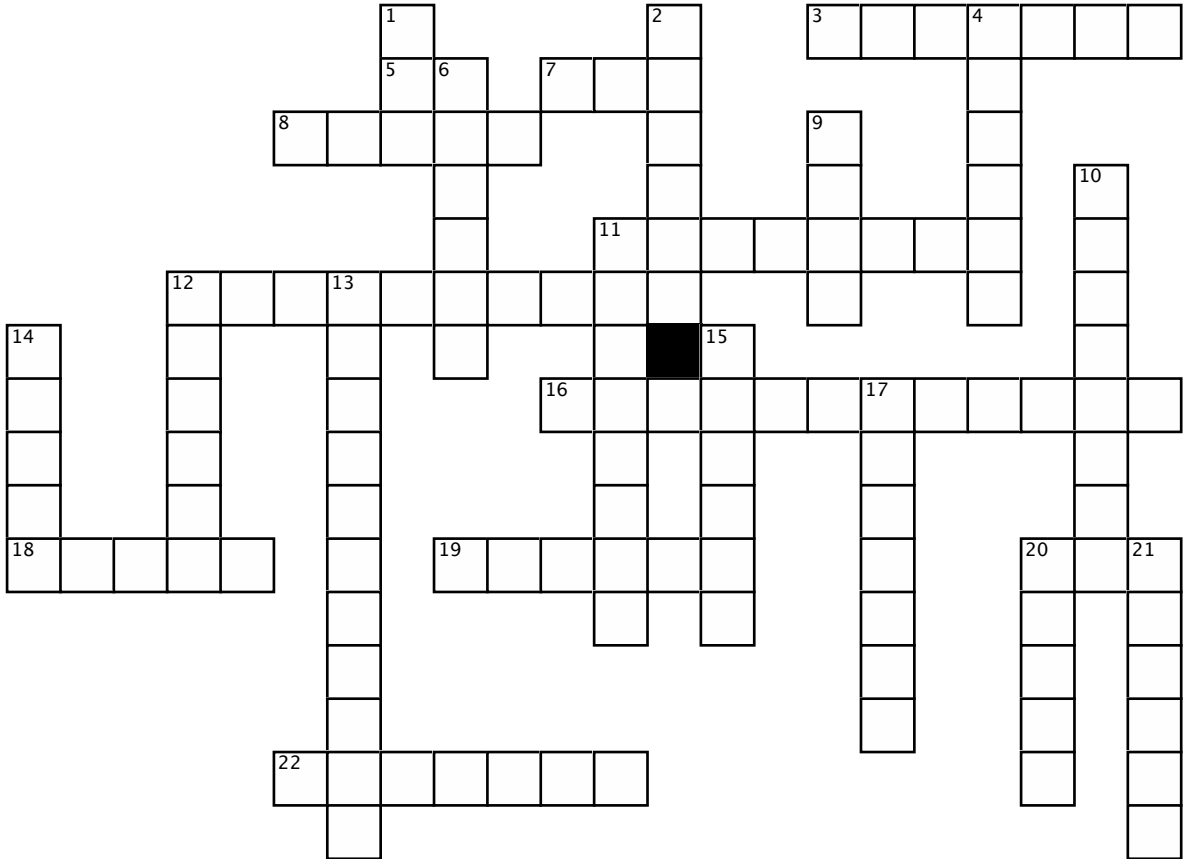


Microeconomics I



Across

3. A _____ usually results in an increase in supply, i.e. an outwards or rightwards shift of the supply curve.
5. There are 2 types of indirect tax: specific (i.e. 25 cents per unit), and _____ valorem (i.e. 10%).
7. An indirect _____ adds to the cost of production and so shifts the supply curve inwards or leftwards.
8. A subsidy can _____ the price of essential goods such as milk or public transport.
11. When demand is inelastic with respect to price, a firm should _____ the price. The quantity demanded will fall but by a lower proportion than the price increase so the revenue will increase.
12. A subsidy is a transfer payment made by the _____ to producers to encourage production.
16. The _____ of demand are all the factors that affect the level of demand for a good or service including price, the price of substitute goods, the price of complements...
18. If the price of a good changes, there is a movement _____ the demand curve. If any other determinant changes the whole demand curve shifts.
19. When the price of a good falls, the quantity demanded increases due to the _____ effect and the substitution effect.
20. If the price of a good increases, the quantity demanded decreases; the price elasticity of demand (_____) shows by how much it decreases.
22. If there is a legal price control above the equilibrium price then a _____ will occur.

Down

1. The _____ of demand states that as the price of a good increases the quantity demanded decreases.
2. The price elasticity of supply (PES) indicates the _____ to which the quantity supplied increases when price increases.
4. A demand curve usually _____ negatively, or downwards to the right.
6. Governments tend to impose indirect taxes on products that have relatively inelastic _____ (with respect to price), e.g. cigarettes.
9. How many economists does it take to change a lightbulb? None, they drink coffee and let the _____ market do it.
10. If a government imposes a minimum price on a good because it thinks the market price is too high, a _____ will occur.
11. For _____ goods, as the level of a consumer's income increases, the demand for a good decreases, e.g. economy class air tickets.
12. _____ goods have a positively sloped demand curve which means that at higher prices, more are demanded.
13. When any of the determinants of demand or supply change market _____ is disturbed.
14. A _____ is a fixed quantity of production, decided by a government or a producer organisation.
15. _____ goods are associated with conspicuous consumption. When the price increases the quantity demanded also increases. It's the 'look at me' factor.
17. A subsidy helps producers compete with lower-priced _____.
20. The law of supply states that as the _____ of a good increases the quantity supplied also increases.
21. For most goods, as the level of a consumer's income increases, the _____ for a good also increases.